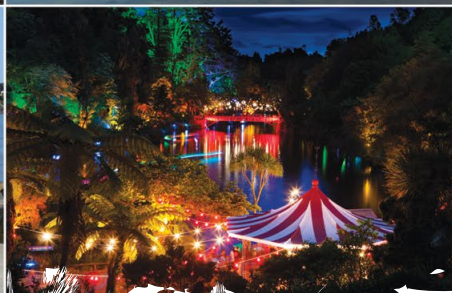


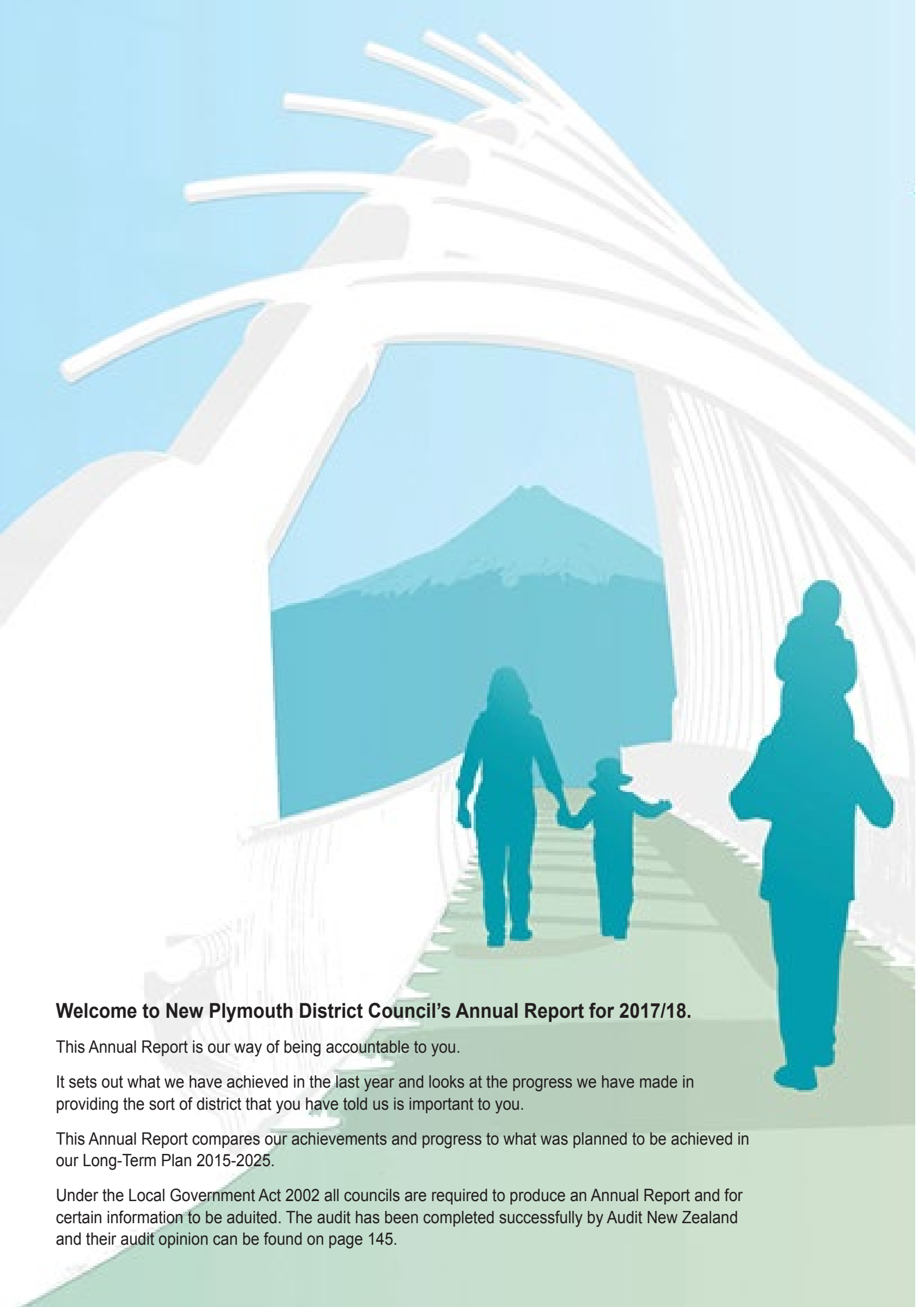
NEW PLYMOUTH. TARANAKI.

Annual Report 2017 / 2018



Mountain to Sea
Te Kaunihera-ā-Rohe o Ngāmotu
**NEW PLYMOUTH
DISTRICT COUNCIL**
newplymouthnz.com

2nd Best Region in the World to Visit
(Lonely Planet 2017)



Welcome to New Plymouth District Council's Annual Report for 2017/18.

This 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 told us is important to you.

This Annual Report compares our achievements and progress to what was planned to be achieved in our Long-Term Plan 2015-2025.

Under the Local Government Act 2002 all councils are required to produce an Annual Report and for certain information to be audited. The audit has been completed successfully by Audit New Zealand and their audit opinion can be found on page 145.

Contents

Introduction

Message from the Mayor and Chief Executive.....	2
Who We Are	3
Strategic Framework	5
Our Year in Review.....	6
Working Together With Māori	8
Financial Summary.....	12

Council Services

Introduction to Council Services	18
Parks and Open Spaces.....	20
Transportation	23
Stormwater Management	27
Flood Protection and Control Works.....	29
Waste Management and Minimisation	31
Water Supply	34
Wastewater Treatment	38
Emergency Management and Business Continuance.....	41
Community Partnerships	44
Govett-Brewster Art Gallery/Len Lye Centre	46
Puke Ariki and Community Libraries.....	48
Venues and Events.....	51
Customer and Regulatory Services.....	54
Economic Development.....	58
Governance	61
Management of Investments and Funding	63
Funding from External Sponsors	65

Financial Statements

Statement of Comprehensive Revenue and Expense.....	68
Statement of Changes in Equity	69
Statement of Financial Position	70
Statement of Cash Flows	71
Notes to the Financial Statements.....	72
Funding Impact Statements	118
Disclosure Statement	135

Council-controlled Organisations

Papa Rererangi i Puketapu Limited.....	138
Forestry Joint Ventures.....	140
New Plymouth PIF Guardians Limited.....	141
Tasmanian Land Company Limited	142
Venture Taranaki Trust.....	143

Auditor's Report 145

Statement of Compliance and Responsibility 149

Message from the Mayor and Chief Executive

Efficiently operating and maintaining the public infrastructure that serves our 80,000 residents and enhancing the way we engage with our people have been two of the priorities over the last year. With an asset base of \$2.6 billion and a yearly operating budget of \$135 million, our focus has been on Building a Lifestyle Capital underpinned by Caring for our People, Looking after our Place and Supporting a Prosperous Community.

The last 12 months have seen some significant changes in personnel, with two by-elections in September. We welcomed John Williams joining the wider council team as one of two North Ward Councillors and Mel Cook stepping into a vacancy at the Inglewood Community Board. In November Craig Stevenson commenced as our new Chief Executive.

In November, NPDC's 'AA/A-1' rating was reconfirmed by finance credit agency Standard and Poor's. This is the highest rating that a local government body in New Zealand can attain. We also achieved a general rates operating surplus for the year of \$322,000 while another highlight was the perpetual investment fund returning above budget performance of more than \$13 million.

In a big step towards unlocking our region's potential for economic growth, all four Taranaki councils, Nga Iwi O Taranaki and our business community collaborated on Tapuae Roa: Make Way for Taranaki, an economic development strategy and action plan. There are many exciting initiatives in this bold, ambitious roadmap for strengthening our region's prosperity for generations to come.

Summer highlights at the TSB Bowl of Brooklands saw two massive shows, with Yusuf/Cat Stevens and Bryan Adams performing their greatest hits to appreciative crowds.

In May, we had an incredible response to our Ten Year Plan public conversation as residents let us know what should and shouldn't form part of our work programme for the next decade. More than 4,100 submissions were received which was a record for a non-metropolitan council in New Zealand. We spent weeks listening to and chatting with our communities during the consultation process and it became clear our residents wanted us to invest more in our three waters infrastructure – drinking, waste and stormwater. We've responded by allocating more than \$44 million towards water resilience over the next decade.

Prior to the Ten Year Plan conversation, we engaged in a 'Top 10 Focus Areas' discussion with the community. Zero Waste was the most popular theme, with 675 responses generated from a total of 3200 and 85% of those responses in favour of the Zero Waste 2040 target. We responded in the Ten Year Plan by allocating more than \$21 million towards going Zero Waste by 2040.

This renewed focus on our core infrastructure reflects the Council's view that we need to ensure we are doing the basics well, improve our asset management, and increase our maintenance spend so that our intergenerational assets meet the long term needs of the communities we serve.

Another highlight was agreeing to extend the Coastal Walkway from Bell Block to Waitara. This project, to be undertaken in partnership with central government, will create a pedestrian and cycle link between our two largest population centres and grow a hugely popular piece of public infrastructure which has proven health and wellbeing benefits for all those who use it as well as being a key attraction for visitors to the region.

Finally, our greatest challenge for the year came from ex-Cyclone Gita, one of the strongest storms on record and our community responded magnificently. In February we all rallied when it affected the water supply from New Plymouth to Urenui. In what was called 'the most cheerful and positive state of emergency in the history of New Zealand', locals worked alongside our emergency personnel, to pitch in, look after each other and get it fixed.

Let's keep talking and thank you for your contribution to building our Lifestyle Capital.

Neil Holdom
New Plymouth District Mayor

Craig Stevenson
Chief Executive

Who We Are

Our Council



MAYOR NEIL HOLDOM
New Plymouth District



RICHARD JORDAN
Deputy Mayor



SHAUN BIESIEK



GORDON BROWN



MURRAY CHONG



HARRY DUYNHOVEN



RICHARD HANDLEY



STACEY HITCHCOCK



COLIN JOHNSTON



JOHN MCLEOD



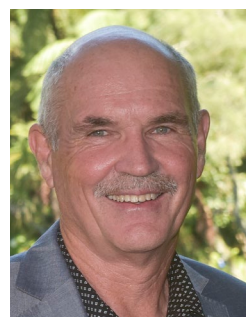
ALAN MELODY



MIKE MERRICK



MARIE PEARCE



ROY WEAVER



JOHN WILLIAMS

Our Community Board Members

Clifton Community Board

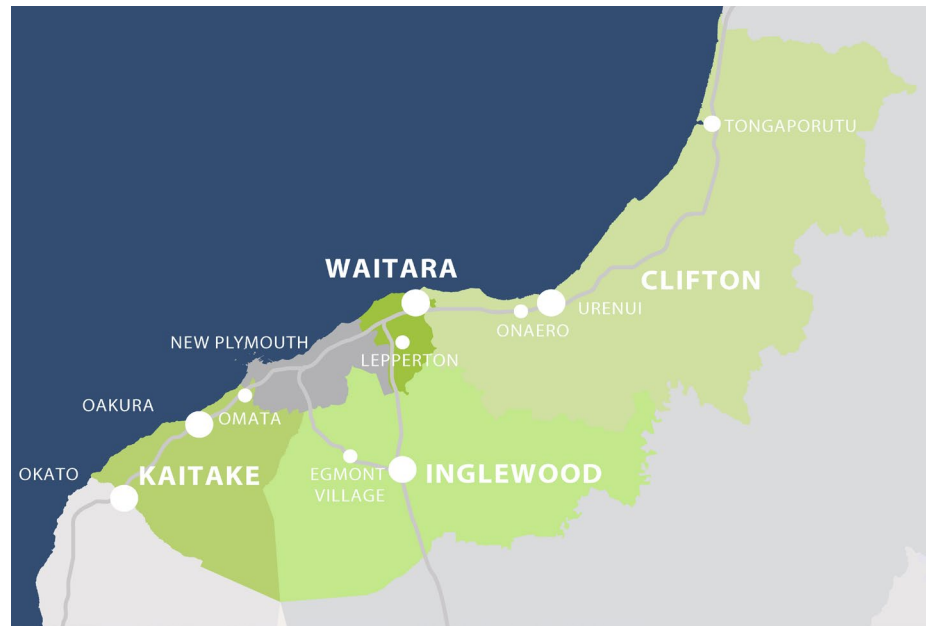
Ken Bedford (Chairperson)
John McLean
Warren Petersen
Pam Street

Inglewood Community Board

Karen Moratti (Chairperson)
Jenny Bunn
Mel Cook
Kevin Rowan

Kaitake Community Board

Doug Hislop (Chairperson)
Graham Chard
Paul Coxhead
Mike Pillette



Waitara Community Board

Andrew Larsen (Chairperson)
Trevor Dodunski
Jonathan Marshall
Joe Rauner

Our Executive Team

The Council's executive and staff implement Council decisions and manage the district's day-to-day operations.



CRAIG STEVENSON
Chief Executive



JACQUELINE BAKER
External Relations and
Communications Manager



ALAN BIRD
Chief Financial Officer



LIAM HODGETTS
Group Manager Strategy



ANDREA SMITH
Group Manager
Organisational Development



KELVIN WRIGHT
Chief Operating Officer

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, Awhi 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

July 2017

A major water main was replaced on Endeavour Street.

Tongaporutu was transformed to make it safer for locals and a more inviting gateway to north Taranaki including a concrete path beneath State Highway 3 and resurfacing the carpark.

August

The Council and Venture Taranaki hosted the Eventing the Future Conference attracting more than 140 delegates to the region.

September

John Williams was voted in as a Councillor on New Plymouth District Council in the North Ward by-election.

Mel Cook was voted in as a member of the Inglewood Community Board in the board's by-election.

October

Craig Stevenson was appointed as the new Chief Executive of NPDC. Craig has 40 years' experience in Local Government, and came to NPDC from South Taranaki District Council, where he was CE for 13 years.

NPDC used a specialised truck to flush out nearly all of Inglewood's water pipes, to remove as much of a build-up of naturally occurring minerals (such as aluminium, manganese and iron) as possible.

A new community-led open space (created in consultation with the community groups and Marfell residents) was opened which was the first major milestone in the transformation and regeneration of Marfell park. The space has new play equipment, a half-size basketball court, and a concrete platform that can be used as a stage for community events. The park was funded with assistance from the TSB Community Trust.

November

An 'AA/A-1' rating was received from finance credit agency Standard and Poor's reflecting the Council's experienced financial management, high budgetary flexibility, and the expectation that NPDC's debt burden remain moderate due to its strong operating position and exceptional liquidity coverage compared with global peers – this is the highest that a local government body in New Zealand can achieve.

A new risk-based, health and hygiene focused, Beauty Therapy, Tattooing and Piercing Bylaw and Code of Practice was adopted following extensive community and service provider consultation to keep people safe from poor practices in skin piercing, tattooing and beauty therapy.

NPDC adopted the goal of Zero Waste as part of the Waste Management and Minimisation Plan.

New safety technology funded jointly by KiwiRail, NZTA and NPDC was trialled at three railway pedestrian crossings along the Coastal Walkway including a mix of audio warnings and LED footpath warnings.

The NPDC-run TSB Showplace was shortlisted for a prestigious industry award for Eventfinda Small Venue of the Year (under 1,000 seats).

December

All freedom campers were welcomed to the district through the adoption of a Freedom Camping Bylaw under the Freedom Camping Act replacing a clause in the Public Places Bylaw which restricted freedom camping to self-contained vehicles only.

The TSB Festival of Lights event dazzled with a 20 per cent rise in visitors to the region from 7,845 in 2016/2017 to nearly 9,600 over the 2017/2018 summer. The value added to the regional economy from the TSB Festival of Lights jumped from \$4.6m to \$5m.

Yusuf/Cat Stevens played to a packed-out TSB Bowl of Brooklands.

January 2018

Bryan Adams played to a near full TSB Bowl of Brooklands.

The Pukekura Park Fernery and Display Houses marked their 90th anniversary.

Applying for a Land Information Memoranda (LIMS) was made a whole lot easier with the ability to order and pay for it online at any time around the clock.

February

Ex-cyclone Gita caused a large tree to fall and destroy a water pipe bridge affecting three water reservoirs which supply properties in New Plymouth, Bell Block, Waitara, Tikorangi, Lepperton, Onaero and Urenui with water. The damage resulted in boil water notices across the district and some residents were left without water for a short period. There was significant community involvement in the emergency response, with locals working alongside emergency personnel to help residents through the crisis.

The Council became the first New Zealand council to create a draft district plan drafted directly into a property based e-plan. NPDC won two major awards for this work, the Nancy Northcroft Planning Practice Award (the Supreme Practice Award) from the New Zealand Planning Institute and the Award for Better Policy and Regulation Category from the Society of Local Government Managers.

March

Pukekura Park was awarded the Green Flag international mark of a quality park or green space, one of 18 across the country to make the grade. This is a tribute to the hard work and dedication of our parks staff.

Coronation Avenue near Highlands Intermediate School was revamped following work with the school, locals and the NZTA to provide more room for cyclists, cut traffic confusion around the pedestrian crossing and make the section from Tarahua Road to the State Highway 3 intersection safer.

An 8m tall, fully enclosed flare that burns off 90 per cent of landfill gas was installed at the Colson Road Landfill. Since then, there have been no complaints about smell from the landfill, and by burning off methane NPDC has reduced its greenhouse gas emissions.

Permian Monsters: Life Before the Dinosaurs helped NPDC's Puke Ariki museum set a record for the highest number of visitors in a single day (1,920) since it opened in 2003. Permian Monsters was in the Temporary Exhibitions Gallery and included five life-size animatronics and one life-sized model of the creatures that roamed the Earth between 298 and 252 million years ago.

April

The Tapuae Roa: Make Way for Taranaki Action Plan was launched for the Taranaki region. Tapuae Roa: Make Way for Taranaki is a Taranaki-wide strategy with the goal of making the region successful through unlocking the best opportunities for regional economic growth. The Action Plan is a bold, ambitious roadmap for building economic strength in Taranaki.

May

About 315 children from local schools helped plant 25,000 sand dune plants from Urenui to Oakura in May and June, up from about 12,000 planted last year.

Brooklands Zoo welcomed a new three-year-old Otter, Takumi.

June

Both the East and West stands at Yarrow Stadium are removed from service. A team of geotechnical engineers are working on possible solutions for the West Stand, but in the meantime NPDC is taking a safety-first approach. Engineers believe there are potential repair options available for both stands but both have their unique challenges.

A new Oakura skatebowl funded from the Council, the Oakura community, the TSB Community Trust and the New Zealand Community Trust was opened at Shearer Reserve.

Working Together with Māori

Legislation

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

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

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

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

Tangata Whenua

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

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

We also acknowledge the respective hapū/ hapū groupings of the following iwi:

Te Ātiawa

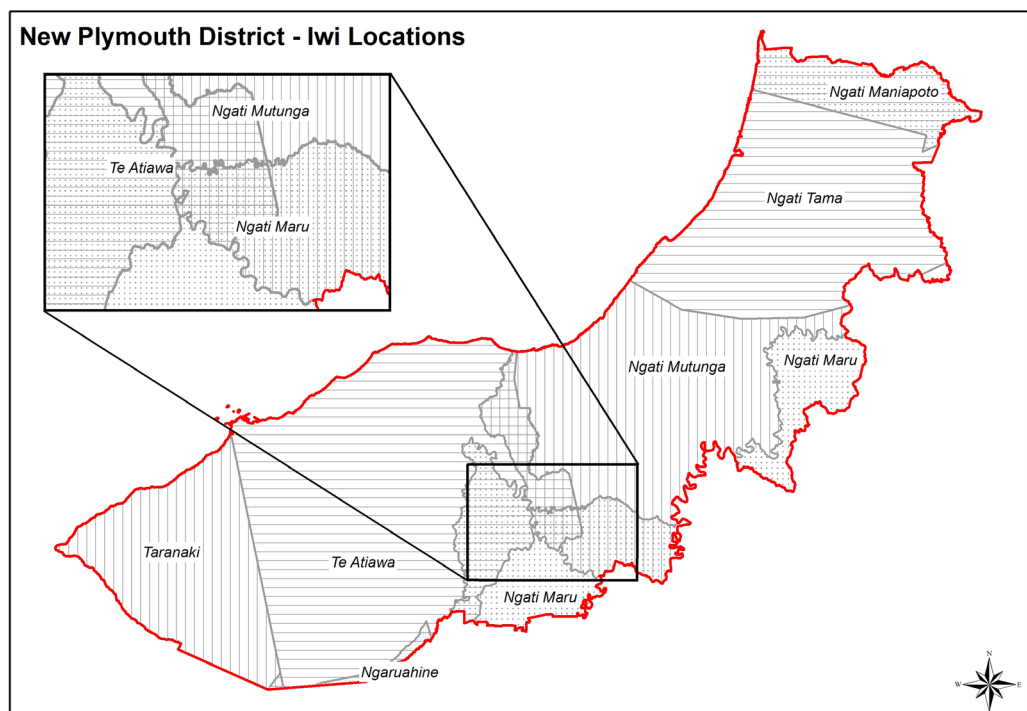
- Manukorihi
- Ngāti Rahiri
- Ngāti Tawhirikura
- Ngāti Te Whiti.
- Ngāti Tuparikino
- Otaraua
- Pukerangiora
- Puketapu

Taranaki Iwi

- Ngā Mahanga
- Ngāti Tairi

Ngāti Maniapoto

- Ngā Hapū o Poutama



Working Together With Māori

Statistics (2013 Census Data)

Ranked 10th in size out of the 67 districts throughout Aotearoa, 74,184 people usually live in the New Plymouth District.

At 11,082 (15.7 per cent of the total of the New Plymouth District population), the Māori community places the district 15th out of the 67 districts in Aotearoa. Just under the national average of 15.8 per cent, it is important that we continue to consider ways to foster the development of Māori capacity to contribute to Council decision-making.

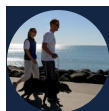
Change in strategic direction

In October 2017, the Council adopted a new strategic framework. With the vision of *He Whakatūtū Haupū Rawa Hei Āhua Noho/Building a Lifestyle Capital*, supported by the three principles of *He Tangata/People*, *Tiakina/Place* and *Āwhina/Prosperity*, the framework will drive the Council's resilience and infrastructure investment over the next 10 years.

What we have done

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

Aligned to the Council's strategic framework, these activities are summarised below.



He Tangata/ People

Aroha ki te Tangata/Putting people first

Te Huinga Taumatua

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

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

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

- Long-Term Plan 2018-2028: Strategic framework and Māori Contribution to Decision-Making.
- Significance and Engagement Policy.
- Tapuae Roa: Make Way for Taranaki Strategy.
- Marae grants 2017/18 allocation.
- Beauty Therapy, Tattooing and Skin Piercing Bylaw.
- Naming of roads and rights-of-way.

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

Funding support

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

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

Working Together with Māori

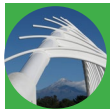
Mana Whakahono ā Rohe Agreement

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

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

In May 2018, the Council was one of four local territorial authorities notified by Ngāruahine iwi of their wish to initiate a Mana Whakahono. With an area of interest extending into the Tariki area, the Council is participating in early scoping discussions with the iwi.

These initial discussions will continue into 2018, with an expectation that Ngāruahine will make a formal request to form a Mana Whakahono in 2018/19.



Tiakina/Place

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

Ngā Kaitiaki – District Plan review

Over the past 12 months, the Council has been busy drafting the next iteration of the District Plan. To ensure tangata whenua input into the Plan during development, the working group Ngā Kaitiaki was established. Made up of mandated iwi and hapū representatives, this group has been providing feedback from a te ao Māori (Māori world) perspective.

Supported by an independent planner resourced by the Council, Ngā Kaitiaki have provided comment on the Plan's draft Strategic Objectives, and District-wide Zone provisions, and the Māori Purpose Zone (Special Purposes Zone).

Waahi Tapu review

In 2007, the Council initiated a waahi tapu and archaeological site review, establishing a Waahi Tapu Reference Group made up of mandated iwi and hapū representatives. Since that time, this group has worked alongside Council staff to accurately identify and record waahi tapu sites in the Council's GIS database.

In 2016/17, the locations of Ngāti Rahiri wāhi tapu sites were either corrected or new sites added to the current District Plan. The sites for Ngāti Mutunga were also finalised. Over the past 12 months, work has continued identifying and verifying the wāhi tapu sites for Ngā Mahanga, Ngāti Tairi, Ngāti Tawhirikura, Ngāti Te Whiti, Ōtaraua, Manukōrihi, and Puketapu hapū.

Contributing significantly to the cultural, historical and archaeological heritage of the district, the review won the Society of Local Government Managers Award for Innovation in Policy and Regulatory Development.

Moving forward, all verified sites will eventually be incorporated into the District Plan, while work will begin with other hapū and iwi yet to be engaged.



Āwhina/ Prosperity

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

Airport project

The Council engaged Puketapu Hapū to work with us and our contractors on the development of the new airport terminal. As part of the process, Puketapu has developed a cultural narrative, which will inform elements of the terminal's design.

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

With a number of other regionally significant projects planned within the Puketapu area, we will be providing further opportunities to collaborate with the hapū and iwi.



Working Together With Māori

Tapuae Roa

The *Tapuae Roa: Make Way for Taranaki* project is a collaborative effort between New Plymouth District Council, South Taranaki District Council, Stratford District Council, Taranaki Regional Council, Venture Taranaki, local business leaders, iwi and central government (MBIE).

The project took a whole-of-region approach, focusing on unlocking the best opportunities for regional economic growth and the on-going success of the region. A lead team made up of representatives from local businesses and organisations, iwi and central and local government were responsible for the strategic direction and oversight of the project.

In August 2017, the Tapuae Roa Strategy was launched, with the Action Plan following in April 2018. With the latter attracting Government funding of \$20m, a range of projects across the region are planned, including:

- Taranaki Crossing Experience;
- Māori enterprise and education (STEAMID); and
- Taranaki Cathedral Project.

As noted in the Action Plan, when the iwi of Taranaki are strong and confident culturally, this will have a positive impact on the region economically. A signal that iwi are ready to work as Treaty partners with the wider Taranaki community, the Council will ensure Māori are engaged and involved in key projects within the district.

Financial Summary

The following pages provide an overview of the Council's and the group's financial performance for the year ended 30 June 2018.

Overall results at a glance

The Council enjoyed a strong financial performance recording a surplus of \$23.7m which was considerably higher than the budget surplus of \$10.6m. The primary driver of the significant variance to budget was the strong performance of the Perpetual Investment Fund (PIF), which was driven largely by strong market performance in the first six months of the year. Further commentary on the PIF follows below. The surplus was also helped by more subsidies and vested assets received, as well stronger operational revenue, particularly in venues and events. The surplus was also helped in operational savings, particularly finance costs, which were \$1.1m under budget. This was the result of lower interest rates than budgeted and lower borrowing due to the timing of the capital expenditure program.

PIF investment

The PIF achieved an 8.6 per cent per annum return and finished the year up \$12.8m to \$287.7m after payment of releases of \$8.1m for the year.

Since inception the PIF has paid \$204.2m in release payments to the Council and achieved an annual return of 6.7 per cent per annum.

Where the money came from

In 2017/18 rates accounted for 52 per cent of the Council's funding (2016/17: 56 per cent).

The Council 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.

REVENUE BY CATEGORY 2017/18

Development & financial contributions	1%
Fines & levies	1%
Vested assets	3%
Grants & subsidies	7%
Investment & interest	17%
Fees & charges	19%
Rates	52%



Financial Summary

Rates collection

The Council works hard to ensure all rates are collected and accounted for. As in previous years, the Council has achieved an excellent collection record, collecting 99 per cent (2017: 99 per cent) of rates and 74 per cent (2016: 76 per cent) of rate arrears.

Residential median rate

The residential median rate (including GST) increased by 4.15 per cent during the year (2016: increased by 2.98 per cent).

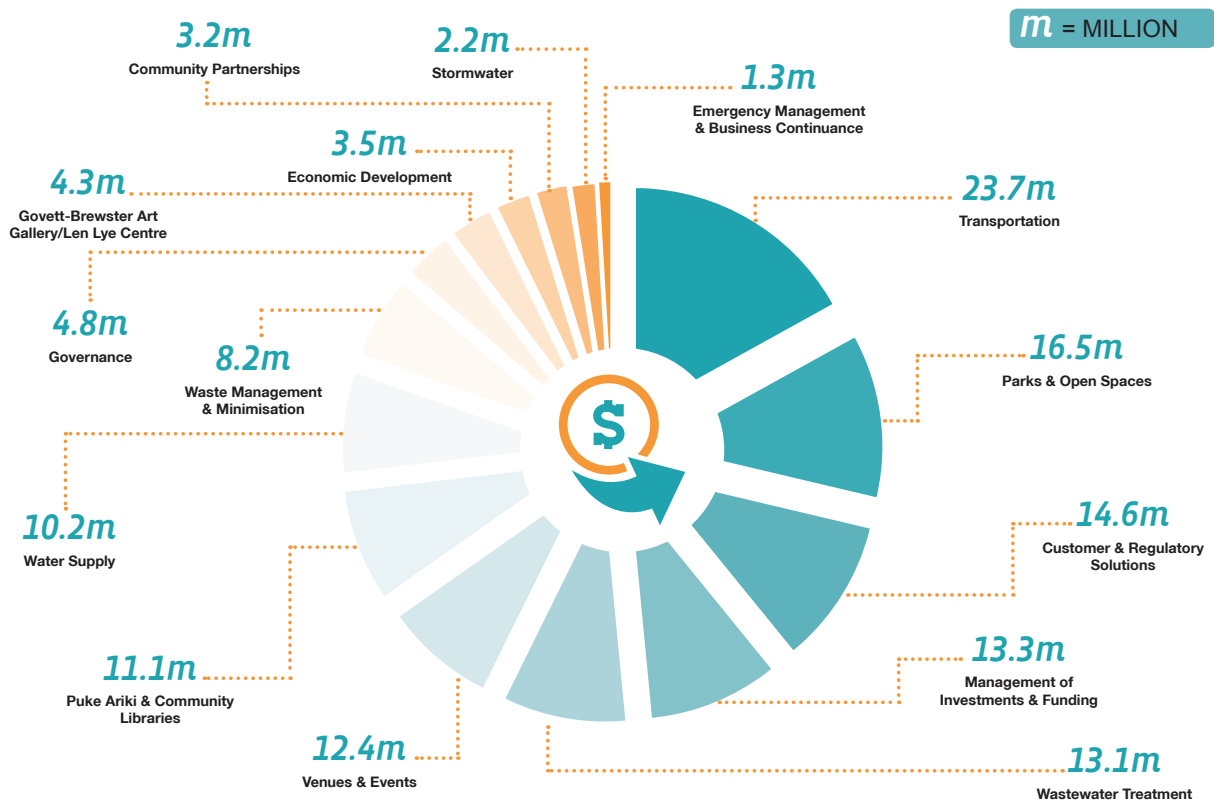
MEDIAN RATE (including GST)



Where the money goes

Operating expenditure of \$142.4m is \$7.2m higher than budget. The graph below shows where the money was spent by Council activity.

EXPENDITURE BY COUNCIL ACTIVITY 2017/18 (\$)

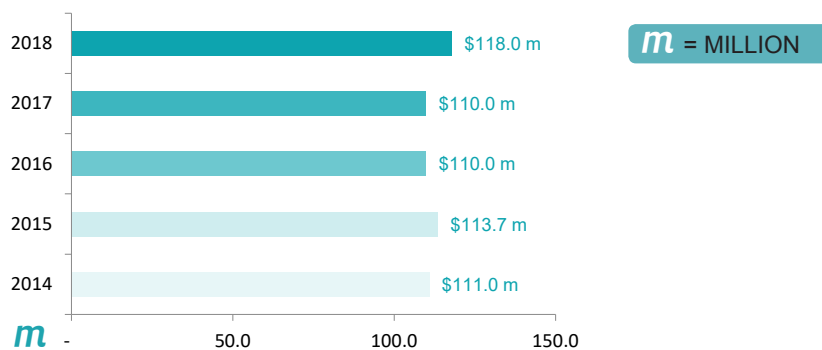


Financial Summary

Our liabilities and assets

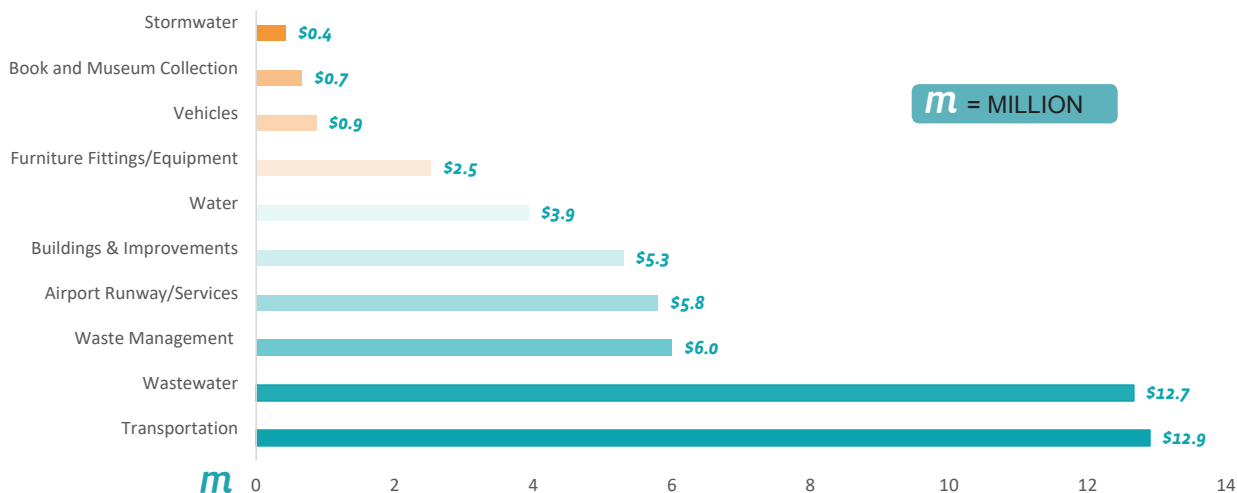
The Council's external borrowings increased \$8m to \$118m during the year. The graph below shows the Council's debt levels over the past five years.

COUNCIL DEBT LEVELS AT 30 JUNE



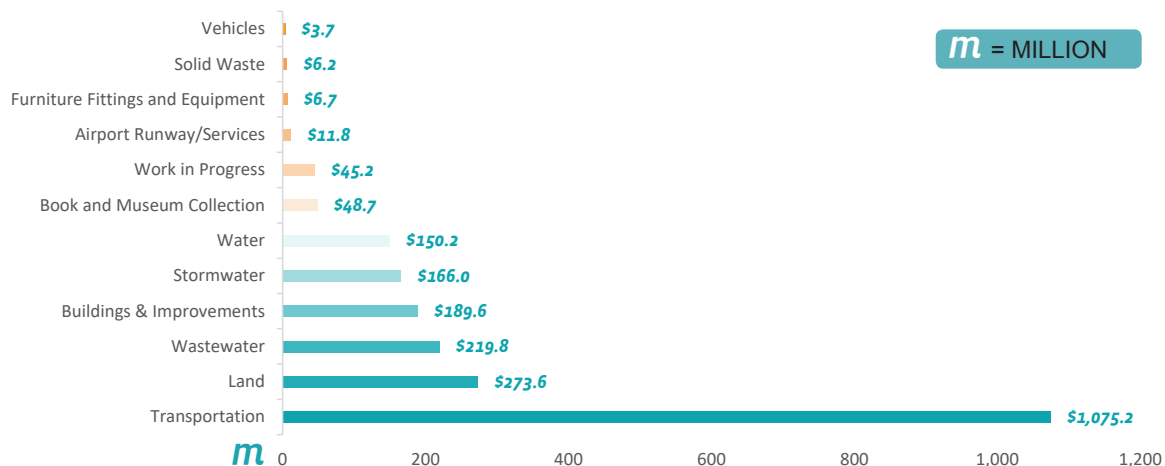
ALLOCATION OF CAPITAL WORKS SPEND 2017/18

During the year the Council added \$51m 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 COUNCIL ASSETS

The graph below shows the allocation of the total property, plant and equipment balance by asset class as at 30 June 2018.



Financial Summary

Summary Financial Statements

Summary Statement of Comprehensive Revenue and Expense

	Council			Group	
	2017/18 Actual (\$'000)	2017/18 Budget (\$'000)	2016/17 Actual (\$'000)	2017/18 Actual (\$'000)	2016/17 Actual (\$'000)
Operating Revenue (excluding PIF)	142,685	132,310	130,376	147,791	132,972
Perpetual Investment Fund	23,405	13,500	13,662	23,405	13,160
Total operating revenue	166,090	145,810	144,038	171,196	146,132
Operating Expenditure (excluding PIF)	139,959	135,200	129,007	144,769	132,071
Perpetual Investment Fund	2,426	-	1,308	2,426	1,309
Total operating expenditure	142,385	135,200	130,315	147,195	133,379
Surplus/(deficit) before taxation	23,705	10,610	13,723	24,001	12,753
Taxation refund/(expense)	-	-	110	(308)	(738)
SURPLUS/(DEFICIT) AFTER TAXATION FROM CONTINUED OPERATIONS	23,705	10,610	13,613	23,693	13,491
Other comprehensive revenue and expense	6,873	-	26,213	6,873	26,213
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	30,578	10,610	39,826	30,566	39,703

Summary Statement of Financial Position

	Council			Group	
	2017/18 Actual (\$'000)	2017/18 Budget (\$'000)	2016/17 Actual (\$'000)	2017/18 Actual (\$'000)	2016/17 Actual (\$'000)
Current assets	303,579	58,470	294,148	303,509	297,861
Non-current assets	2,256,466	2,457,400	2,219,953	2,258,518	2,217,216
Total assets	2,560,045	2,515,870	2,514,101	2,562,027	2,515,077
Current liabilities	81,169	57,540	79,832	82,820	80,465
Non-current liabilities	73,445	104,910	59,417	73,445	59,417
Total liabilities	154,614	162,450	139,249	156,265	139,881
TOTAL EQUITY/NET ASSETS	2,405,431	2,353,420	2,374,852	2,405,762	2,375,196

Summary Statement of Cash Flows

	Council			Group	
	2017/18 Actual (\$'000)	2017/18 Budget (\$'000)	2016/17 Actual (\$'000)	2017/18 Actual (\$'000)	2016/17 Actual (\$'000)
Net cash flows from operating activities	33,853	24,430	28,431	35,370	(203)
Net cash flows from investing activities	(47,071)	(35,230)	(26,208)	(48,882)	(212,471)
Net cash flows from financing activities	8,000	8,240	-	8,000	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(5,218)	(2,560)	2,223	(5,512)	(212,674)





Council Services

- Introduction to Council Services 18
- Parks and Open Spaces 20
- Transportation 23
- Stormwater Management 27
- Flood Protection and Control Works..... 29
- Waste Management and Minimisation 31
- Water Supply 34
- Wastewater Treatment 38
- Emergency Management and Business Continuance..... 41
- Community Partnerships 44
- Govett-Brewster Art Gallery/Len Lye Centre 46
- Puke Ariki and Community Libraries..... 48
- Venues and Events..... 51
- Customer and Regulatory Solutions..... 54
- Economic Development..... 58
- Governance 61
- Management of Investments and Funding 63
- Funding from External Sponsors 65

Introduction to Council Services

The Council is responsible for providing a wide range of services to the community. It delivers these services through 16 Council activities. The Council also carries out a number of internal functions, such as financial management and property maintenance, but the costs of these are allocated over the 16 activities above. This is because services such as financial management are 'inputs' into the Council activities whereas the Council activities themselves are services actually received and used by the community.

In the following pages for each of the 16 Council activities you'll find information on what we deliver, why we do it, the significant challenges for the year, the level of service key performance indicator and performance information, and the cost of service statement for the year ended 30 June 2018.

Throughout the report, we have used the following symbols to display performance measure results compared to targets.



Achieved

Target has been met or exceeded



Substantially achieved

Target has not been met by a slim margin ($\pm 2\%$)



Not achieved

Target has not been met

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



Introduction to Council Services

What we did

In preparing the LTP 2015-2025, the Council adopted a strategic vision of Shaping Our Future Together with the community outcomes of Our Economy, Our Environment and Our Community. On 10 October 2017, the Council adopted a new strategic vision of Building a Lifestyle Capital with the community outcomes of People, Place and Prosperity (see page 5). While many of the 16 Council activities are driven by legislation, they all contribute to the community outcomes and the Council's strategic direction. The table below identifies the community outcomes to which each Council activity contributes to.

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

√ indicates the activity strongly contributes to this outcome

* indicates the activity contributes to this outcome





Parks and Open Spaces

What we deliver

The Council's Parks and Open Spaces service provides a group of services which plans, manages and maintains:

- 1,600ha of park and reserve land.
- 82km of walkways, including 12.7km of coastal walkway.
- Forty-nine playgrounds.
- Nine skate park sites.
- Twenty-four sports parks for use by residents and visitors.

This service also manages:

- Thirteen community halls.
- Six camping grounds.
- Forty-six public toilets.
- One regional crematorium and 15 operational cemeteries, including four cemeteries administered by Boards.
- Brooklands Zoo.
- Public art and monuments.

Why we do it

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

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

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

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

Significant challenges during the year

- Adverse weather conditions. This year there were eight significant weather events creating slips, flooding and erosion that had to be repaired.
- The discovery of Myrtle rust within the district resulted in Parks staff contributing their expertise to Ministry of Primary Industries to assist in its investigation and containment.
- Delivering projects within timeframes subject to adverse weather.

Parks and Open Spaces

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Maintain the quality of the district's parks, reserves and open spaces.				
Percentage of community satisfied with the quality of the district's parks and reserves (NRB survey).	95%	●	95% (94% including don't know responses).	94% (94% including don't know responses).
Percentage of community satisfied with the quality of the district's urban landscapes and streets (NRB survey).	95%	●	94% (92% including don't know responses).	93% (92% including don't know responses).
Percentage of community satisfied with the quality of the district's sports parks (NRB survey).	95%	●	94% (80% including don't know responses).	97% (83% including don't know responses).
Percentage of community satisfied with the quality of the district's playgrounds (NRB survey).	95%	●	94% (80% including don't know responses).	96% (78% including don't know responses).
Percentage of visitors satisfied with the quality of the Brooklands Zoo.	90%	●	94% from user satisfaction survey (98% including moderately satisfied).	90% from user satisfaction survey (97% including moderately satisfied).
Maintain access to open spaces and the natural environment, including rivers, lakes, the mountain and the coast.				
Percentage of community satisfied with access to the natural environment (NRB survey).	95%	●	97% (96% including don't know responses).	97% (95% including don't know responses).
Percentage of households living within 500 metres of a neighbourhood open space.	71%	●	71%.	76%.
Maintain the quality of the district's public toilets.				
Percentage of community satisfied with the quality of the district's public toilets (NRB survey).	70%	●	86% (73% including don't know responses).	83% (73% including don't know responses).
Provide opportunity for community participation in caring for, and engagement with, the district environment e.g. Friends of Pukekura Park, Arbor Day etc.				
Number of volunteer hours per year.	10,000 hours	●	12,775 hours.	11,000 hours.
Major projects are completed on time and within budget.				
Major projects are completed on time.	Annual work programme achieved	●	All projects completed or construction commenced.	Two projects not completed this year (Waitara River Boardwalk and Oakura Skatepark).
Major projects are completed within budget.	Annual work programme achieved within budget	●	Annual work programme achieved within budget (includes reactive weather event work).	Annual work programme achieved within budget (projects that were completed).

Parks and Open Spaces

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity Expenditure				
Premier parks and foreshore	4,947	4,831	4,831	4,441
Parks and streetscape	8,292	7,556	7,575	7,100
Cemeteries and crematorium	1,410	1,356	1,356	1,389
Sports parks, playgrounds, camping grounds and public halls	1,607	1,547	1,547	1,761
Works for third parties	102	95	95	109
Total activity expenditure ¹	16,358	15,385	15,404	14,800
Activity revenue				
Premier parks and foreshore	(916)	(623)	(589)	(767)
Parks and streetscape ²	(475)	(1)	(31)	(388)
Cemeteries and crematorium	(944)	(913)	(914)	(819)
Sports parks, playgrounds, camping grounds and public halls	(111)	(73)	(76)	(330)
Works for third parties ³	(98)	(130)	(130)	(91)
Total activity revenue	(2,544)	(1,740)	(1,740)	(2,395)
Net cost of operations	13,814	13,645	13,664	12,405
CAPITAL EXPENDITURE				
Renewals	1,624	2,081	1,625	960
Service level improvements	1,058	1,342	596	1,093
Growth ⁴	76	557	480	36
Total capital expenditure	2,758	3,980	2,701	2,089

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Higher than budget due to additional costs related to Myrtle rust, extreme storm damage and level of service increases.
2. Higher revenue than budget due to capital grants and expenses recovered from Ministry of Primary Industries regarding Myrtle rust assistance.
3. Less revenue than budget due to Airport redevelopment.
4. Less than budget as purchase of reserve land delayed.

What we deliver

The Council's Transportation (formerly known as Roads and Footpaths) service maintains, renews and develops roads, kerbs and channels, bridges, street lighting, footpaths and traffic management for all roads (except state highways) in the district.

This service covers:

- 1,290.7km of roads.
- 272 bridges.
- 8,299 street lights.
- 11,178 traffic signs.
- Five tunnels.

Why we do it

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

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

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

Significant challenges during the year

- The ongoing growth within the district, particularly of residential properties, has been placing additional traffic on the network and request for associated new infrastructure, e.g. new footpaths, streetlights and seal widening. Additional traffic is affecting the efficiency of some intersections on arterial roads during peak times, resulting in requests for significant intersection upgrades.
- Reducing the number and severity of crashes in the district will become a significant focus in response to the new Government Policy on Transportation (GPS). Speed limit reviews and safety projects will become a priority work stream for the team.

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Provide a safe local roading network for road users.				
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	No reduction	●	-7 (see table below). This represents 7 less crashes on the network recorded in 2017/18.	3 (see table below).

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

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

Transportation

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Provide a quality local roading network that is smooth to travel on.				
The average quality of ride on a sealed local road network measured by smooth travel exposure.	86%	●	91%.	89% - target 87%.
Provide an appropriately maintained sealed local roading network.				
The percentage of the sealed local road network that is resurfaced. (Target based on reseal cycle of 16.5 years.)	6%	●	7.7%.	3.8%. Chipseal resurfacing curtailed due to poor weather during summer/autumn. Arrangements in place to complete them in addition to the resurfacing for 2017/18 year.
Provide a quality footpath network that is safe for users.				
The percentage of footpaths within the district that fall within the level of service or service standard for the condition of footpaths that is set out in the Roading Asset Management Plan. (Target based on current condition ratings.)	95%	●	99%. Based on most recent condition rating for all footpaths.	99%.
Respond to requests within an acceptable timeframe.				
The percentage of customer service requests relating to roads and footpaths to which the Council responds within the specified timeframe. ¹	95%	●	96.3% based on 4,829 customer service requests.	96.8% based on 4,657 customer service requests.
Provide a quality cycle network that is safe for users.				
Percentage of community (including cyclists) satisfied with the quality and safety of the district's cycle network (NRB survey).	78%	●	83% (64% including don't know responses).	88% (71% including don't know responses) - target 79%.
Provide a quality roading network for users.				
Percentage of community satisfied with the district's quality of roads overall (NRB survey).	82%	●	80% (80% including don't know responses).	83% (82% including don't know responses) - target 83%.
Percentage of community satisfied with the ability to drive around the district quickly, easily and safely (NRB survey).	83%	●	92% (90% including don't know responses).	91% (90% including don't know responses) - target 84%.

¹ 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; 10 days for road surface faults, kerb and channel repairs, new kerb and channel, missing road signs and vegetation clearing. Target based on previous performance measure.

Transportation

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Major projects are completed on time and within budget.				
Major projects are completed on time.	Annual work programme achieved	●	<p>Achieved - installation of 2,168 LED streetlights. Another 1,400 lights have been received ready for installation in 2018/19.</p> <p>Rehabilitation (reconstruction) Devon Street East through Fitzroy complete. Inland North and Manutahi roads rehabilitation projects completed.</p> <p>Dust coat seals completed this year including 16/17 sites.</p> <p>Junction Road Reserve projects completed on Tarata Road within allocated budgets.</p> <p>Coronation Avenue walking and cycling project construction completed.</p> <p>Planning work underway for Airport Drive realignment and associated improvements.</p> <p>Okau Road and Mangatoro large culvert replacements completed.</p>	<p>Part achieved - installation of 2,160 LED streetlights. Another 1,250 lights have been received ready for installation in 2017/18.</p> <p>Rehabilitation (reconstruction) of two major roundabouts and a section of urban arterial route achieved. Everett and Otaraoa roads rehabilitation projects completed.</p> <p>Dust coat seals contract let but delayed until spring 2017/18.</p> <p>Some resurfacing works delayed to 2017/18 due to poor weather.</p> <p>Bosworth Street work completed as part of Junction Road Reserve funds upgrades.</p> <p>Coronation Avenue walking and cycling project consultation and Council approval complete, construction summer 2017/18.</p> <p>Area Q and Bell Block bypass associated roading improvements, progress on roading planning.</p> <p>Okau Road and Mangatoro large culvert replacements. Installation delayed until dryer weather in 2017.</p>
Major projects are completed within budget.	Annual work programme achieved within budget	●	Annual work programme achieved within budget.	Annual work programme achieved within budget apart from variances mentioned above that will be addressed in 2017/18.

Transportation

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity expenditure ¹	23,161	21,648	21,648	22,063
Activity revenue ²	(11,162)	(10,173)	(9,418)	(9,995)
Net cost of operations	11,999	11,475	12,230	12,068
CAPITAL EXPENDITURE				
Renewals	10,874	10,146	8,002	7,797
Service level improvements	1,734	3,141	2,669	1,942
Growth	291	689	857	508
Total capital expenditure ³	12,899	13,976	11,528	10,247

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Higher than budget due to additional depreciation expense from 2016 revaluation (unfunded).
2. Revenue higher than budget due to additional NZTA subsidy for capital projects.
3. Lower than budget due to LED streetlights project and growth area projects being carried over to 2018/19 financial year.

Stormwater Management

What we deliver

The Council's Stormwater Management service collects, manages and disposes of stormwater run-off from around 6,600ha of urban area covering New Plymouth, Bell Block, Waitara, Inglewood, Urenui, Onaero, Lepperton, Egmont Village, Oakura and Okato. This includes the operation and maintenance of engineered wetlands and 284km of stormwater pipes.

Why we do it

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

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

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

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

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

Significant challenges during the year

We have experienced several localised high intensity rainfall events over the last year. These have resulted in flooding of individual properties.

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Protection of habitable floor levels from one per cent storm event.				
Number of flooding events that occur each year which result in flooding of a habitable floor.	0	●	Three flooding events.	No flooding events occurred that resulted in flooding of a habitable floor.
For each flooding event report the number of habitable floors flooded per 1,000 connected customers.	1	●	Less than 0.1 for each of the three flooding events. Four habitable floors flooded (one on 3/7/17, two on 28/8/17 and two on 21/3/18).*	No habitable floors flooded.
Contractor compliance with target response times for maintenance and customer requests.**				
Attendance for flooding event call-outs from the time that the local authority receives notification to the time that service personnel reach the site.	Median response time of one hour	●	0.48 hours median response time.	0.34 hours median response time.

* The same habitable floor flooded on the August 2017 and March 2018 flooding events.

** The times shown for "attendance" and "resolution" are reported by the service provider, City Care as part of their contracted responsibilities. This includes travel time. The accuracy of these have not been verified by the Council.

Stormwater Management

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
We will keep customers satisfied with our stormwater service.				
Percentage of community satisfied with the stormwater service (NRB survey).	80%	●	85% (72% including don't know responses).	90% (79% including don't know responses)
The total number of complaints received about the Council's stormwater service (per 1,000 connected customers).	7	●	5.97 complaints received per 1,000 connected customers.	3.13 complaints received per 1,000 connected customers.
We will manage our stormwater discharges to comply with all resource consents for discharge from our stormwater system.				
Number of abatement notices.	0	●	No abatement notices.	No abatement notices.
Number of infringement notices.	0	●	No infringement notices.	No infringement notices.
Number of enforcement orders.	0	●	No enforcement notices.	No enforcement notices.
Number of convictions.	0	●	No convictions.	No convictions.
Major projects are completed on time and within budget.				
Major projects are completed on time.	Achieved	N/A	No major projects in this financial year.	Not applicable. No major projects in this financial year.
Major projects are completed within budget.	Achieved	N/A	No major projects in this financial year.	Not applicable. No major projects in this financial year.

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity expenditure ¹	3,933	2,804	2,804	3,395
Activity revenue	(4)	(11)	(11)	(8)
Net cost of operations	3,929	2,793	2,793	3,387
CAPITAL EXPENDITURE				
Renewals ²	392	106	106	85
Service level improvements	35	53	53	231
Growth	1	50	50	16
Total capital expenditure	428	209	209	332

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Higher than budget due to additional depreciation expense from 2016 revaluation (unfunded).
2. Higher than budget due to additional stormwater projects in response to weather events.

Flood Protection and Control Works

What we deliver

The Council's Flood Protection and Control Works service provides flood protection systems to urban areas in the New Plymouth District. This includes the maintenance and monitoring of existing flood protection schemes and the planning of future flood protection measures. The impacts of climate change on rainfall patterns will be incorporated into designs of future flood protection assets.

Why we do it

The Flood Protection and Control Works service supports the Council's strategic vision of *Building a Lifestyle Capital - putting people first, caring for our place, and supporting a prosperous community*.

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

Reducing flood risk helps the Council in *supporting a prosperous community - awahi mai, awahi atu, tātou katoa* by protecting businesses and industry from flood risk, including through the Huatoki dam scheme reducing flood impacts on the central business district.

Our Flood Protection and Control Works service also protects our natural environment and outdoor lifestyle opportunities, promoting *Caring for our place - manaaki whenua, manaaki tangata, haere whakamua*.

Significant challenges during the year

There have been no significant challenges this year.

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Flood protection works are maintained.				
Flood protection works are maintained in accordance with the asset management plan and annual works programme.	Achieved	●	Achieved.	Achieved.
Flood protection works are repaired.				
Any damage to flood protection works is repaired following flooding to standards defined in the asset management plan.	Repairs completed within one year	●	Achieved.	Achieved.
Flood protection works are renewed.				
Flood protection works are renewed in accordance with the asset management plan and annual works programme.	Achieved	●	Achieved.	Achieved.
We will keep customers satisfied with our flood protection service.				
Percentage of community satisfied with the flood protection service (NRB survey).	80%	●	90% (69% including don't know responses).	93% (76% including don't know responses).

Flood Protection and Control Works

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
We will complete all major projects on time.				
Major projects are completed on time.	Achieved	N/A	No major projects in this financial year.	Not applicable. No major projects in this financial year.
Major projects are completed within budget.	Achieved	N/A	No major projects in this financial year.	Not applicable. No major projects in this financial year.

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity expenditure	222	255	255	236
Activity revenue	-	-	-	-
Net cost of operations	222	255	255	236
CAPITAL EXPENDITURE				
Renewals	-	-	-	5
Service level improvements	-	-	-	5
Total capital expenditure	-	-	-	10

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

There are no variances which are considered significant.



Waste Management and Minimisation

What we deliver

The Council's Waste Management and Minimisation service (formerly known as Solid Waste and Refuse Collection) includes kerbside collection of recycling and refuse from residential households within defined service areas along with the operation of five transfer stations, a materials recovery facility (MRF) and Colson Road Regional Landfill. Our transfer stations handle non-hazardous solid waste and recycling. Our MRF processes recycling from the whole Taranaki region ready for transport to markets for reprocessing. Our landfill disposes of regional waste (from New Plymouth, Stratford and South Taranaki districts) to an environmentally acceptable standard.

We collect around 7,300 tonnes (2017: 7,000 tonnes) of rubbish from more than 27,700 households each year. We also pick up 6,000 tonnes (2017: 6,000 tonnes) of recycling from households, schools and transfer stations. Colson Road Regional Landfill takes approximately 41,000 tonnes (2017: 45,000 tonnes) of waste every year.

We promote waste minimisation across our community. This includes delivering educational programmes to businesses and schools.

Why we do it

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

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

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

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

Significant challenges during the year

- The Waste Management and Minimisation Plan was reviewed and a new Zero Waste vision and goals adopted in November 2017. The level of contamination in recycling bins has been increasing throughout the year. A new bin inspector has been employed to improve the kerbside monitoring. Also better education has been provided through improved bin tags, advertising material and radio jingles on what can and cannot be recycled are currently being implemented.
- The development of stages two (Community Reuse and Recycle Centre) and three (new Refuse Transfer Station) of the Resource Recovery Facility on Colson Road have been progressing with concept designs completed and detailed designs progressing. Construction will occur in 2018/19.
- The Colson Road landfill gas flare was constructed and commissioned during the year, and initial monitoring indicates that this gas collection system has reduced odour from the landfill.

Waste Management and Minimisation

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
We will provide a reliable solid waste collection and management service.				
Number of customer notifications of missed collections per 1,000 of serviced properties.	9	●	1.33 customer notifications of missed collections per 1,000 serviced properties.	0.18 customer notifications of missed collections per 1,000 serviced properties.
Compliance with transfer stations advertised opening hours.	95%	●	99%. Okato Transfer Station turned customers away for one hour due to bins being full on 24 April 2018.	100%.
We will keep customers satisfied with our solid waste collection and management service.				
Percentage of community satisfied with the solid waste service (NRB survey).	82%	●	82% (77% including don't know responses).	87% (81% including don't know responses).
Total number of complaints received about the Council's solid waste service (per 1,000 customers).	3	●	0.95 complaints per 1,000 customers.	1.3 complaints per 1,000 customers.
We will encourage minimisation of waste disposal in our district.				
Percentage of total household waste which is recycled by weight (against 2010/11 baseline).	25%	●	172% increase between 2010/11 (17%) and 2017/18 (46%).	173.5% increase between 2010/11 (17%) and 2016/17 (46.5%).
Year on year percentage reduction in landfill waste generated per household.	1%	●	2% increase from 2016/17 to 2017/18.	29% decrease from 2015/16 to 2016/17.
We will manage our solid waste service to comply with all resource consents.				
Number of abatement notices received.	0	●	No abatement notices received.	No abatement notices received.
Number of infringement notices received.	0	●	No infringement notices received.	No infringement notices received.
Number of enforcement orders received.	0	●	No enforcement orders received.	No enforcement orders received.
Number of convictions received.	0	●	No convictions received.	No convictions received.
Major projects are completed on time and within budget.				
Major projects are completed on time.	Achieved	●	Community Reuse and Recycle Centre delayed due to complexity of design and site constraints. Construction to be 2018/19. Landfill gas project completed. Central Landfill progressing to programme.	The Council adopted revisions to Community Reuse and Recycle Centre (previously known as Public Good Area). Construction moved to 2017.
Major projects are completed within budget.	Achieved	●	Currently within or under total project budget for financial year.	Currently within or under total project budget for financial year.

Waste Management and Minimisation

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity Expenditure				
Kerbside collection	2,933	3,012	3,012	2,689
Solid waste disposal	5,074	5,066	5,066	5,541
Total activity expenditure	8,007	8,078	8,078	8,230
Activity revenue				
Kerbside collection	(220)	(185)	(185)	(219)
Solid waste disposal ¹	(5,862)	(6,357)	(6,357)	(5,548)
Total activity revenue	(6,082)	(6,542)	(6,542)	(5,767)
Net cost of operations	1,925	1,536	1,536	2,463
CAPITAL EXPENDITURE				
Renewals ²	5,759	4,496	4,496	377
Service level improvements ³	244	2,086	1,217	-
Total capital expenditure	6,003	6,582	5,713	377

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Lower than budget due to lower than budgeted tonnage to landfill.
2. Higher than budget due to Central Landfill development costs unbudgeted (fully funded from reserves).
3. Lower than budget due to the Community Reuse and Recycling Centre project being carried over to 2018/19 financial year.



Water Supply

What we deliver

The Council's Water Supply service supplies water to defined urban and rural water supply areas. The service includes the development, operation and maintenance of groundwater bores, river intakes, treatment plants, storage facilities, pump stations and pipe networks. We supply on average 32.4m litres of water per day to 28,250 households and businesses, treated in accordance with the New Zealand Drinking Water Standards. We do this through four separate water supplies at New Plymouth (includes Omata, Bell Block, Waitara and Urenui), Inglewood, Oakura and Okato.

Why we do it

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

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

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

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

Significant challenges during the year

The most significant challenge this year was responding to the water outage during ex-cyclone Gita when a tree fell destroying a pipe bridge. Water was lost to over 10,000 customers and a boil water notice was instigated as a precaution for the whole New Plymouth supply.

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
We will provide water which complies with the NZ Drinking Water Standards.				
Compliance with Part 4 of the Drinking-water Standards (bacteria compliance criteria).	Full compliance	●	Full compliance.	Full compliance.
Compliance with Part 5 of the Drinking-water Standards (protozoal compliance criteria).	Full compliance	●	Full compliance confirmed by drinking water assessor.	Full compliance confirmed by drinking water assessor.
Maintenance of the reticulation network.				
Percentage of real water loss from the Council's networked reticulation system.*	25%	●	18.5% of real water loss.	28.7% of real water loss.

* Calculated in line with "Water NZ Benchmarking of Water Losses in New Zealand Manual" and using "Benchloss" version 2A available for download from Water NZ (more information available under additional resources at https://www.waternz.org.nz/Article?Action=View&Article_id=42)

Water Supply

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Contractor compliance with target response times for maintenance and customer requests.*				
Attendance for urgent call-outs from the time that the Council receives notification to the time that service personnel reach the site.	Median response time of one hour or less	●	0.37 hours median response time.	0.36 hours median response time.
Resolution of urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Median restored time of four hours or less for mains < 250 dia	●	2.61 hours median restored time.	1.87 hours median restored time.
Resolution of urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Median restored time of eight hours or less for mains > 250 dia	●	7.99 hours median restored time.	No call-outs.
Attendance for non-urgent call-outs from the time that the Council receives notification to the time that service personnel reach the site.	Median response time of 24 hours or less	●	Priority 2: 5.05 hours median response time, including weekends and public holidays. Priorities 2, 3 and 4: 23.28 hours median response time, including weekends and public holidays.	18.79 hours median response time, including weekends and public holidays.
Resolution of non-urgent call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Median restored time of 48 hours or less	●	Priority 2: 26.66 hours median restored time. Priorities 2, 3 and 4: 69.95 hours median restored time.	26.30 hours median restored time.
We will keep customers satisfied with our water service.				
Percentage of community satisfied with the water service (NRB survey).	85%	●	87% (78% including don't know responses).	91% (82% including don't know responses).
Total number of complaints received about water clarity (per 1,000 connected customers).	2	●	1.29 complaints per 1,000 connected customers.	1.93 complaints per 1,000 connected customers.
Total number of complaints received about water taste (per 1,000 connected customers).	1	●	0.64 complaints per 1,000 connected customers.	0.54 complaints per 1,000 connected customers.
The total number of complaints received about water odour (per 1,000 connected customers).	1	●	0.11 complaints per 1,000 connected customers.	0.43 complaints per 1,000 connected customers.
The total number of complaints received about water pressure or flow (per 1,000 connected customers).	2	●	2.68 complaints per 1,000 connected customers.	1.93 complaints per 1,000 connected customers.
The total number of complaints received about water continuity of supply (per 1,000 connected customers).	2	●	4.58 complaints per 1,000 connected customers.	2.86 complaints per 1,000 connected customers.

* The times shown for "attendance" and "resolution" are reported by the service provider, City Care as part of their contracted responsibilities. This includes travel time. The accuracy of these have not been verified by the Council.

Water Supply

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
The total number of complaints received about the Council's response to any of the above issues (per 1,000 connected customers).	1	●	0.25 complaints per 1,000 connected customers.	0.11 complaints per 1,000 connected customers.
We manage demand to minimise the impact on the environment of the water supply.				
The average consumption of drinking water per day per resident within the territorial authority district.	315 litres per day	●	310 litres per day.	335 litres per day.
Number of abatement notices received.	0	●	No abatement notices.	No abatement notices.
Number of infringement notices received.	0	●	No infringement notices.	No infringement notices.
Number of enforcement notices received.	0	●	No enforcement notices.	No enforcement notices.
Number of convictions received.	0	●	No convictions.	No convictions.
Major projects are completed on time and within budget.				
Major projects are completed on time.	Achieved	●	Water Master Plan implementation underway. Okato WTP in detail design. Oakura trunk main under construction.	Water Master Plan presented to the Council. Okato Water Treatment Plant planning commenced. Oakura trunk main route agreed. Airport trunk main completed.
Major projects are completed within budget.	Achieved	●	Currently within or under total project budget.	Currently within or under total project budget.

Cost of Service Statement for the year ended 30 June 2018

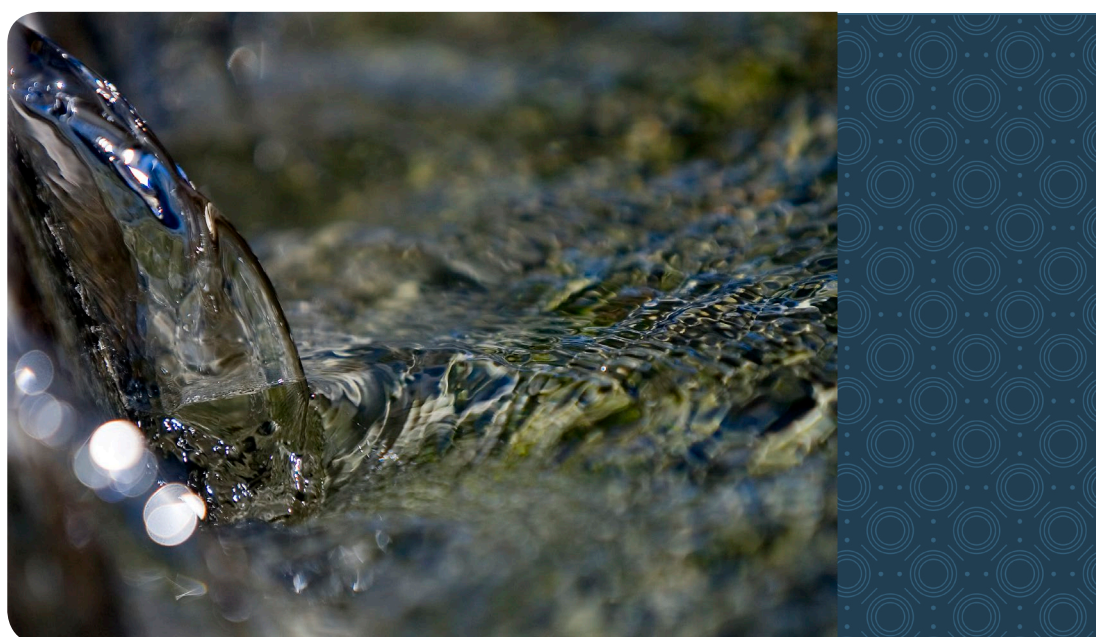
The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18 *'\$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity expenditure ¹	12,125	11,604	11,604	10,805
Activity revenue	(281)	(320)	(319)	(3,977)
Net cost of operations	11,844	11,284	11,285	6,828
CAPITAL EXPENDITURE				
Renewals ²	2,519	2,193	1,927	1,252
Service level improvements ³	688	1,569	447	791
Growth ⁴	726	3,899	3,899	47
Total capital expenditure	3,933	7,661	6,273	2,090

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Higher than budget due to expenditure for Water Master Plan and Inglewood water supply increased maintenance.
2. Higher than budget due to unbudgeted expenses for water pipe reinstatement following ex-cyclone Gita.
3. Lower than budget due to the Oakura water main duplication and Okato water supply projects being carried over to 2018/19 financial year.
4. Lower than budget due to the reservoirs project being carried over to 2018/19 financial year.



Wastewater Treatment

What we deliver

The Council's Wastewater Treatment service provides a group of activities which collects, treats and disposes of domestic and industrial wastewater from urban areas of New Plymouth, Bell Block, Waitara, Inglewood and Oakura. This service includes the operation and maintenance of treatment plants, pump stations and underground pipe networks (sewers). We also monitor the flow of trade waste into the wastewater network. We treat on average 27.8m litres of wastewater each day, servicing more than 26,094 properties via 35 pump stations and 704km of sewers.

Why we do it

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

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

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

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

Significant challenges during the year

Significant challenges include maintaining normal operations at the Wastewater Treatment Plant despite the Wai Taatari project works being undertaken. This is a major project involving large excavations and construction. This had to be undertaken on a small site with limited space. This same area needed to be used by operations staff to maintain the operation of the WWTP. This required good communication and coordination with the contractor.

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
We will limit the number of dry weather overflows from our network.				
Number of dry weather sewerage overflows per 1,000 connections.	1	●	0.16 overflows per 1,000 connections.	0.60 overflows per 1,000 connections.
Contractor compliance with target response times for maintenance and customer requests.*				
Attendance for sewerage overflow call-outs from the time that the Council receives notification to the time that service personnel reach the site.	Median response time of one hour	●	0.53 hours median response time.	0.49 hours median response time.
Resolution of sewerage overflow call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Median resolution time of four hours for sewers < 250 dia	●	1.89 hours median resolution time.	Two hours median resolution time.

* The times shown for "attendance" and "resolution" are reported by the service provider, City Care as part of their contracted responsibilities. This includes travel time. The accuracy of these have not been verified by the Council.

Wastewater Treatment

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Resolution of sewerage overflow call-outs from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.	Median resolution time of eight hours for sewers >= 250 dia	●	No call-outs.	No call-outs.
We will keep customers satisfied with our wastewater service.				
Percentage of community satisfied with the wastewater service (NRB survey).	88%	●	96% (79% including don't know responses).	95% (77% including don't know responses).
Total number of complaints received about sewerage odour (per 1,000 connected customers).	1	●	0.82 complaints per 1,000 connected customers.	0.78 complaints per 1,000 connected customers.
Total number of complaints received about sewerage system faults (per 1,000 connected customers).	1	●	0.04 complaints per 1,000 connected customers.	0.04 complaints per 1,000 connected customers.
Total number of complaints received about sewerage system blockages (per 1,000 connected customers).	10	●	6.00 complaints per 1,000 connected customers.	5.42 complaints per 1,000 connected customers.
Total number of complaints received about the Council's response to any of the above issues (per 1,000 connected customers).	1	●	0.04 complaints per 1,000 connected customers.	0.04 complaints per 1,000 connected customers.
We will manage our wastewater discharges to comply with all resource consents for discharge from our sewerage system.				
Number of abatement notices.	0	●	No abatement notices received.	No abatement notices received.
Number of infringement notices.	0	●	No infringement notices received.	No infringement notices received.
Number of enforcement orders.	0	●	No enforcement orders received.	No enforcement orders received.
Number of convictions.	0	●	No convictions.	No convictions.
Major projects are completed on time and within budget.				
Major projects are completed on time.	Achieved	●	Wai Taatari delayed due to unforeseen ground and services conditions. Area Q complete. TDF renewal design underway.	Wai Taatari on site. Area Q route agreed. Waitara milliscreens completed.
Major projects are completed within budget.	Achieved	●	In year overspend on Wai Taatari project (approximately \$870,000). Overall programme remains within the original budget.	Remainder within or under total project budget for financial year.

Wastewater Treatment

Cost of Service Statement for the year ended 30 June 2018

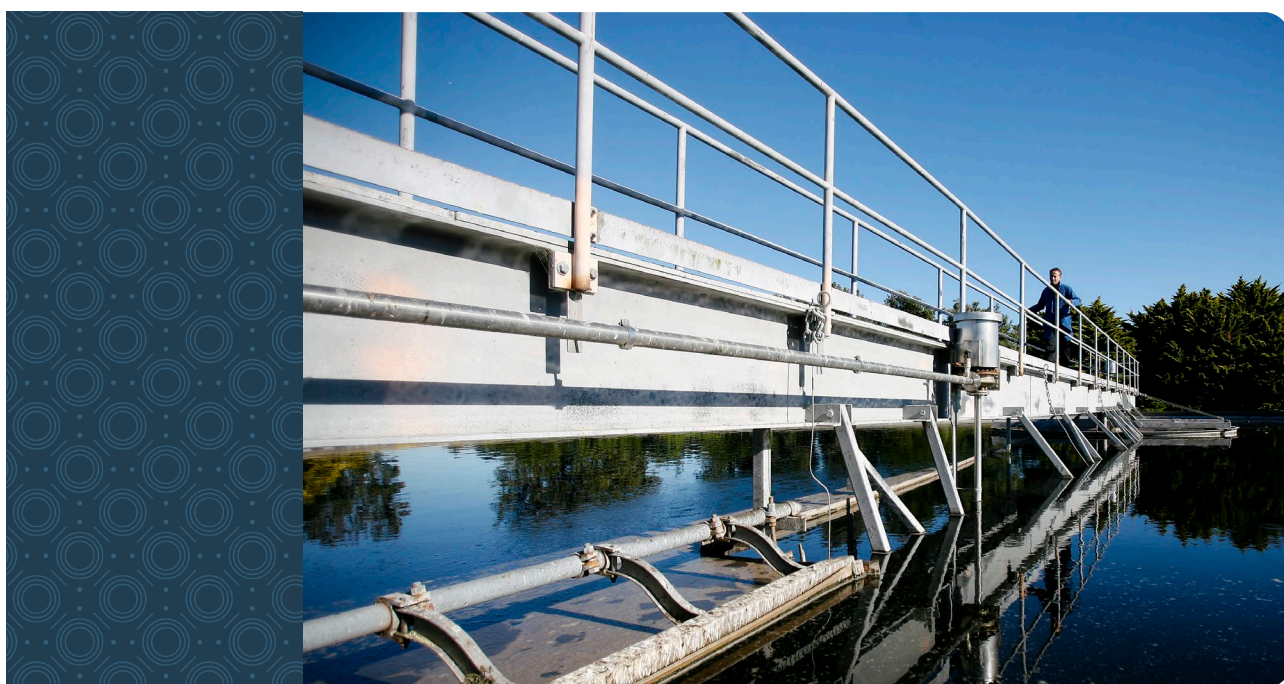
The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity expenditure ¹	15,424	16,185	16,185	15,023
Activity revenue ²	(2,464)	(2,014)	(2,014)	(2,345)
Net cost of operations	12,960	14,171	14,171	12,678
CAPITAL EXPENDITURE				
Renewals	7,013	8,907	7,171	6,858
Service level improvements	2,223	2,484	771	893
Growth	3,460	4,250	907	931
Total capital expenditure ³	12,696	15,641	8,849	8,682

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Lower than budget due to lower depreciation expense as a result of delays in capital projects (no funding impact).
2. Higher than budget revenue due to additional trade waste income.
3. Lower than budget capital expenditure as the thermal drier upgrade and renewal project has been carried over to 2018/19 financial year.





Emergency Management and Business Continuance

What we deliver

The Council plans for and manages major and widespread emergency (civil defence) events. The Council is required to take responsibility for the reduction of, readiness for, response to and recovery from risks and events associated with emergency management. It does this as a member of the Taranaki Civil Defence Emergency Management Group in conjunction with the other Taranaki councils, other agencies and the Taranaki community. The Council also plans for and manages the continuation of its own services for all emergency events, both major and minor.

Why we do it

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

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

To reduce the effect of emergency events on the community's quality of life and ensure that the Council's services are maintained or restored as quickly as possible following such events. This contributes to a strong and resilient community and an environment where future challenges are recognised and planned for.

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

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

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

Significant challenges during the year

- Cyclone Gita. The most significant challenge from an Emergency Management and Business Continuance sense was Cyclone Gita/New Plymouth water outage where approximately 10,000 households were without running water. Twenty-six thousand customers were also left without power as the storm hit. This event was significantly challenging for the Council, and all staff involved. Many staff worked a significant number of hours through the response either in-house or at the Taranaki Emergency Management Office in order to get the water supply up and running again. Staff should be proud of the effort put in collectively to respond to the needs of the community.
- The way Civil Defence and Emergency Management (CDEM) is delivered in the Taranaki region has changed as of 1 July 2018. The new model allows for more local ownership and delivery from district councils of their CDEM responsibilities. The challenges associated with the structural change are the understanding of local responsibilities, recruitment of appropriate staff and volunteers, the physical build of our emergency operations centre, and the development of our emergency activation model.

Emergency Management and Business Continuance

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/ Comments	2016/17 Results/Comments
Planning for and management of emergency events.				
Emergency processes and plans are up-to-date.	Processes and plans reviewed and updated	●	Work is ongoing to ensure Emergency Response and Business Continuity Plans and processes are up-to-date. Those plans and processes were tested for real by the water supply outage event in March 2018. A 'lessons learned' process has been undertaken and the improvement opportunities identified will be addressed during 2018/19 and beyond.	Achieved, an ongoing task. A tabletop exercise of these plans is scheduled for 20 July 2017.
Control and extinguish fires in rural areas (except buildings which are the responsibility of the New Zealand Fire Service).				
All reports of uncontrolled or unauthorised rural fires responded to within set timeframes and extinguished by the Council contractors where necessary.	100%	N/A	The Council is no longer responsible for responding to rural fires because from 1 July 2017 the Taranaki Rural Fire Service was absorbed by Fire and Emergency NZ, which combined urban and rural fire services into one organisation.	100%.
Trained fire crews are available in all required areas and crew and equipment meet standards of audit.	Full compliance	N/A	See comment above.	Full compliance.
Major projects are completed on time and within budget.				
Major projects are completed on time.	Annual work programme achieved	●	Work will continue into 2018/19 to implement changes in the way the Council responds to Civil Defence emergencies. This is separate but closely related to the work noted above about the Council's own business continuity arrangements.	Achieved. Transition to FENZ completed on time.
Major projects are completed within budget.	Annual work programme achieved within budget	●	The major project of Emergency Operations Centre (EOC) at TSB Stadium, including build and fit-out has been achieved within budget.	Achieved.

Emergency Management and Business Continuance

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity expenditure ¹	1,334	652	652	624
Activity revenue	(7)	(20)	(20)	(17)
Net cost of operations	1,327	632	632	607
CAPITAL EXPENDITURE				
Service level improvements	88	-	-	-
Total capital expenditure	88	-	-	-

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Higher than budget due to unbudgeted expenses for emergency response to ex-cyclone Gita.

Community Partnerships

What we deliver

The Community Partnerships role (previously called Community Development) is to develop and integrate the Council's community partnership and investment approaches across the Council and community engagement to support democratic local decision-making in line with the Council's Significance and Engagement Policy. This service manages community funding investment schemes and key community partnerships on behalf of the Council. Externally our stakeholders span industry, third sector and not-for-profit groups including community organisations, charities, educational institutions, iwi and hapū leaders and central and local government agencies.

Why we do it

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

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

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

Significant challenges during the year

An ongoing challenge is managing the oversubscribed nature of the community funding rounds.

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Support the community sector through building and maintaining strategic relationships that increase collaboration on initiatives and build capacity and capability of organisations that contribute to a stronger community.				
Percentage of partners satisfied with advice and involvement in community initiatives.	80%	●	100%.	100%.
Percentage of residents satisfied with Council assistance and support to community groups (NRB survey).	Exceeds peer group average	●	94% (64% including don't know responses) compared to peer group average of 91% (68% including don't know responses).	90% (63% including don't know responses) compared to peer group average of 91% (68% including don't know responses).
Provide a 'start-up' fund that rewards creativity and collaboration in new community initiatives.				
Number of initiatives receiving 'start-up' financial support.	3	●	Four new community initiatives: ZEAL, Taranaki Chamber of Commerce and BARA contract, Accessibility Awards, Urban Dream Brokerage.	Four new community initiatives: ZEAL, Taranaki Chamber of Commerce and BARA contract, Accessibility Awards, Creative Incubator.
Administer and coordinate the housing for the elderly service.				
Percentage of tenants satisfied with the service.	90%	●	100%.	100%.
Provide funding support for community organisations and initiatives.				
Percentage of achievement of key performance indicators by the Council's grant recipients (as set out in funding contracts).	95%	●	97%.	96%.

Community Partnerships

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity Expenditure				
Community partnerships	476	511	511	414
Community funding	2,154	2,336	2,286	2,115
Housing for the elderly	917	937	937	916
Total activity expenditure	3,547	3,784	3,734	3,445
Activity revenue				
Community partnerships	-	-	-	-
Community funding	(58)	(58)	(58)	(71)
Housing for the elderly	(971)	(966)	(966)	(967)
Total activity revenue	(1,029)	(1,024)	(1,024)	(1,038)
Net cost of operations	2,518	2,760	2,710	2,407
CAPITAL EXPENDITURE				
Renewals	165	116	116	102
Service level improvements	-	25	-	77
Total capital expenditure	165	141	116	179

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

There are no variances which are considered significant.

Govett-Brewster Art Gallery/Len Lye Centre

What we deliver

The Govett-Brewster Art Gallery is New Zealand's leading contemporary art museum offering a group of activities within its programme of exhibitions and events, including up to three suites of exhibitions, some 900 artworks and 60 education and cultural appreciation events each year. The Govett-Brewster is home to the collection of Taranaki, national and international artworks with a Pacific Rim focus, and the collection and archive of internationally recognised filmmaker and kinetic artist Len Lye (1901 - 1980). The Len Lye Centre opened in mid-2015 and has been developed as an extension to the Govett-Brewster building.

Why we do it

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

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

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

The Govett-Brewster Art Gallery and Len Lye Centre contribute to *supporting a prosperous community - awahi mai, awahi atu, tātou katoa* as the combined facility is a major contributor to the region's tourism sector, attracting 34,400 out-of-region visitors annually, including international visitors (according to BERL research). This contributes to a vibrant economy and raises the national and international profile of the New Plymouth District as a cultural tourism experience.

Significant challenges during the year

The exhibition programme has remained on schedule and on budget through a period of change and there is now a full exhibition programme scheduled through to 2019. There has been a full programme in place for staff and external stakeholders in preparation for charging entry to visitors from 1 August 2018.

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Offer engaging exhibitions annually comprising solo and group exhibitions from Taranaki, New Zealand and the world.				
Number of exhibition suites per year.	3	●	Three suites held, with 14 in-house exhibitions and one external touring exhibition (Australia).	Three suites held, with six exhibitions including two Taranaki artist exhibitions and two external touring exhibitions (UK and Australia).
Offer quality access to the art and ideas of Len Lye.				
Number of Len Lye exhibitions annually.	2	●	11 exhibitions, two film projections and four external touring exhibitions (Christchurch x 2, Auckland and Australia).	Five exhibitions, two film projections and two external touring exhibitions (Israel and Australia).
Audiences have positive experiences.				
Total number of visitors (physically) annually.	103,000	●	96,736 visitors. Visitor numbers represent the mean of hand count (81,022) and Trueview/electronic count (111,730).	116,206 visitors. Visitor numbers are based on a combination of a manual count by front of house staff and the Trueview automated system - target 99,500.

Govett-Brewster Art Gallery/Len Lye Centre

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Percentage of resident satisfaction with the service (NRB survey).	Meets or exceeds peer group average	●	66% (51% including don't know responses) compared to peer group average 91% (53% including don't know responses).	69% (52% including don't know responses) compared to peer group average 91% (53% including don't know responses).
Education programming is nationally recognised as unique and distinctive.				
Percentage of teachers satisfied with school experience.	95%	●	100% teacher level of satisfaction from 79% rate of evaluation return.	100% satisfied from a return on assessment of 65% of teachers.
Major projects are completed on time and within budget.				
Major projects are completed on time.	Annual work programme achieved	N/A	Not applicable.	Not applicable.
Major projects are completed within budget.	Annual work programme achieved within budget	N/A	No major projects in this financial year.	No major projects in this financial year.

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity expenditure	4,296	4,491	4,491	4,837
Activity revenue ¹	(554)	(792)	(792)	(728)
Net cost of operations	3,742	3,699	3,699	4,109
CAPITAL EXPENDITURE				
Renewals	57	151	81	301
Service level improvements	12	-	-	78
Total capital expenditure	69	151	81	379

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Lower than budget due to sponsorship revenue not meeting budgeted levels.

Puke Ariki and Community Libraries

What we deliver

Puke Ariki is a dynamic people-orientated centre for Taranaki and New Zealand that provides residents and visitors learning opportunities to maximise their potential and capacity. Puke Ariki protects and promotes access to our heritage.

Puke Ariki consists of the following services:

- Central library service (Puke Ariki Library).
- Five community libraries.
- A mobile library service.
- Museum exhibition programme.
- Public programmes.
- Discover it! – including a homework centre.
- Taranaki Research Centre.
- i-SITE Visitor Information Centre.
- Care for, collect and promote Taranaki heritage collections.

Why we do it

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

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

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

Significant challenges during the year

Ongoing issues around keeping external contractors to agreed delivery timeframes, mainly with exhibition componentry, continues to prove challenging.

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Provide an accessible and informative point of contact and booking service for visitors to New Plymouth District.				
Number of customer visits to the i-SITE Visitor Information Centre annually.	55,000	●	77,902 customer visits.	90,740 customer visits.
Percentage of customers satisfied with the i-SITE Visitor Information Centre (in-house survey).	95%	●	100% of customers satisfied.	99% of customers satisfied.
Provide an accessible mix of print and digital lending and reference resources to meet the changing needs of the community.				
Percentage of customers who are satisfied with the library collections (in-house surveys).	95%	●	97% of customers satisfied.	95% of customers satisfied.

Puke Ariki and Community Libraries

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
To deliver a range of programmes which explore creativity, literacy and our heritage in ways that stimulate learning, innovation and prosperity.				
Number of programmed learning opportunities and number of attendees.	900 programmes 20,000 attendees	●	1,890 programmed learning opportunities at Puke Ariki. This includes 1,292 facilitated school education programmes conducted through Puke Ariki, the Taranaki Research Centre, Discover It and the community libraries 40,145 attendees to all events.	1,582 programmed learning opportunities at Puke Ariki. This includes 1,042 facilitated school education programmes conducted through Puke Ariki, the Taranaki Research Centre, Discover It and the community libraries, as well as 478 exhibition related events and community events were held. 32,020 attendees to all events.
Percentage of attendees satisfied with the programmed learning opportunities.	95%	●	97% overall for attendees to all events. Teachers gave 100% satisfaction for education programmes.	99% overall for attendees to all events. Teachers gave 100% satisfaction for education programmes.
Number of school students attending Puke Ariki programmes.	14,000	●	27,012 students, includes community libraries.	20,514 students, includes community libraries.
Provide 24/7 access to the Heritage Collection through the Browser.				
Number of heritage items with records improved.	10,000	●	7,513 items catalogued. Exhibitions and associated projects resulted in less resource available. This will be addressed in the 2018/19 year with specialist contract resource in place to progress the project.	11,623 items catalogued.
Major projects are completed on time and within budget.				
Major projects are completed on time.	Annual work programme achieved	●	A further two major elements completed in the Long Term Galleries (Plymouth Company and Thompson's Hut). QuickCheck (RFID) successfully implemented at Puke Ariki and Community Libraries. Replacement carpet installed on ground and level 1 of Puke Ariki Library.	A further two major elements completed in the Long Term Galleries (Taranaki Wetlands and Creativity and Innovation). Implementation of RFID at Puke Ariki and the community libraries delayed (install occurring October 2017). Replacement carpet on ground and level 1 floor of Puke Ariki Library delayed (install occurring September 2017).

Puke Ariki and Community Libraries

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Major projects are completed within budget.	Annual work programme achieved within budget	●	Budget on track with staged work of the projects.	Budget on track with staged work of the projects.

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18*	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity expenditure	11,579	11,646	11,646	10,870
Activity revenue	(748)	(841)	(841)	(929)
Net cost of operations	10,831	10,805	10,805	9,941
CAPITAL EXPENDITURE				
Renewals	1,481	1,464	1,344	1,251
Service level improvements ¹	696	423	332	350
Total capital expenditure	2,177	1,887	1,676	1,601

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Capital service level higher than budget due to unbudgeted expenditure for the implementation of the library checkout system.

What we deliver

The Council's Venue and Events (formerly known as Recreation and Events) service provides a group of activities that includes four multi-purpose recreation, sport and entertainment venues: TSB Bowl of Brooklands, TSB Showplace, TSB Stadium and Yarrow Stadium. It provides community events such as the annual TSB Festival of Lights and support for other events such as the Taranaki Home and Lifestyle Expo and Waitangi Day celebrations, and is the host city partner for WOMAD-2016-2019. The Council also provides five swimming pool complexes with learn to swim and fitness programmes.

The Council provides financial support to the Bell Block Community Pool Society Incorporated to fund staffing costs for the Bell Block Community Pool. A total of \$115,000 was provided to the Society by the Council and was incorporated within the Council's swimming pool budget. This amount includes an allocation previously provided by Community Partnerships.

Why we do it

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

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

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

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

Significant challenges during the year

The withdrawal of facilities at Yarrow Stadium, coupled with uncertainty over its long term future has caused a number of challenges, including actual and potential loss of major events and disruption to business operations. Competition in attracting major events and securing sponsorship ensures the team continues to operate in a challenging environment. Ensuring ageing aquatic facilities remain operational requires a comprehensive maintenance and renewals programme.

Levels of service and performance information

Performance measure	2017/18 Target	Rating	201718 Results/Comments	2016/17 Results/Comments
Provide high quality community pools which encourage the community to participate in aquatic activities.				
Percentage of residents satisfied with the swimming facilities and staff service (NRB survey).	80%	●	92% (83% including don't know responses).	96% (85% including don't know responses).
Pool patronage per year.	350,000	●	401,271 includes district pools.	397,185 includes district pools.
Provide a range of events which appeal to residents and visitors.				
Percentage of residents satisfied with the events (NRB survey).	95%	●	96% (90% including don't know responses).	95% (90% including don't know responses).
Percentage of residents satisfied with the events venues (NRB survey).	90%	●	94% (91% including don't know responses).	98% (95% including don't know responses).

Venues and Events

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Provide a network of high quality venues that create more opportunities for the community to attend arts, culture and sport and recreation activities.				
Number of attendees and events/bookings across all venues is maintained or increases where possible.	275,000 attendees 475 events/bookings	●	373,106 attendees. 1,343 events/bookings (total across all venues).	326,619 attendees. 1,160 events (total across all venues).
All venues and pools are managed to a high level of health and safety.				
All required health and safety standards are met.	All standards met	●	All standards met.	All pools Poolsafe accredited.
Major projects are completed on time and within budget.				
Major projects are completed on time.	Annual work programme achieved	●	Aquatics projects completed. TSB Showplace renewals and TSB Stadium ongoing over a two-year programme.	Aquatics projects completed. TSB Showplace renewals 75% complete. TSB Stadium renewals (partitions) completed.
Major projects are completed within budget.	Annual work programme achieved within budget	●	Ongoing projects within budget.	Projects through LTP 2015-2025 on budget.



Venues and Events

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity Expenditure				
Pools ¹	4,896	4,496	4,496	4,685
Programmes and events	1,717	1,751	1,751	1,409
Event venues	6,179	6,137	6,157	5,435
Total activity expenditure	12,792	12,384	12,404	11,529
Activity revenue				
Pools	(1,561)	(1,583)	(1,583)	(1,558)
Programmes and events	(425)	(404)	(404)	(415)
Event venues ²	(3,188)	(2,343)	(2,363)	(2,455)
Total activity revenue	(5,174)	(4,330)	(4,350)	(4,428)
Net cost of operations	7,618	8,054	8,054	7,101
CAPITAL EXPENDITURE				
Renewals ³	1,152	1,792	1,538	1,039
Service level improvements	91	75	114	167
Total capital expenditure	1,243	1,867	1,652	1,206

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Higher than budget due to additional depreciation expense from 2016 revaluation (unfunded).
2. Higher than budget due to additional revenue from events, including All Blacks and concerts.
3. Lower capital expenditure than budget due to the TSB Stadium and Yarrow Stadium renewal projects being carried over to 2018/19 financial year.





Customer and Regulatory Solutions

What we deliver

Customer and Regulatory Solutions consists of the following:

- Land use and subdivision consents.
- Environmental policy and advice.
- Building control.
- Animal control.
- Parking.
- Environmental health.
- Alcohol and food licensing.
- District Plan.

This service includes:

- Implementation of policies and statutory plans.
- Processing of consents, licences and registrations.
- Inspection, monitoring and enforcement of legislation and bylaws.
- Reporting and providing information, education and advice on a range of statutory provisions, e.g. Acts, regulations and policy.
- Provision of property and land information.

Why we do it

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

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

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

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

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

Significant challenges during the year

- Freedom Camping has provided a significant challenge for the Council's compliance team during this financial year. The Waiwhakaiho River Mouth was a popular site for freedom campers and created issues of congestion at this site. The Compliance Team working with our contractors undertook a tiered approach to enforcement focusing on education. A review of the Freedom Camping Bylaw will be undertaken during the 2018/19 financial year.
- The Draft District Plan has been a significant area of work for the District Planning Team. The Council has been the first in the country to create a draft district plan into a property based e-plan. This work will continue into the 2018/19 year with the notification of the Proposed District Plan.

Customer and Regulatory Solutions

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Ensure that all animal control processes contribute to a safe and healthy community.				
Percentage of known dogs registered.	95%	●	94%.	94%.
Percentage of community satisfied with animal control (NRB survey).	Exceeds peer group average	●	91% (82% including don't know responses) compared to peer group average of 75% (70% including don't know responses).	94% (87% including don't know responses) compared to peer group average of 75% (70% including don't know responses).
Maximise use of on-street car parking space.				
Average rate of occupation of CBD paid parking spaces.	85%	●	41.2%.	55%.
The health and safety of the public is protected by ensuring food premises meet required standards.				
Percentage of food premises inspected with no remedial steps required.	95%	●	99%.	98%.
Ensure alcohol licensed premises comply with statutory and licence provisions.				
Percentage of alcohol licences that comply with statutory and licence provisions (as a result of inspections, complaints and Controlled Purchase Operations).	95%	●	98%.	97%.
Customers are satisfied with building consent service.				
Percentage of customers using building consent processes are satisfied with the service provided.	80%	●	96%.	97%.
Ensure customers are satisfied with access to information on regulatory services.				
Percentage of customers accessing information on regulatory processes are satisfied with the service provided (in-house survey).	80%	●	96%.	No survey undertaken this year.

Customer and Regulatory Solutions

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Ensure customers are satisfied with resource consent services.				
Percentage of customers using resource consent processes are satisfied with the service provided.	80%	●	53.3% (including neutral responses), very low response rate. Fast track consent processes put in place for deemed permitted applications. There were only 15 respondents to the survey from over 502 non-notified consents processed for the year. The main area for improvement customers wanted was real time digital services. Customers found the team was knowledgeable and focused on delivering good customer service.	60% (including neutral responses), very low participant response. Over the last year there has been a focus on improving the quality of consent conditions particularly around outcomes. This year a large piece of work is being carried out that will improve process and will lead the way for introducing the new legislation in October that will result in fast track consenting and other process changes that will simplify customer engagement.
Consents are processed within statutory timeframes.				
Percentage of building consent applications processed within statutory timeframes.	100%	●	98.4% within the 20 day timeframe. 26 exceeded the timeframe during a period of high workload and low resource.	99.64%. 1,665 building consents granted: 1,659 processed within 20 days and six over 20 days.
Percentage of all non-notified land use and subdivision consents are processed within statutory timeframes.	100%	●	98.2%.	97.5%. 396 resource consents granted: 387 processed within 20 days and nine over 20 days.
The quality of New Plymouth District living environment is being maintained.				
Percentage of community satisfied with living environment (NRB survey).	95%	●	96% (93% including don't know responses).	95% (91% including don't know responses).
Major projects are completed on time and within budget.				
Major projects are completed on time.	Annual work programme achieved	●	Annual work programme achieved.	Annual work programme achieved.
Major projects are completed within budget.	Annual work programme achieved within budget	●	Annual work programme achieved within budget.	Annual work programme achieved within budget.

Customer and Regulatory Solutions

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity Expenditure				
Animal control	1,076	1,150	1,150	1,151
Building consents	3,435	3,423	3,423	3,362
District planning ¹	2,105	1,256	1,256	1,493
Resource consents ²	3,317	2,997	2,997	2,865
Environmental health	1,260	1,336	1,336	1,229
Parking	2,340	2,352	2,352	2,162
Total activity expenditure	13,533	12,514	12,514	12,262
Activity revenue				
Animal control	(798)	(858)	(858)	(906)
Building consents	(2,788)	(2,867)	(2,867)	(2,856)
District planning	(60)	-	-	(16)
Resource consents ²	(2,627)	(2,181)	(2,181)	(2,416)
Environmental health	(563)	(587)	(587)	(540)
Parking	(3,521)	(3,535)	(3,535)	(3,251)
Total activity revenue	(10,357)	(10,028)	(10,028)	(9,985)
Net cost of operations	3,176	2,486	2,486	2,277
CAPITAL EXPENDITURE				
Renewals ³	-	136	16	25
Total capital expenditure	-	136	16	25

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Higher than budget due to additional expenditure for the development of the District Plan.
2. Higher than budget due to higher than budgeted demand from consent activity.
3. Lower than budget due to the Downtown carpark project being carried over to 2018/19 financial year.



Economic Development

What we deliver

The Council contributes to the district's economic development in a number of ways, including through its strategic planning and district plan, the provision of its events, recreation and entertainment facilities, arts and cultural services and the maintenance and construction of roads and infrastructure.

The Council also funds and agrees the strategic direction with Venture Taranaki Trust (VTT), a Council-controlled Organisation responsible for the delivery of the district's economic development services, such as tourism, marketing and major events funding, economic information and business support services.

VTT was founded and is principally owned by the Council. It also offers services via commercial contracts to South Taranaki District Council and Stratford District Council. It has several funding and service partnerships with Ministry of Business, Innovation and Employment, TSB Community Trust, New Zealand Trade and Enterprise, Callaghan Innovation, Education New Zealand, Business Mentors New Zealand and many other private sector organisations.

Why we do it

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

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

Significant challenges during the year

- During the year the Taranaki Regional Economic Development Strategy and Action Plan were finalised and launched. Known as Tapuae Roa: Make Way for Taranaki, this project brought together the four Taranaki Councils, Ngā Iwi o Taranaki, Venture Taranaki, business leaders and Central Government to commit to a single vision and group of goals for the region.
- The unexpected Central Government announcements around the end of the Block Offer programme in three years will have potential implications for the region's economy in the long term. In the immediate future the oil and gas sector will continue, albeit at a potentially lower rate of investment and activity.
- The nature of the announcement has also increased uncertainty around possible announcements for the future of the agricultural industry and others important to the New Plymouth District.
- The Government, through the Provincial Growth Fund, announced investment into a range of projects (including undertaking feasibility studies for further investment) across a range of economic sectors during the year. The shift of workload to respond to the opportunities brought about by the Provincial Growth Fund was a significant challenge.



Economic Development

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Promote the New Plymouth District and the Taranaki region as a vibrant and desirable place to live, work and visit.				
Attract or retain major events.	3 major events	●	13 events. These were Altherm Jetsprint Championship 2018 – 2 events, AmeriCARna 2018, BDO Around the Mountain Cycle Challenge 2019, Bryan Adams Get Up Tour 2018, ITU New Plymouth Sprint Triathlon World Cup 2018, New Zealand Offshore Powerboat Championship series 2018, New Zealand Schools Triathlon Championships 2019, New Zealand Tattoo & Art Festival 2018, Powerco Garden Festival 2018, Right Royal Cabaret Show 2018, Steelformers Around the Mountain Relay 2018, TSB Festival of Lights 2018/19, WOMAD 2018.	12 events. Events contracted included All Blacks vs Argentina 2017, BDO Around the Mountain Cycle Challenge 2018, Cat Stevens/ Yusuf - A Cats Attic-Peace Train Tour 2017, ITU New Plymouth Sprint Triathlon World Cup 2017, McDonald's SuperSmash T20 cricket 2016, New Zealand Tattoo and Arts festival 2017, Phoenix vs Sydney Wanderers 2017, Powerco Taranaki Garden Spectacular 2017, PSP NZ Jetsprint Championship – Rounds 1 and 3, Taranaki International Arts Festival 2017, Taranaki Steelformers Around the Mountain Relay 2017, WOMAD 2017.
Facilitate, promote, encourage and support sustainable business growth, investment and employment opportunities in Taranaki.				
Amount of investment into regional businesses per year, subject to central government policy.	\$500,000	●	\$3,202,362 of research and development and innovation funding facilitated into Taranaki business (across 45 transactions).	\$1,515,399 across 36 transactions.
Client satisfaction with business support services provided per year.	>80%	●	91.8% satisfied or very satisfied with Venture Taranaki business services.	93.7% satisfied or very satisfied with Venture Taranaki business services.
Level of investment in management capability building per year for Taranaki's Small and Medium Sized Enterprises (businesses).	\$140,000	●	\$404,468.92 of capability development voucher funding invested across 249 vouchers.	\$376,085 across 276 transactions.

Economic Development

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity expenditure ¹	3,473	3,265	3,265	3,095
Activity revenue	(120)	-	-	(90)
Net cost of operations	3,353	3,265	3,265	3,005
Total capital expenditure	-	-	-	-

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Higher than budget due to additional expenditure for the development of Tapuae Roa – Make Way for Taranaki Strategy.

What we deliver

Governance Services supports the Mayor, Councillors and community board members to be effective, representative and accountable decision-makers. This activity facilitates Council, committee and community board meetings, runs local authority elections and coordinates a range of civic functions.

Why we do it

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

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

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

Significant challenges during the year

- Two by-elections were required as a result of elected member resignations.
- The Governance Team facilitated the production of Suburban Centre Plans.

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Properly manage local elections.				
Elections and polls will comply with the provisions of the Local Electoral Act 2001 with no successful petitions for inquiry into the conduct of elections.	*	●	By-elections held in the North Ward (one councillor) and Inglewood Community (one Community Board member).	Achieved.
Compliance with statutory deadlines.				
Long-Term Plan, Annual Plan and Annual Report will all be adopted within timeframes set in the Local Government Act 2002.	Full compliance	●	Achieved.	Achieved.
Meeting agendas will be available as specified by legislation.	Full compliance	●	Achieved.	Achieved.

* No triennial elections in this year.

Governance

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18 *'\$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity expenditure ¹	4,776	5,308	6,045	5,449
Activity revenue	(34)	(8)	(8)	(137)
Net cost of operations	4,742	5,300	6,037	5,312
Total capital expenditure	-	-	-	-

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Lower than budget due to appeal costs related to new District Plan not yet incurred.



Management of Investments and Funding

What we deliver

This service manages all Council-owned investments, income not assignable to other activities and management of the Council's borrowing requirements. This includes the Council's Perpetual Investment Fund (PIF) (managed by contract with Mercers New Zealand Limited, who are monitored by New Plymouth PIF Guardians Limited), a 100 per cent ownership of Papa Rererangi i Puketapu Limited (the New Plymouth Airport), administration of 1,500 property leases and agreements, production forestry on Council-owned land, three joint venture forestry investments, and minor equity investments in Civic Financial Services Limited and the Local Government Funding Agency.

Why we do it

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

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

Significant challenges during the year

The key challenge during the year was the return to volatile markets and the resulting impact on the value of the PIF. Early 2018 saw a return to normal levels in volatility after a sustained period of market growth. This has resulted in monthly returns of the PIF fluctuating between positive and negative.

Internal borrowing

The Council manages all funding and equity as a centralised function, ensuring cash and borrowing resources are used in an optimal manner. There is an element of funding per activity which, at times, is effectively internally borrowed as excess reserve funds are sometimes used instead of borrowing externally.

	Balance as at 1 July \$'000	Borrowings \$'000	Repayments \$'000	Balance as at 30 June \$'000	Interest Expense \$'000
General Rate activities	35,341	5,737	(365)	40,714	(2,231)
Water Supply	25,929	5,626	(1,314)	30,241	(1,753)
Wastewater Treatment	57,292	5	(2,642)	54,656	(3,289)
Solid Waste and Kerbside Collection	529	-	(56)	474	(37)
Total Council borrowing	119,091	11,368	(4,377)	126,085	(7,310)
External borrowing	110,000	8,000	-	118,000	(5,406)
Net internal borrowing	9,091	3,368	(4,377)	8,085	1,904

Levels of service and performance information

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Manage the Perpetual Investment Fund (PIF) to provide sustainable revenue flows to the Council.				
A release to the Council before costs of Tasman Investment Management Limited as release rule covers both from the PIF in accordance with the release rule.	\$7.6m	●	\$8.2m.	\$7.7m. - target \$7.4m

Management of Investments and Funding

Performance measure	2017/18 Target	Rating	2017/18 Results/Comments	2016/17 Results/Comments
Manage the Council's borrowing programme in compliance with the Liability Management Policy.				
Debt levels and costs within limits set by policy.	All measures met	●	All measures met.	All measures met.
Net debt not to exceed 135 per cent of total revenues including rates.	All measures met	●	All measures met.	All measures met.
Pre-tax funds from operations to exceed net interest expense by at least 2.5 times.	All measures met	●	All measures met.	All measures met.

Cost of Service Statement for the year ended 30 June 2018

The table below provides a summary of net operating costs and capital expenditure.

	Actual 2017/18 \$'000	Adj Budget 2017/18* \$'000	Budget 2017/18 \$'000	Actual 2016/17 \$'000
OPERATIONS				
Activity Expenditure				
Investment management ¹	227	1,284	1,284	2,004
Production forestry	231	323	323	339
Operational property	4,464	3,229	3,229	3,283
Total activity expenditure	4,922	4,836	4,836	5,626
Activity revenue				
Investment management	(10,438)	(11,435)	(11,435)	(42,583)
Production forestry	(8)	0	0	(309)
Operational property	(5,310)	(3,967)	(3,967)	(4,593)
Total activity revenue	(15,757)	(15,402)	(15,402)	(47,485)
Net cost of operations	(10,833)	(10,566)	(10,566)	(41,859)
CAPITAL EXPENDITURE				
Renewals	-	-	-	229
Service level improvements	-	-	-	280
Total capital expenditure	-	-	-	509

* The adjusted budget 2017/18 reflects the items carried forward from 2016/17 as approved by the Council.

Budget variations

1. Lower than budget due to lower interest on borrowing costs as a result of timing of capital expenditure and lower interest rates than budgeted.

Funding from External Sponsors

The Council would like to gratefully acknowledge and thank the following funders.

Funder	Description	Amount
Asia New Zealand Foundation	Support travel for artist Yuko Mohri (Govett-Brewster Art Gallery)	\$1,900
Creative New Zealand	Curator and artist residencies, internships (Govett-Brewster Art Gallery)	\$32,210
Friends of Puke Ariki	Summer reading programme, school transport programme - Kakaramea School (Puke Ariki)	\$1,952
George Mason Charitable Trust	Summer reading students, scholarship programme, curatorial intern (Puke Ariki)	\$25,000
Goethe Institute	Sponsorship of Oskar Fischinger exhibition (Govett-Brewster Art Gallery)	\$3,043
Govett-Brewster Foundation	Exhibition circle funding (Govett-Brewster Art Gallery)	\$5,500
Govett Quilliam The Lawyers	Monica Brewster evenings (Govett-Brewster Art Gallery)	\$10,110
LEOTC (Ministry of Education)	Education programme (Govett-Brewster Art Gallery)	\$44,200
	Funding for Puke Ariki and Aotea Utanganui museum education programme (Puke Ariki)	\$60,800
Lion Foundation	Festival of Lights - sound and lighting (Venues and Events)	\$20,000
Ministry for Culture and Heritage	Waitangi Day event (Venues and Events)	\$2,000
New Zealand Community Trust	Festival of Lights - LED movie screens (Venues and Events)	\$10,760
Pātea Historical Society	Cataloguing/digitisation of Pātea Borough and Pātea Port Archive (Puke Ariki)	\$8,820
Puke Ariki Trust	Scholarship	\$5,000
Shell Taranaki	'What are you missing?' road safety campaign (Transportation)	\$10,000
Southern Trust	Festival of Lights - security service (Venues and Events)	\$25,000
Tamarind	Water safety programme (Venues and Events)	\$43,270
Taranaki Regional Council	Temporary exhibition programme (Permian Monsters), Refresh Taranaki Naturally Gallery, Taranaki Theatre Experience (Puke Ariki)	\$125,000
TSB Community Trust	Festival of Lights - on stage programme and provision of regional buses (Venues and Events)	\$110,000
	TSB Showplace/Bowl of Brooklands; Chamber Music, Capital E, Tourmakers, TEG Dainty/Live Nation, Fabrik/Neptune Entertainment (Venues and Events)	\$60,300
	Temporary exhibition programme - Bugs!	\$49,000
	Waitangi Day event (Venues and Events)	\$5,000





Financial Statements

Financial Statements:

Statement of Comprehensive Revenue and Expense	68
Statement of Changes in Equity	69
Statement of Financial Position	70
Statement of Cash Flows	71

Notes to the Financial Statements:

1. Statement of accounting policies and basis of preparation.....	72
2. Summary of significant accounting policies	73
3. Investment revenue.....	75
4. Other revenue	75
5. Rates.....	76
6. Subsidies and grants.....	77
7. Depreciation and amortisation expense.....	77
8. Other expenses.....	78
9. Taxation.....	79
10. Cash and cash equivalents.....	80
11. Trade and other receivables	80
12. Inventory	81
13. Intangible assets	82
14. Other financial assets.....	83
15. Perpetual Investment Fund (PIF).....	85
16. Forestry assets.....	86
17. Joint ventures.....	87
18. Property, plant and equipment	88
19. Non-current assets held for sale	96
20. Insurance cover.....	97
21. Trade and other payables	97
22. Provisions.....	98
23. Public debt and other loans.....	99
24. Special funds/reserves.....	100
25. Retained earnings.....	101
26. Asset revaluation reserve.....	102
27. Statement of cash flow reconciliation.....	103
28. Derivatives	104
29. Financial instruments	105
30. Capital management.....	111
31. Major budget variations.....	112
32. Related party transactions	113
33. Remuneration.....	114
34. Commitments	116
35. Contingencies	116
36. Subsequent events	117

Funding Impact Statements	118
--	------------

Disclosure Statement.....	135
----------------------------------	------------

Financial Statements

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2018

	Note	Council			Group	
		2017/18 Actual \$'000	2017/18 Budget \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Operating revenue						
<i>Revenue from exchange transactions:</i>						
Finance revenue		2,238	1,830	1,674	2,062	3,297
Investment revenue	3	23,395	13,500	13,780	23,887	13,159
Other revenue	4	31,869	29,735	30,302	35,470	30,077
<i>Revenue from non-exchange transactions:</i>						
Rates	5	84,651	84,450	80,292	84,584	80,292
Subsidies and grants	6	12,107	10,390	11,187	13,363	12,504
Development and financial contributions		1,091	1,020	1,235	1,091	1,235
Vested assets	18	4,874	3,170	4,178	4,874	4,178
Fines and levies		1,474	1,715	1,389	1,474	1,389
Gain on bargain purchase	17	4,391	-	-	4,391	-
Total operating revenue		166,090	145,810	144,038	171,196	146,132
Operating expenditure						
Personnel costs		37,943	38,260	35,838	40,225	39,066
Depreciation and amortisation expenses	7	33,421	31,480	33,018	34,769	33,124
Finance costs		5,406	6,470	5,128	5,406	5,138
Other expenses	8	65,615	58,990	56,331	66,795	56,050
Total operating expenditure		142,385	135,200	130,315	147,195	133,379
Surplus before taxation		23,705	10,610	13,723	24,001	12,753
Income tax (expense)/refund	9	-	-	(110)	(308)	738
SURPLUS AFTER TAXATION		23,705	10,610	13,613	23,693	13,490
<i>Comprising surplus/(deficit) attributable to:</i>						
New Plymouth District Council		23,705	10,610	13,613	23,693	13,490
Other comprehensive revenue and expense						
Gain/(loss) on property, plant and equipment revaluation		6,873	-	26,213	6,873	26,213
Total other comprehensive revenue and expense		6,873	-	26,213	6,873	26,213
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		30,578	10,610	39,826	30,566	39,703
<i>Total comprehensive revenue and expense attributable to:</i>						
New Plymouth District Council		30,578	10,610	39,826	30,566	39,703

The accompanying notes form part of these financial statements. Explanation of major variances against budget are included in Note 31.

Financial Statements

Statement of Changes in Equity For the year ended 30 June 2018

	Council			Group	
	2017/18 Actual \$'000	2017/18 Budget \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Equity at the beginning of the year	2,374,853	2,342,810	2,335,027	2,375,196	2,335,493
Total comprehensive revenue and expense	23,705	10,610	13,613	23,693	13,490
Total other comprehensive revenue and expense	6,873	-	26,213	6,873	26,213
EQUITY AT THE END OF THE YEAR	2,405,431	2,353,420	2,374,853	2,405,762	2,375,196
<i>Total comprehensive revenue and expense attributable to:</i>					
New Plymouth District Council	30,578	10,610	39,826	30,566	39,703

The accompanying notes form part of these financial statements. Explanation of major variances against budget are included in Note 31.

Financial Statements

Statement of Financial Position As at 30 June 2018

	Note	Council			Group	
		2017/18 Actual \$'000	2017/18 Budget \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Current Assets						
Cash and cash equivalents	10	6,497	940	11,715	9,675	15,187
Trade and other receivables	11	15,072	18,830	14,377	15,624	14,619
Inventory	12	150	90	141	150	141
Intangible assets	13	903	-	618	903	618
Other financial assets	14	279,990	37,200	267,147	276,190	267,147
Non-current assets held for sale	19	967	1,410	150	967	150
Total current assets		303,579	58,470	294,148	303,509	297,861
Non-current assets						
Other financial assets	14	85,095	306,520	48,959	51,862	45,983
Intangible assets	13	4,141	3,040	3,442	4,260	3,477
Forestry assets	16	4,831	2,360	3,224	4,831	3,224
Derivative financial assets	28	619	80	635	619	635
Deferred tax asset	9	-	200	5	28	5
Property, plant and equipment	18	2,161,780	2,145,200	2,163,688	2,196,918	2,163,892
Total non-current assets		2,256,466	2,457,400	2,219,953	2,258,518	2,217,216
TOTAL ASSETS		2,560,045	2,515,870	2,514,101	2,562,027	2,515,077
Current Liabilities						
Trade and other payables	21	22,372	18,180	15,403	23,601	15,928
Public debt and other loans	23	54,000	39,360	60,000	54,000	60,000
Employee entitlements		3,385	-	3,288	3,505	3,395
Provisions	22	994	-	791	994	791
Provision for tax		-	-	149	302	149
Derivative financial liabilities	28	418	-	201	418	201
Total current liabilities		81,169	57,540	79,832	82,820	80,465
Non-current liabilities						
Employee entitlements		549	770	633	549	633
Deferred tax liability	9	-	-	1,281	-	1,281
Derivative financial liabilities	28	7,231	8,580	5,908	7,231	5,908
Provisions	22	1,665	1,530	1,595	1,665	1,595
Public debt and other loans	23	64,000	94,030	50,000	64,000	50,000
Total non-current liabilities		73,445	104,910	59,417	73,445	59,417
TOTAL LIABILITIES		154,614	162,450	139,249	156,265	139,881
Public equity						
Special funds/reserves	24	82,867	80,960	85,519	82,923	85,575
Retained earnings	25	1,563,016	1,509,120	1,524,480	1,552,744	1,524,771
Currency fluctuation reserve		-	-	-	105	(4)
Asset revaluation reserve	26	759,548	763,340	764,853	769,990	764,853
Total public equity		2,405,431	2,353,420	2,374,852	2,405,762	2,375,196
TOTAL EQUITY AND LIABILITIES		2,560,045	2,515,870	2,514,101	2,562,027	2,515,077

The accompanying notes form part of these financial statements. Explanation of major variances against budget are included in Note 31.

Financial Statements

Statement of Cash Flows For the year ended 30 June 2018

	Council			Group	
	2017/18 Actual Note	2017/18 Budget \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Cash flows from operating activities					
Receipts from rates revenue	84,976	84,450	80,193	84,909	80,193
Interest received	2,159	1,830	1,552	1,983	3,175
Dividends received	2	-	2,242	2	2,242
Other revenue received	45,454	43,300	45,644	50,017	47,959
Payments to suppliers and employees	(93,147)	(98,240)	(95,881)	(95,870)	(100,945)
Goods and services tax (net) paid	(195)	-	(5)	(241)	(187)
Income tax paid	(149)	-	(190)	(183)	(27,507)
Interest paid	(5,247)	(6,910)	(5,124)	(5,247)	(5,134)
Net cash flows from operating activities	27	33,853	28,431	35,370	(203)
Cash flows from investing activities					
Receipts from sale of property, plant and equipment	105	-	224	105	224
Purchase of New Plymouth Airport Joint Venture	(3,250)	-	-	(3,250)	-
PIF release to Council	8,172	8,100	-	8,172	-
Borrowings advanced to Papa Rererangi i Puketapu Ltd	(3,800)	-	-	-	-
Receipts from sale of other financial assets	36,045	250	43,710	35,656	44,195
Purchase of property, plant and equipment	(44,209)	(43,580)	(33,875)	(49,347)	(33,953)
Purchase of intangible assets	(984)	-	(407)	(1,068)	(405)
Purchase of other financial assets	(39,150)	-	(35,860)	(39,150)	(222,533)
Net cash flows from investing activities	(47,071)	(35,230)	(26,208)	(48,882)	(212,471)
Cash flows from financing activities					
Proceeds from borrowings	29,000	12,660	-	29,000	-
Repayment of borrowings	(21,000)	(4,420)	-	(21,000)	-
Net cash flows from financing activities	8,000	8,240	-	8,000	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,218)	(2,560)	2,223	(5,512)	(212,674)
Cash and cash equivalents at 1 July	11,715	3,500	9,492	15,187	227,862
CASH AND CASH EQUIVALENTS AT 30 JUNE	10	6,497	940	9,675	15,187

The accompanying notes form part of these financial statements. Explanation of major variances against budget are included in Note 31.



Notes to the Financial Statements

1. Statement of accounting policies and basis of preparation

New Plymouth District Council (the Council) is a territorial authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002 (LG(R)A).

The group consists of the ultimate parent, New Plymouth District Council and its subsidiaries:

- Papa Rererangi i Puketapu Limited (100% owned).
- New Plymouth PIF Guardians Limited (100% owned).
- Venture Taranaki Trust (100% owned).
- Tarata Ngatimaru Pukehou Joint Venture (60% owned).
- McKay Family Joint Venture (56.5% owned).
- Duthie Joint Venture (54.82% owned).
- Tasmanian Land Company Limited (100% owned).

The financial statements of the Council and Group are for the year ended 30 June 2018. The financial statements were authorised for issue by the Council on 19 October 2018.

Statement of compliance

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

As the primary objective of the Council and Group is to provide goods or services for community and social benefit, rather than making a financial return, the Council and Group are public benefit entities (PBEs) for the purpose of complying with NZ GAAP.

The financial statements of the Council and Group comply with Public Benefit Entity Standards (PBE Standards) - Tier 1.

Measurement base

The financial statements have been prepared on a historical cost basis modified by revaluation of certain assets and liabilities.

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

Changes in accounting policies and disclosures

The financial statements have been prepared on a going concern basis. There have been no changes to accounting policies of the Council and Group in the year ended 30 June 2018, other than the adoption of amendments to PBE Standards. Other than the changes below, all accounting policies and disclosures are consistent with those applied by the Council and Group in the previous financial year and the accounting policies have been applied consistently throughout the period.

Standards issued and not yet effective, and not early adopted

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

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted. The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and Group have not yet assessed the effects of these new standards.

Financial instruments

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



Notes to the Financial Statements

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

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

2. Summary of significant accounting policies

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

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Council and enterprises controlled by the Council. The consolidated financial statements are prepared adding together like items on a line by line basis. All significant inter-company transactions and balances between group enterprises are eliminated on consolidation.

The Council consolidates in the Group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

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

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

b) Foreign currency transactions

Foreign currency transactions are translated into NZ\$ (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.

c) Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. GST not recoverable as input tax 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.

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.

d) Equity

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

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the special uses that the Council intends to make of its accumulated surpluses. The components of equity are:

- Accumulated Funds.
- Ordinary Reserves.
- Restricted Reserves.
- Property Revaluation Reserves.



Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

Accumulated funds

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

Special funds/reserves

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

Asset revaluation reserves

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

e) Borrowing costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

f) Budget figures

The budget figures are those approved by the Council in its 2017/18 Annual Plan. The budget figures 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.

g) Vested 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.

For long-lived assets that must be used for a specific use (for example, land that must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

h) Impairment of assets

At each balance sheet 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 and for indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, estimates are made of the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of market value less costs to sell and value-in-use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount with the expense being recognised in 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.

i) Critical accounting estimates and assumptions

The preparation of financial statements in conformity with NZ PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, at the time. Actual results may differ from these estimates. The most significant is our estimate of the economic life of assets which impacts on depreciation. Further details are found in note 18.

Notes to the Financial Statements

j) Cost allocation

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

k) Dividends

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established.

l) Comparative figures

Comparative information has been reclassified as appropriate to achieve consistency in disclosure with the current year.

3. Investment revenue

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Net gains/(losses) on investments	23,393	(21,131)	23,885	9,780
Interest earned	-	1,137	-	1,137
Dividends	2	33,774	2	2,242
Total investment revenue	23,395	13,780	23,887	13,159

Accounting policy

Interest revenue is recognised using the effective interest method.

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

4. Other revenue

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
User fees and charges	12,706	13,588	15,912	13,142
Other revenue	7,469	5,705	7,379	5,941
Regulatory revenue	4,997	4,771	4,997	4,771
Property rent and charges	4,982	4,765	5,465	4,750
Levies and rebates	693	658	693	658
Council venue hire	1,022	816	1,024	816
Total other revenue	31,869	30,302	35,470	30,077

Accounting policy

Other revenue is measured at the fair value of the consideration received or receivable. Other revenue is recognised at the time of invoicing, performance of a service or receipt of an application for a service or licence. Levies are recognised when assessments or infringements are issued.

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

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

Notes to the Financial Statements

5. Rates

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
General rates	53,503	49,784	53,436	49,784
Sewerage - Uniform Annual Charge	13,350	13,246	13,350	13,246
Water - Uniform Annual Charge	7,044	6,706	7,044	6,706
Refuse collection - Uniform Annual Charge	3,139	3,229	3,139	3,229
Roading - Uniform Annual Charge	3,676	3,626	3,676	3,626
Water - targeted metered rates	3,939	3,700	3,939	3,700
Total rates	84,651	80,291	84,584	80,292

Accounting policy

Rates are set annually by Council resolution and relate to a financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Revenue is measured at the fair value of consideration received or receivable. Rates revenue is recognised by the Council as being revenue when the Council has struck the rates and provided the rates assessment.

General rates and uniform annual general charges are recognised when assessments are issued or penalties are incurred. Water by meter rates are recognised on an accrual basis. Unbilled usage as a result of unread meters at year end is accrued on an average usage basis.

Rates collected on behalf of the Taranaki Regional Council (TRC) are not recognised in the financial statements as the Council is acting as an agent for TRC.

Rates remissions

The Council allows for the rate remissions for community, sporting and similar organisations and on Māori freehold land in terms of the Council's rate remission policies, pursuant to LG(R)A. In 2017/18, the Council allowed remission of \$648,000 (2016/17: \$566,000) excluding GST.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

In accordance with the LG(R)A, certain properties are designated as non-rateable. The Council does not rate such properties and they are not included in the following remission figures.

	2017/18 \$'000	2016/17 \$'000
Community organisations	477	408
Māori freehold land	26	24
Land protected for natural conservation purposes	145	134
Postponed rates (including GST)	105	89

The following rating base information is disclosed based on the actual rates strike figures as at 30 June 2017:

Rating base information	2017/18
Number of rating units	36,800
Total capital value of rating units (\$'m)	19,807
Total land value of rating units (\$'m)	10,464

Notes to the Financial Statements

6. Subsidies and grants

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Operating subsidies and grants	5,474	5,410	6,730	6,726
Capital NZTA - roads	6,199	5,242	6,199	5,242
Capital - other	434	536	434	536
Total subsidies and grants	12,107	11,187	13,363	12,504

Accounting policy

New Zealand Transport Agency roading subsidies are recognised as revenue when conditions pertaining to eligible expenditure have been fulfilled. Other grants are recognised as revenue when they become receivable, unless there is an obligation in substance to return the funds if conditions are not met. If there is such an obligation, the grant is initially recorded as revenue in advance, and recognised as revenue when the conditions of the grant are satisfied.

7. Depreciation and amortisation expense

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Parks and Open Spaces	2,342	2,261	2,342	2,261
Transportation	11,491	11,245	11,491	11,245
Stormwater Management	2,503	2,431	2,503	2,431
Flood Protection and Control Works	116	116	116	116
Waste Management and Minimisation	399	585	399	585
Water Supply	4,280	4,120	4,280	4,120
Wastewater Treatment	5,332	5,401	5,332	5,401
Community Partnerships	192	197	192	197
Govett-Brewster Art Gallery/Len Lye Centre	57	462	57	462
Puke Ariki and Community Libraries	916	1,914	916	1,914
Venues and Events	504	1,364	504	1,364
Customer and Regulatory Solutions	177	273	177	273
Support Services	5,112	2,301	5,111	2,301
Council-controlled Organisations	-	347	1,349	454
Total depreciation and amortisation expense	33,421	33,018	34,769	33,124

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

Notes to the Financial Statements

8. Other expenses

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
General operating expenses	25,374	23,922	28,103	26,451
Direct cost of activities and materials	37,593	32,843	35,396	29,477
Change in provision for doubtful debts	209	(34)	209	(34)
Bad debts	-	6	-	6
Litigation settlements	-	149	-	149
<i>Audit fees - Audit NZ</i>				
- audit of annual financial statements	222	201	299	320
- audit of Long-Term Plan 2018-2028	131	-	131	-
- audit of Debenture Trust Deed	4	4	4	4
Operating lease costs	377	45	509	188
Directors fees	-	-	445	313
Net loss on sale of assets	1,291	2,161	1,291	2,142
Impairment charge	466	529	460	529
Net gain on forestry assets	(1,607)	(234)	(1,607)	(234)
Net gain on carbon credits	-	20	-	20
Net loss/(gain) on derivatives	1,555	(3,280)	1,555	(3,280)
Total other expenses	65,615	56,331	66,795	56,050

Accounting policy

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.

Litigation settlements paid during the 2016/17 year relate to weathertightness claims (refer note 22 for outstanding claims).

Notes to the Financial Statements

9. Taxation

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Surplus from continuing operations	23,705	13,723	24,001	12,753
Total surplus from operations before income tax	23,705	13,723	24,001	12,753
Tax at 28%	6,637	3,842	6,720	3,571
Non-assessable revenue (net)	(6,637)	(3,732)	(6,412)	(4,309)
Total income tax (refund)/expense	-	110	308	(738)
Tax expense on continued operations	-	110	308	(738)
<i>Represented by:</i>				
Current tax	-	252	336	(709)
Deferred tax	-	(142)	(28)	(29)
Total income tax (refund)/expense	-	110	308	(738)

The Council has unrecognised tax losses available for carry-forward of \$1,224,335 (2017: \$1,204,221).

Accounting policy

Income tax expense comprises both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit of the current year and any adjustments in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted as at balance date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable). Tax assets and liabilities are offset when the Council has a legal enforceable right to set off the recognised amounts and intends to settle on a net basis.

Taxable profit differs from net surplus as reported in comprehensive revenue and expense because it excludes items that are not taxable or deductible and it further excludes items of revenue or expense that are taxable or deductible in other years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax asset - provisions

	Property, Plant & Equipment \$'000	Other Provisions \$'000	Losses \$'000	Total \$'000
Council				
Balance at 30 June 2016	-	116	-	116
Charged to surplus/(deficit)	-	(111)	-	(111)
Balance at 30 June 2017	-	5	-	5
Reversal on disposal of business	-	(5)	-	(5)
Charged to surplus/(deficit)	-	-	-	-
Balance at 30 June 2018	-	-	-	-
Group				
Balance at 30 June 2016	-	116	-	116
Charged to surplus/(deficit)	-	(111)	-	(111)
Balance at 30 June 2017	-	5	-	5
Reversal on disposal of business	-	(5)	-	(5)
Charged to surplus/(deficit)	28	-	-	28
Balance at 30 June 2018	28	-	-	28

Notes to the Financial Statements

Deferred tax liability

	Property, Plant & Equipment \$'000	Other Provisions \$'000	Losses \$'000	Total \$'000
Council and Group				
Balance at 30 June 2016	(1,420)	-	-	(1,420)
Charged to surplus/(deficit)	139	-	-	139
Balance at 30 June 2017	(1,281)	-	-	(1,281)
Reversal on disposal of business	1,281	-	-	1,281
Charged to surplus/(deficit)	-	-	-	-
Balance at 30 June 2018	-	-	-	-

10. Cash and cash equivalents

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Cash at bank and on hand	6,497	8,715	9,675	12,187
Term deposits with maturities of less than three months at acquisition	-	3,000	-	3,000
Total cash and cash equivalents	6,497	11,715	9,675	15,187

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Included within cash and cash equivalents and other financial assets (refer to note 14) are funds held by the Council which are subject to restrictions. These unspent funds totalling \$50.9m (2017: \$43.2m) relate to trusts and bequests received (refer to note 24), lump sum contributions and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

11. Trade and other receivables

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Trade receivables	6,808	6,985	6,948	6,978
Rates	2,112	2,437	2,112	2,437
Accrued revenue	2,851	1,829	2,996	1,814
Prepayments	766	839	778	839
GST receivable	1,401	1,206	1,608	1,367
Other receivables	1,517	1,262	1,565	1,364
	15,455	14,557	16,007	14,799
Less provision for impairment	(383)	(180)	(383)	(180)
Total trade and other receivables	15,072	14,377	15,624	14,619
<i>Total rates receivable comprise:</i>				
Receivables from non-exchange transactions ¹	3,816	3,354	3,816	3,513
Receivables from exchange transactions ²	11,256	11,023	11,808	11,106
	15,072	14,377	15,624	14,619

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

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

Notes to the Financial Statements

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
The aging profile of receivables at 30 June is detailed below:				
Not past due	12,238	10,572	12,709	10,814
Past due 1 - 30 days	367	809	396	809
Past due 31 - 60 days	225	489	225	489
Past due 61 - 90 days	181	192	191	192
Past due > 90 days	2,061	2,315	2,103	2,315
	15,072	14,377	15,624	14,619

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

The Council does not provide for any impairment on rates receivable as it has various powers under the LG(R)A 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. Ratepayers can apply for payment plan options in special circumstances.

Provision has been made in respect of all other receivables where there is objective evidence that the Council will not be able to collect the amounts as per the original terms of the receivables.

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying amount of debtors and other receivables approximates their fair value.

12. Inventory

As at 30 June 2018, the Council and Group held \$150,000 (2017: \$141,000) inventory on hand for retail stock.

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements

13. Intangible assets

	Council			Group		
	Carbon credits \$'000	Computer software \$'000	Council Total \$'000	Carbon credits \$'000	Computer software \$'000	Council Total \$'000
Net book value at 30 June 2016	1,322	2,339	3,661	1,322	2,374	3,696
Additions	-	718	718	-	718	718
Work in progress	-	1,104	1,104	-	1,135	1,135
Disposals	(618)	-	(618)	(618)	-	(618)
Amortisation	-	(805)	(805)	-	(833)	(833)
Net book value at 30 June 2017	704	3,356	4,060	704	3,394	4,098
Additions	1,398	807	2,205	1,398	966	2,364
Work in progress	-	174	174	-	143	143
Disposals	(575)	-	(575)	(575)	-	(575)
Amortisation	-	(820)	(820)	-	(867)	(867)
Net book value at 30 June 2018	1,527	3,517	5,044	1,527	3,636	5,163
Cost or valuation at 30 June 2018	1,527	10,923	12,450	1,527	11,279	12,806
Accumulated amortisation	-	(7,406)	(7,406)	-	(7,643)	(7,643)
Closing net book value at 30 June 2018	1,527	3,517	5,044	1,527	3,636	5,163
Cost or valuation at 30 June 2017	704	9,942	10,646	704	10,211	10,915
Accumulated amortisation	-	(6,586)	(6,586)	-	(6,820)	(6,820)
Closing net book value at 30 June 2017	704	3,356	4,060	704	3,391	4,095

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Current				
Carbon credits	903	618	903	618
Non-current				
Carbon credits	624	85	624	85
Computer software	3,517	3,357	3,636	3,392
	4,141	3,442	4,260	3,477
Total intangible assets	5,044	4,060	5,163	4,095

Notes to the Financial Statements

Accounting policy

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected.

Software acquisition and development

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

Carbon credits

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that 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 major classes of intangible assets have been estimated as follows:

Computer software 3 to 5 years 20% to 33.3%

14. Other financial assets

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Current assets				
Term deposits	39,151	36,034	39,151	36,034
Bonds, shares and other investments (PIF)	237,039	231,044	237,039	231,044
Loan - Papa Rererangi i Puketapu Limited	3,800	-	-	-
Loan - New Plymouth Airport Joint Venture	-	68	-	68
Total current other financial assets	279,990	267,147	276,190	267,147
Non-current assets				
Term deposits	527	607	527	607
Mortgages/other loans	1,612	1,362	1,612	1,362
Local authority stock	1,184	976	1,184	976
NZ Local Government Corporation	504	504	504	504
Bonds, shares and other investments (PIF)	48,035	41,433	48,035	41,446
Loan - Papa Rererangi i Puketapu Limited	3,494	-	-	-
Loan - New Plymouth Airport Joint Venture	-	1,088	-	1,088
Unlisted shares in Papa Rererangi i Puketapu Limited	27,139	-	-	-
Unlisted shares in Tasmanian Land Company Limited	2,600	2,989	-	-
Total non-current other financial assets	85,095	48,959	51,862	45,983
Total other financial assets	365,085	316,106	328,052	313,130



Notes to the Financial Statements

14. Other financial assets (continued)

Loan - Papa Rererangi i Puketapu Limited (PRIP)

On 3 July 2017 the Council entered into a facility agreement with PRIP, making available to the Company a non-current loan facility and a current facility. An initial non-current loan of \$3.5m was advanced to PRIP in partial satisfaction of the transfer price of the assets purchased from the Council. Current loan advances of \$3.8m have been made during the year for the terminal redevelopment project.

Unlisted shares in Papa Rererangi i Puketapu Limited

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

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

Loan - New Plymouth Airport Joint Venture

On 1 July 2017 the Council purchased the Crown's share of the New Plymouth Airport Joint Venture, giving the Council 100 per cent ownership. Consolidation of the entity resulted in a nil balance remaining on the loan.

Mortgages/other loans

The balance as at 30 June 2018 are loans to ratepayers for the home insulation scheme administered by the Council (2017: \$1.05m). The prior year balance included mortgages held which represented specific funds held in special reserves. The mortgages vested back to the Council during the current year and the funds were put on term deposit. Interest earned on the deposit is allocated to the relevant special reserves and used for the specified purpose.

The loan to Papa Rererangi i Puketapu Ltd, term deposits and other loans are categorised as loans and receivable financial assets. After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Local Authority Stock/NZ LGFA

These represent the council's shares in the New Zealand Government Funding Agency (LGFA). The council also has uncalled capital equal to the individual shareholding, which can be called in the event that an imminent default is identified (refer to note 35 for further details). These investments are measured at fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. The investments are assessed for impairment at each balance date. A significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. The carrying value of Council's shareholding in the LGFA is \$1.1m (2017: \$1.1m) which approximates its fair value.

Tasmanian Land Company

The Tasmanian Land Company Limited (TLC) was incorporated on 5 August 2014. In April 2015, TLC acquired all the shares in Tasman Farms Limited (TFL). The transaction was a business restructure between entities under the control of the Council and was accounted for as a continuation of the existing TFL Group.

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

As at 30 June 2018 and 30 June 2017, the Council held 100 per cent of the 88,459,358 issued shares of TLC.

Notes to the Financial Statements

15. Perpetual Investment Fund

	Council	2017/18 Actual \$'000	2016/17 Actual \$'000
Opening balance		274,867	270,207
<i>Revenue and gains:</i>			
Interest		-	1,137
Dividends		-	2,242
Currency gains		107	4,262
Net unrealised gains		23,298	6,021
Total revenue and gains		23,405	13,662
<i>Expenses and losses:</i>			
Direct expenses		2,426	(27)
Total expenses and losses		2,426	(27)
Net surplus for the year		20,979	13,689
<i>Transfers in/(out) of the fund:</i>			
Reimbursement of costs to the Council		(68)	(1,336)
Release to the Council (including interest)		(8,104)	(7,694)
Total transfers in/(out) of the fund		(8,172)	(9,029)
Net change in PIF investment		12,807	4,660
Closing balance	14	287,674	274,867
<i>Portfolio asset allocation:</i>			
Alternative assets		51,449	49,239
Private equity		29,959	24,285
Developed market global equities		132,700	129,543
Emerging markets		17,110	14,170
Fixed revenue		32,288	33,492
Cash		24,168	24,139
		287,674	274,867

The Group amount excludes the investment in TLC of \$2.6m.

The PIF is recorded at fair value and has been independently valued by Mercer. Gains or losses on re-measurement are recognised in the surplus or deficit. The Council's investment in TLC (refer note 14) is included in the cash asset allocation balance.

Notes to the Financial Statements

16. Forestry assets

	Council and Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000
Balance as at 1 July	3,224	3,107
Gains arising from changes in fair value less estimated point of sale costs attributable to price changes	1,647	225
Decrease due to harvest	-	(117)
Other changes	(40)	9
Balance as at 30 June	4,831	3,224

The Council owns 235.9ha (2017: 238.5ha) of pinus radiata forest which are at varying stages of maturity ranging from one to 40 years. In addition, the Council is involved in three joint ventures (refer note 17) comprising 97.6ha (2017: 97.6ha) at varying stages of maturity ranging from 16 to 30 years.

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.

Valuation assumptions

Independent registered valuers, PF Olsen Limited have valued forestry assets as at 30 June 2018. The following significant assumptions have been adopted in determining the fair value of forestry assets:

- A post-tax discount rate of 6.0% (2017: 6.5%) has been used in discounting the present value of expected cash flows.
- Notional land rental costs have been included for freehold land in respect to the joint ventures only.
- The forest has been valued on a going-concern basis and only includes the value of the existing crops on a single rotation basis less point of sale costs estimated at 2.0% (2017: 2.0%).
- No allowance for inflation has been provided.
- Costs are current average costs. No allowance has been made for cost improvements in future operations.
- Log prices are based on a three-year historical rolling average.

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. 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

17. Joint ventures

Accounting policy

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

As at 30 June 2018, the Council is involved in three forestry joint venture agreements:

1. Tarata Ngatimaru Pukehou Joint Venture (60%).
2. Duthie Joint Venture (54.8%).
3. McKay Joint Venture (56.5%).

The Council's interest in these joint ventures is included in forestry assets (refer note 16). Of the total forestry assets, \$0.93m (2017: \$0.65m) represent the Council and Group's interest in joint venture assets.

Harvesting of the Tarata Ngatimaru Pukehou Forestry Joint Venture was completed in September 2018. The Joint Venture will be wound up on 31 October 2018.

New Plymouth Airport Joint Venture

On 1 July 2017, the Council purchased the Crown's 50 per cent share of the New Plymouth Airport Joint Venture entity for \$3.25m, giving the Council 100 per cent ownership.

The total value the Council's share of the joint venture at the time of purchase was \$5.0 million. As a result of the Council paying less for the entity than the value of its share, a bargain purchase was recognised. The net gain has been recognised in surplus/deficit for the year. The bargain purchase arose due to the purchase price being based on a discounted cash flow model. The asset values were based on fair value, which includes items valued on a depreciated replacement cost basis.

Joint Committee - Central Landfill

During the year the Council agreed with the South Taranaki District Council (STDC) and the Stratford District Council (SDC) to form a Joint Committee tasked with developing a new landfill and operating it following the closure of the Colson Road Landfill.

Each council's share of capital contributions, distribution of any operating surplus or apportionment of any operating deficit as been agreed as follows:

- | | |
|-----------------------------------|-------|
| • New Plymouth District Council | 66.4% |
| • South Taranaki District Council | 27.1% |
| • Stratford District Council | 6.5% |

As at 30 June 2018, total capital contributions of \$16.1m have been made and capital costs incurred of \$7.2m.

As administrating authority, any unspent capital contribution received from South Taranaki District Council and Stratford District Council is recognised as a liability (refer note 21). At 30 June 2018 the total liability was \$2.945m. The Council's share of the landfill asset is accounted for as part of work in progress (refer note 18). As at 30 June 2018, the Council's share of the asset was \$4.9m.

As at 30 June 2018 contractual commitments for acquisition of property, plant and equipment related to the landfill development were nil.

Notes to the Financial Statements

18. Property, plant and equipment

	Cost/ revaluation 1 July 2017 \$'000	Accumulated depreciation & impairment charges \$'000	Carrying amount 1 July 2017 \$'000	Current year additions & transfers from WIP \$'000	Current year vested \$'000	Current year disposals \$'000	Current year impairments \$'000
Council 2017/18							
<i>Operational Assets:</i>							
Land	79,575	-	79,575	-	-	-	153
Buildings/improvements	195,797	6,095	189,703	5,259	-	(546)	509
Vehicles	5,006	1,674	3,333	866	-	(450)	-
Furniture, fittings and equipment	20,585	13,951	6,634	2,409	-	(2)	-
Puke Ariki book collection	5,269	-	5,269	664	-	-	-
<i>Restricted assets:</i>							
Parks and reserves	187,947	-	187,947	(10)	63	-	-
Puke Ariki museum collection	26,812	-	26,812	-	-	-	-
Govett-Brewster Len Lye Centre collection	16,384	-	16,384	-	-	-	-
<i>Infrastructural assets:</i>							
Roading	1,080,192	11,236	1,068,957	14,457	3,446	(52)	-
Laboratory	93	25	68	18	-	-	-
Solid waste	9,476	414	9,062	-	-	-	-
Stormwater	156,600	2,405	154,195	289	566	(298)	-
Flood protection	13,896	116	13,780	2	-	-	-
Water	156,917	4,009	152,908	1,437	355	(289)	-
Wastewater	228,601	5,166	223,435	1,472	444	(407)	-
Work in progress	19,469	-	19,469	47,556	-	(26,887)	-
New Plymouth Airport runway/ services	6,461	303	6,158	6,158	-	-	-
Total Council	2,209,080	45,393	2,163,688	80,577	4,874	(28,931)	662
Group 2017/18							
<i>Operational Assets:</i>							
Land	79,575	-	79,575	-	-	-	153
Buildings/improvements	195,934	6,196	189,738	7,903	-	(546)	509
Vehicles	5,256	1,816	3,440	866	-	(450)	-
Furniture, fittings and equipment	20,932	14,237	6,695	2,474	-	(2)	-
Puke Ariki book collection	5,269	-	5,269	664	-	-	-
<i>Restricted assets:</i>							
Parks and reserves	187,947	-	187,947	(10)	63	-	-
Puke Ariki museum collection	26,812	-	26,812	-	-	-	-
Govett-Brewster/Len Lye Centre collection	16,384	-	16,384	-	-	-	-
<i>Infrastructural assets:</i>							
Roading	1,080,192	11,236	1,068,957	14,457	3,446	(52)	-
Laboratory	93	25	68	18	-	-	-
Solid waste	9,476	414	9,062	-	-	-	-
Stormwater	156,600	2,405	154,195	289	566	(298)	-
Flood protection	13,896	116	13,780	2	-	-	-
Water	156,917	4,009	152,908	1,437	355	(289)	-
Wastewater	228,601	5,166	223,435	1,472	444	(407)	-
Work in progress	20,958	-	20,958	51,424	-	(27,118)	-
New Plymouth Airport runway/ services	6,461	298	6,164	5,896	-	-	-
Total Group	2,211,304	45,917	2,165,387	86,892	4,874	(29,162)	662

Notes to the Financial Statements

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

Notes to the Financial Statements

18. Property, plant and equipment (continued)

	Cost/ revaluation 1 July 2016 \$'000	Accumulated depreciation & impairment charges \$'000	Carrying amount 1 July 2016 \$'000	Current year additions & transfers from WIP \$'000	Current year vested \$'000
Council 2016/17					
<i>Operational Assets:</i>					
Land	79,745	-	79,745	-	-
Buildings/improvements	189,245	21	189,224	6,942	-
Vehicles	5,020	1,885	3,135	1,161	-
Furniture, fittings and equipment	17,857	12,479	5,378	2,738	-
Puke Ariki book collection	6,264	865	5,399	645	-
<i>Restricted assets:</i>					
Parks and reserves	187,285	-	187,285	979	254
Puke Ariki museum collection	26,686	-	26,686	-	-
Govett-Brewster Len Lye Centre collection	13,073	-	13,073	231	-
<i>Infrastructural assets:</i>					
Roading	1,068,670	-	1,068,670	9,075	2,468
Laboratory	83	-	83	10	-
Solid waste	8,108	-	8,108	-	-
Stormwater	153,655	-	153,655	180	452
Flood protection	13,903	-	13,903	-	-
Water	150,472	-	150,472	1,240	405
Wastewater	211,838	-	211,838	2,765	425
Work in progress	12,560	-	12,560	31,490	-
New Plymouth Airport runway/services	6,174	-	6,174	287	-
Total Council	2,150,638	15,250	2,135,388	57,743	4,004
Group 2016/17					
<i>Operational Assets:</i>					
Land	79,745	-	79,745	-	-
Buildings/improvements	189,382	112	189,270	6,942	-
Vehicles	5,204	2,000	3,204	1,239	-
Furniture, fittings and equipment	18,221	12,745	5,476	2,747	-
Puke Ariki book collection	6,264	865	5,399	645	-
<i>Restricted assets:</i>					
Parks and reserves	187,285	-	187,285	979	254
Puke Ariki museum collection	26,686	-	26,686	-	-
Govett-Brewster/Len Lye Centre collection	13,073	-	13,073	231	-
<i>Infrastructural assets:</i>					
Roading	1,068,670	-	1,068,670	9,075	2,468
Laboratory	83	-	83	10	-
Solid waste	8,108	-	8,108	-	-
Stormwater	153,655	-	153,655	180	452
Flood protection	13,903	-	13,903	-	-
Water	150,472	-	150,472	1,240	405
Wastewater	211,838	-	211,838	2,765	425
Work in progress	12,560	-	12,560	32,593	-
New Plymouth Airport runway/services	6,174	-	6,174	287	-
Total Group	2,151,323	15,722	2,135,601	58,935	4,004

Notes to the Financial Statements

Current year disposals	Current year depreciation	Accumulated depreciation disposed/revalued	Transfer non-current assets held for sale	Revaluation surplus/(deficit) 30 June 2017	Cost/revaluation 30 June 2017	Accumulated depreciation & impairment 30 June 2017	Carrying amount 30 June 2017
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(170)	-	-	-	-	79,575	-	79,575
(390)	6,087	(14)	-	-	195,797	6,095	189,703
(1,174)	444	(655)	-	-	5,006	1,674	3,333
(10)	1,482	(10)	-	-	20,585	13,951	6,634
-	461	(1,326)	-	(1,640)	5,269	(0)	5,269
-	-	-	-	(571)	187,947	-	187,947
-	-	-	-	126	26,812	-	26,812
-	-	-	-	3,079	16,384	-	16,384
-	11,236	-	-	(21)	1,080,192	11,236	1,068,957
-	25	-	-	-	93	25	68
-	414	-	-	1,368	9,476	414	9,062
(344)	2,410	(5)	-	2,657	156,600	2,405	154,195
-	116	-	-	(7)	13,896	116	13,780
(254)	4,015	(6)	-	5,054	156,917	4,009	152,908
(1,261)	5,206	(40)	-	14,834	228,601	5,166	223,435
(24,581)	-	-	-	-	19,469	-	19,469
-	303	-	-	-	6,461	303	6,158
(28,184)	32,197	(2,055)	-	24,880	2,209,080	45,393	2,163,688
(170)	-	-	-	-	79,575	-	79,575
(390)	6,098	(14)	-	-	195,934	6,196	189,738
(1,187)	472	(655)	-	-	5,256	1,816	3,440
(36)	1,522	(30)	-	-	20,932	14,237	6,695
-	461	(1,326)	-	(1,640)	5,269	(0)	5,269
-	-	-	-	(571)	187,947	-	187,947
-	-	-	-	126	26,812	-	26,812
-	-	-	-	3,079	16,384	-	16,384
-	11,236	-	-	(21)	1,080,192	11,236	1,068,957
-	25	-	-	-	93	25	68
-	414	-	-	1,368	9,476	414	9,062
(344)	2,410	(5)	-	2,657	156,600	2,405	154,195
-	116	-	-	(7)	13,896	116	13,780
(254)	4,015	(6)	-	5,054	156,917	4,009	152,908
(1,261)	5,206	(40)	-	14,834	228,601	5,166	223,435
(24,195)	-	-	-	-	20,958	-	20,958
-	298	-	-	-	6,461	298	6,164
(27,837)	32,271	(2,076)	-	24,880	2,211,304	45,917	2,165,387

Notes to the Financial Statements

18. Property, plant and equipment (continued)

Accounting policy

The Council has the following classes of property, plant and equipment:

- Operational assets.
- Restricted assets.
- Infrastructural assets.

Operational assets include land, buildings (including any improvements), vehicles, furniture, fittings and equipment and library books.

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

Infrastructural assets usually display some or all of the following characteristics: part of a system or network, specialised in nature and usually do not have alternative uses, immovable and they may be subject to constraints on disposal. Examples are road networks, sewer systems and water systems.

Additions

Additions between valuations are recorded at cost, except for vested assets. Cost represents the value of the consideration given to acquire the assets and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended use. Certain infrastructural assets and land have been vested in Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation which is their deemed cost. Vested infrastructural assets are initially valued based on the actual quantities of infrastructural components vested and the current "in the ground" cost of providing identical services and this is their deemed cost.

Disposals

On the sale or retirement of a revalued asset, the attributable revaluation profit remaining, net of any related deferred taxes, in the revaluation reserve is transferred directly to accumulated funds. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the surplus or deficit.

Subsequent costs

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

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

Revaluation of property, plant and equipment is accounted for on a class of asset basis

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

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

The 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.

All valuers noted below are independent valuers.

Notes to the Financial Statements

Operational assets

Land was revalued at fair value as at 30 June 2016 by Ian Baker (FNZIV, FPINZ) Registered Valuer from Telfer Young Limited.

Buildings (including improvements) encompasses a range of areas. All were revalued at fair value as at 30 June 2016 as follows:

Asset	Valuer details
Council-owned buildings	Ian Baker (FNZIV, FPINZ) Registered Valuer from Telfer Young Limited.
Parks and structures	Nick Moon (HNC (UK) Plant Engineering and NZCE Power and Plant) from Calibre Consulting.
Parks playground equipment	Tina Dyer (National Diploma in Horticulture, registered International Playground Inspector) from Park Central.
Aquatic centre/pools	Marvin Clough (MPINZ, APPI) from BECA.
New Plymouth Airport buildings	Ian Baker (FNZIV, FPINZ) Registered Valuer from Telfer Young Limited.

Vehicles and furniture, fittings and equipment, except for Airport plant and equipment, are recognised at cost less accumulated depreciation and any accumulated impairment losses. Airport plant and equipment was revalued as at 30 June 2016 by Ian Baker (FNZIV, FPINZ) Registered Valuer from Telfer Young Limited.

The Puke Ariki book collection was revalued at replacement cost as at 30 June 2017 and reviewed by C H Jenkins BE(Hons), MIPENZ, MInstD of SPM Assets Ltd.

Operational assets are depreciated on a straight-line basis, except for land which is not depreciated. The useful lives of depreciated asset classes are as follows:

Asset class	Estimated useful lives
Buildings/improvements	20 to 100 years
Vehicles	3 to 20 years
Furniture, fittings and equipment	3 to 10 years
Puke Ariki book collection (general in-use)	2 to 15 years

Restricted assets

Restricted assets includes parks and reserves land which can only be disposed of after following a rigorous legal and public consultation process. Restricted assets also include the Puke Ariki museum collection and the Govett-Brewster Art Gallery/Len Lye Centre collection.

Parks and reserve assets were revalued at fair value as at 30 June 2016 by Ian Baker (FNZIV, FPINZ) Registered Valuer from Telfer Young Limited.

The Puke Ariki museum collection was revalued at depreciated replacement cost as at 30 June 2017 and reviewed by C H Jenkins BE(Hons), MIPENZ, MInstD of SPM Assets Ltd.

The Govett-Brewster Art Gallery/Len Lye Centre collection was revalued at fair value as at 30 June 2017 by Ben Plumbly BA, First Class Honours, Director of Art, Art + Object The 21st Century Auction House.

Parks and reserves is land which is not depreciated. The museum and art gallery collections are heritage assets and are not depreciated as it is Council policy to maintain the collections in their current state.

Notes to the Financial Statements

18. Property, plant and equipment (continued)

Infrastructural assets

Infrastructural assets are the fixed utility systems and includes all items that are required for the network to function. For example roads, water or wastewater systems. All infrastructure assets (except for work in progress) were revalued at depreciated replacement cost as at 30 June 2016. Valuations on each asset class were undertaken as follows:

Asset	Valuer details
Roading, reticulation, parks (other assets) and solid waste (other assets)	In-house and peer reviewed by Robert Berghuis (APINZ) from BECA.
Water, wastewater, stormwater plant and equipment (including laboratory)	Roger Khoo (MPINZ, AAPI) from BECA.
Solid waste plant and equipment	Marvin Clough (MPINZ, APPI) from BECA.
Flood protection plant and equipment	Roger Khoo (MPINZ, AAPI) from BECA.
New Plymouth Airport runway/services	Ian Baker (FNZIV, FPINZ) Registered Valuer from Telfer Young Limited.

A number of estimates and assumptions must be made when valuing infrastructural assets and determining the remaining useful life over which the assets will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, the Council could be over-estimating the annual depreciation charge recognised as an expense in the surplus or deficit. In this instance the estimates and assumptions made include:

- Roads include derived values for land not held on title (road reserve). The average value of the road reserve is the current average land value calculated for each government roll number. The following factors have been applied:

Unformed roads	80% of average value
Formed roads (urban)	70% of average value
Formed roads (rural)	50% of average value
- Remaining useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted to local conditions based on past experience.
- All assets are valued and depreciated on a straight-line basis.
- Only existing utilities have been included.
- Assets are assumed to have zero residual value at the end of their effective useful lives.
- Information on the surface area, specific surface type and surfacing date was used as defined in the RAMM treatment length table at the time of valuation.

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

Infrastructural assets are depreciated on a straight-line basis. The useful lives are as follows:

Asset class	Estimated useful lives
Roading	5 to 100 years
Laboratory	8 to 30 years
Solid waste	35 to 100 years
Stormwater	50 to 140 years
Flood protection	50 to 200 years
Water	10 to 120 years
Wastewater	10 to 140 years
New Plymouth Airport runway/services	5 to 100 years

Notes to the Financial Statements

Council core infrastructure asset disclosures

	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Assets constructed by the Council \$'000	Assets transferred to the Council \$'000	
2018 Infrastructural assets				
Water treatment plant and facilities	38,577	156	-	71,996
Other water assets	111,662	1,279	355	214,941
Wastewater treatment plant and facilities	71,890	344	-	129,873
Other wastewater assets	147,940	1,125	444	259,688
Stormwater drainage	152,289	290	566	235,679
Flood protection	13,665	2	-	18,610
Roading	1,075,455	14,458	3,446	1,390,165
2017 Infrastructural assets				
Water treatment plant and facilities	113,149	207	-	213,307
Other water assets	39,759	1,033	405	71,840
Wastewater treatment plant and facilities	152,379	2,731	-	258,119
Other wastewater assets	71,057	34	425	129,529
Stormwater drainage	154,195	180	452	234,823
Flood protection	13,780	-	-	18,608
Roading	1,068,957	9,075	2,468	1,372,261

Work in progress

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

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Wastewater	19,114	7,920	19,163	7,920
Solid waste	6,577	574	6,577	574
Water	5,870	3,374	5,870	3,374
Stormwater	869	732	869	732
Flood protection	28	29	28	29
Buildings/improvements	3,107	1,686	3,107	3,175
Roading	2,163	3,721	2,163	3,721
New Plymouth Airport runway/services	-	757	6,591	757
Furniture, fittings and equipment	896	676	896	676
Total work in progress	38,624	19,469	45,264	20,958

Notes to the Financial Statements

18. Property, plant and equipment (continued)

Significant capital projects

	Total Budget \$'000	Total Expenditure \$'000	Variance \$'000	Comments
LED streetlighting	1,783	1,083	700	Installation 55% complete, to be completed 18 months ahead of schedule.
Community re-use and recycling centre	2,087	238	1,849	Concept design agreed. Detailed design will commence in FY19.
New reservoir at Henwood Road	3,846	486	3,360	Design works commenced, construction tender issued for physical works. Planned carryforward as part of LTP.
Wai Taatari projects - NP Wastewater Treatment Plant upgrade	4,402	5,271	(869)	De-watering plant renewal completed. Inlet works upgrade on-going and will complete summer FY19. Overall programme remains within the original budget.
Thermal Drier renewal	2,167	646	1,521	Preferred option for replacement drier agreed. Detailed design on-going with procurement strategy for replacement drier agreed.
Long-term Galleries refreshment	631	621	10	The works programme for FY18 was completed. Works included Plymouth Company, Thompsons Hut and Mounga enhancement.

19. Non-current assets held for sale

	Council and Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000
Land	848	-
Buildings	39	150
Roading	80	-
Total non-current assets held for sale	967	150

Accounting policy

Properties no longer required in the Council's operations and therefore intended for sale have been measured at the lower of carrying amount or fair value less selling costs. These are tested for impairment on an annual basis and any write-downs are recognised in the surplus or deficit. Non-current assets held for sale are not depreciated or amortised.

Non-current assets held for sale as at 30 June 2018 includes four blocks of land and three buildings no longer required for Council purposes.

Non-current assets held for sale as at 30 June 2017 included one building no longer required for Council purposes.

Notes to the Financial Statements

20. Insurance cover

	Cover	Sum insured \$'000
Total value of all assets covered by insurance contracts	Material damage and forestry	570,700
Total value of all assets covered by financial risk sharing arrangements	LAPP	923,200
Total value of all assets that are self-insured	Self-insurance	700

As guardians of community assets with a gross current replacement cost of \$2.9 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 \$2.1 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.

21. Trade and other payables

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Trade payables	12,525	8,541	13,587	8,926
Deposits and bonds	1,201	1,242	1,201	1,242
Accrued interest	592	433	592	433
Revenue in advance	3,354	3,624	3,394	3,704
Central Landfill Joint Committee liability	2,945	-	2,945	-
Contract retentions	1,182	1,064	1,251	1,064
Other payables	570	117	578	117
Crown interest in New Plymouth Airport Joint Venture	-	381	-	381
Taranaki Investment Management Limited	3	-	53	60
Total trade and other payables	22,372	15,403	23,601	15,928

Accounting policy

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

Notes to the Financial Statements

22. Provisions

	Council and Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000
Current provisions		
Weathertightness claims	100	200
Landfill aftercare provision	123	123
Emission trading scheme	451	318
Other	320	150
Total current provisions	994	791
Non-current provision		
Landfill aftercare provision	1,665	1,595
Total non-current provision	1,665	1,595

	Weather-tightness claims	Landfill aftercare	Carbon credits	Other	Council and Group
Balance at 30 June 2017	200	1,718	318	150	2,386
Additional provisions made	-	70	708	320	1,098
Unused amounts reversed	-	-	-	-	-
Amounts used	(100)	-	(575)	(150)	(825)
Balance at 30 June 2018	100	1,788	451	320	2,659

Accounting policy

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

Weathertightness claims

The Council is subject to one claim (2017: one claim). No new claims have been lodged with the Weathertight Homes Resolution Service (WHRS) in the year to 30 June 2018 (2017: nil).

Emission Trading Scheme

The provision recognises \$574,504 for the Emission Trading Scheme unit costs for landfill used in the year to 30 June 2018 (2017: \$617,919).

Landfill closure and aftercare liability

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

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

Notes to the Financial Statements

23. Public debt and other loans

	Council and Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000
Public debt and other loans		
Current	54,000	60,000
Non-current	64,000	50,000
Total public debt and other loans	118,000	110,000
<i>Represented by:</i>		
Debenture stock	44,000	49,000
Local Government Funding Authority Borrowings	74,000	61,000
	118,000	110,000

Accounting policy

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Interest on public debt and loans, bank and facility fees and transaction costs are recognised in the surplus or deficit over the period of the debt using the effective interest method.

Interest rates range from 2.0% to 5.5% (2017: 2.0% to 5.4%) - weighted average rate of 4.6% (2017: 4.6%).

All the Council's loans are secured under the terms of the Debenture Trust Deed between the Council and Covenant Trustee Services Ltd as Trustee. Security is by a charge over the Council's ability to levy rates in favour of the Trustee. Pursuant to the Debenture Trust Deed, the Council has issued to its bankers security certificates totalling \$8.786 billion (2017: \$8.207 billion) to secure the various bank loan facilities, bank overdraft and guarantees issued on behalf of the Council and other general banking facilities.

Notes to the Financial Statements

24. Special funds/reserves

Reserves are a component of public equity generally representing a particular use to which various parts of public equity have been assigned. Reserves may be legally restricted or created by the Council.

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Opening balance 1 July	85,519	85,250	85,575	85,306
Deposits to reserves	51,297	28,758	51,297	28,758
Withdrawals from reserves	(53,949)	(28,488)	(53,949)	(28,488)
Closing balances 30 June	82,867	85,519	82,923	85,575

Represented by:

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.

	Council and Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000
Opening balance 1 July	10,240	7,076
Transfers between reserves	-	275
Deposits to reserves	2,884	3,816
Withdrawals from reserves	(344)	(927)
Closing balance 30 June	12,780	10,240

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.

	Council and Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000
Opening balance 1 July	1,833	2,300
Deposits to reserves	15	715
Withdrawals from reserves	27	(1,182)
Closing balance 30 June	1,875	1,833

Restricted reserves, Trust and Bequest funds

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

Notes to the Financial Statements

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Opening balance 1 July	29,847	11,965	29,903	12,021
Transfers between reserves	-	19,578	-	19,578
Deposits to reserves	13,681	1,669	13,681	1,669
Withdrawals from reserves	(17,588)	(3,365)	(17,588)	(3,365)
Closing balance 30 June	25,940	29,847	25,996	29,903

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 Solid Waste development fund which was set up for capital, renewal and emergency maintenance works associated with the District's solid waste disposal systems.

	Council and Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000
Opening balance 1 July	1,250	22,140
Transfers between reserves	-	(19,855)
Deposits to reserves	1,093	1,239
Withdrawals from reserves	(1,091)	(2,274)
Closing balance 30 June	1,252	1,250

Renewal and disaster funds

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

	Council and Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000
Opening balance 1 July	42,349	41,769
Transfers between reserves	-	1
Deposits to reserves	33,624	21,319
Withdrawals from reserves	(34,953)	(20,739)
Closing balance 30 June	41,020	42,349

25. Retained earnings

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Opening balance at 1 July	1,524,480	1,511,131	1,524,771	1,509,845
Surplus/(deficit) after taxation	23,705	13,613	23,693	13,490
Transfers to special funds/reserves	2,652	(269)	2,652	(269)
Transfers from property revaluation reserve on disposal	12,849	-	2,407	-
Transfer of deferred tax effect/impact on disposal of property	(671)	-	(671)	-
Decrease due to currency fluctuation	-	-	(109)	1,704
Equity adjustment	1	5	1	1
Closing balance 30 June	1,563,016	1,524,480	1,552,744	1,524,771

Notes to the Financial Statements

26. Asset revaluation reserve

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Operational land				
Opening balance 1 July	36,522	36,522	36,522	36,522
Net revaluation gain	7,069	-	7,069	-
Transfer to accumulated funds on disposal of property	(10,442)	-	-	-
Revaluation/(impairment)	(153)	-	(153)	-
Closing balance 30 June	32,996	36,522	43,438	36,522
Operational buildings				
Opening balance 1 July	30,411	30,411	30,411	30,411
Transfer to accumulated funds on disposal of property	(538)	-	(538)	-
Revaluation/(impairment)	(43)	-	(43)	-
Closing balance 30 June	29,830	30,411	29,830	30,411
Operational library				
Opening balance 1 July	(404)	(91)	(404)	(91)
Revaluation/(impairment)	-	(313)	-	(313)
Closing balance 30 June	(404)	(404)	(404)	(404)
Restricted land				
Opening balance 1 July	66,638	67,209	66,638	67,209
Revaluation/(impairment)	-	(571)	-	(571)
Closing balance 30 June	66,638	66,638	66,638	66,638
Restricted art/museum				
Opening balance 1 July	5,145	1,940	5,145	1,940
Revaluation/(impairment)	-	3,205	-	3,205
Closing balance 30 June	5,145	5,145	5,145	5,145
Infrastructure				
Opening balance 1 July	626,541	602,652	626,541	602,652
Transfer to accumulated funds on disposal of property	(1,869)	-	(1,869)	-
Transfer of deferred tax effect/impact on disposal of property	671	-	671	-
Revaluation/(impairment)	-	23,889	-	23,889
Closing balance 30 June	625,343	626,541	625,343	626,541
Total asset revaluation reserve	759,548	764,853	769,990	764,853

Notes to the Financial Statements

27. Statement of Cash Flows Reconciliation

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Surplus after taxation	23,705	13,613	23,693	13,490
<i>Non-cash items:</i>				
Depreciation/amortisation	33,421	33,018	34,769	33,124
Gain on disposal of business operations	(4,391)	-	(4,391)	-
Assets vested in council	(4,874)	(4,178)	(4,874)	(4,178)
Impairment	466	529	460	529
Loss on sale of assets	1,291	2,161	1,291	2,142
Net loss/(gain) on derivatives	1,555	(3,280)	1,555	(3,280)
Net gain on forestry assets	(1,607)	(234)	(1,607)	(234)
Net loss on carbon credits	-	20	-	20
Net gain on sales included in investing activities	(22,119)	(11,538)	(22,611)	(10,917)
	3,742	16,498	4,592	17,206
<i>Add/(less) Movement in other working capital items:</i>				
Change in trade and other receivables	(766)	770	(1,066)	1,747
Change in trade and other payables	7,241	(1,157)	7,985	(2,910)
Change in inventory	(9)	(47)	(9)	(47)
Change in prepayments	73	(16)	61	(12)
Change in other provision	273	(1,396)	273	(1,397)
Change in revenue in advance	(270)	534	(310)	599
Change in taxation	(149)	(80)	125	(28,245)
<i>Other:</i>				
Movement in employee entitlements (current)	97	(154)	110	(502)
Movement in employee entitlements (non-current)	(84)	(135)	(84)	(134)
	6,406	(1,681)	7,085	(30,899)
Net cash flow from operating activities	33,853	28,431	35,370	(203)

Notes to the Financial Statements

28. Derivatives

The Council uses interest rate swaps to mitigate its risk associated with interest rate fluctuations. These derivatives are initially recognised at fair value on the date the contract is entered into, and subsequently re-measured to fair value each quarter. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivatives that are settled within 12 months are treated as current.

Interest rate swaps are entered into with the objective of reducing the risk of rising interest rates. Any gains or losses arising from the changes in fair value of derivatives are recognised in the surplus or deficit. The net difference paid or received on the interest rate swaps is recognised as part of total finance revenue or total finance expense over the period of the contract. The Council does not hold or issue derivative financial instruments for trading purposes.

The table below summarises the movements in interest rate swaps and the classification between current and non-current assets and liabilities.

	Council and Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000
Balance as at 1 July	(5,475)	(8,775)
Net gain/(loss) on derivatives	(1,555)	3,300
Balance as at 30 June	(7,030)	(5,475)
<i>Represented by:</i>		
Non-current assets	619	635
Current liabilities	(418)	(201)
Non-current liabilities	(7,231)	(5,908)
Total net interest rate swap derivatives	(7,030)	(5,474)

The fair values of interest rate swaps are measured against the prevailing market conditions at balance date. Council's interest rate swaps have been independently valued using Hedgebook software, designed to capture, value and report interest rate swaps. Hedgebook uses daily rate feeds of floating rate references such as BKBM and BBSW from industry benchmark sources.

The notional principal amounts of the outstanding interest rate swap contracts were \$180m (2017: \$144m).

At 30 June 2018 the fixed interest rates of the interest rate swaps vary from 3.45% to 5.47% (2017: 3.45% to 5.47%).

Notes to the Financial Statements

29. Financial instruments

Financial instrument categories

For financial reporting purposes, the Council and Group designates its financial instruments into the following categories:

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Financial assets				
<i>Loans and receivables:</i>				
Cash and cash equivalents	6,497	11,715	9,675	15,187
Trade and other receivables	14,306	13,538	14,846	13,780
Term deposits	39,678	36,641	39,678	36,641
Loan - Papa Rerurangi i Puketapu Limited	7,294	-	-	-
Loan - New Plymouth Airport Joint Venture	-	1,156	-	1,156
Mortgages/other loans	1,612	1,362	1,612	1,362
	69,387	64,413	65,811	68,127
<i>Financial assets at fair value through surplus or deficit designated upon initial recognition:</i>				
Derivative financial assets	619	635	619	635
Bonds, shares and other investments (PIF)	287,674	274,867	285,074	271,891
	288,293	275,502	285,693	272,526
<i>Assets held to maturity:</i>				
Bonds	-	600	-	600
	-	600	-	600
<i>Available for sale:</i>				
Local authority stock	1,184	976	1,184	976
NZ Local Government Corporation	504	504	504	504
	1,688	1,480	1,688	1,480
Total financial assets	359,368	341,995	353,192	342,732
Financial liabilities				
<i>Financial liabilities at fair value through surplus or deficit designated upon initial recognition:</i>				
Derivative financial liabilities	7,649	6,110	7,649	6,110
	7,649	6,110	7,649	6,110
<i>Financial liabilities at amortised cost:</i>				
Trade and other payables	19,018	11,779	20,207	12,224
<i>Borrowings:</i>				
Debenture stock	44,000	49,000	44,000	49,000
Local Government Funding Authority borrowings	74,000	61,000	74,000	61,000
	137,018	121,779	138,207	122,224
Total financial liabilities	144,667	127,889	145,856	128,334

Notes to the Financial Statements

29. Financial instruments (continued)

Fair values

The Council and Group's assets and liabilities measured at fair value are categorised into one of the three levels as follows:

Level one. The fair value is determined using unadjusted quoted prices from an active market for identical assets and liabilities. A market is regarded as active if quoted prices are readily and regularly available from an exchange, a dealer, a broker, an industry group, a pricing service or a regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level two. The fair value is derived from inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level three. The fair value is derived from inputs that are not based on observable market data.

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Financial assets				
<i>Level one - Financial assets:</i>				
PIF investments	239,639	233,430	239,639	230,443
	239,639	233,430	239,639	230,443
<i>Level two:</i>				
NZ Local Government Funding Authority	504	504	504	504
PIF investments	18,076	17,162	18,076	17,162
Derivatives	619	635	619	635
	19,199	18,301	19,199	18,301
<i>Level three:</i>				
PIF investments	29,959	24,285	27,359	24,285
Total financial assets	288,797	276,016	286,197	273,029
Total PIF investments	287,674	274,877	285,074	271,890

The PIF investments are mainly invested in Level 1 funds with a daily quotable price. The exceptions are \$18.1m unlisted infrastructure and property investments (2017: \$17.2m) and \$30.0m of private equity investments (2017: \$24.3m).

Financial liabilities

Level two - Financial assets:

Derivatives	7,649	5,779	7,649	5,779
Total financial liabilities	7,649	5,779	7,649	5,779

There were no transfers between different levels.

Level three reconciliation

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Opening balance	24,285	214,401	24,154	32,211
Purchases	16,587	23,482	16,587	23,482
Sales	(11,620)	(215,379)	(11,620)	(21,928)
Return on capital and gains/(losses) recognised in surplus/(deficit)	707	1,651	(1,762)	(9,611)
Closing balance	29,959	24,154	27,359	24,154

Refer to note 14 for the valuation methodology of NZ LFGA, note 15 for the valuation methodology of the PIF, and note 28 for the valuation methodology of derivatives.



Notes to the Financial Statements

Risk management

The Council and Group's broad financial philosophy is based on compliance with the obligations imposed on local authorities in terms of the Local Government Act 2002.

The Council's overriding obligation is to manage its affairs prudently and in the interest of its community. Accordingly the Council's philosophy on the conduct of its financial activities is to ensure the risks associated with such activities are properly identified, quantified and managed to ensure it meets the above obligations and there is minimal negative impact on the Council arising from such risks.

Market risk

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, which are classified as financial assets at fair value through surplus or deficit. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of the Council's investment portfolio in accordance with its Treasury Management Policy and advice from New Plymouth PIF Guardians (NPG).

Currency risk

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 investment portfolio which includes investments denominated in a number of foreign currencies. This currency risk is managed by diversification of the Council's investment portfolio in accordance with its Treasury Management Policy and advice from NPG.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed interest rates of interest expose the Council to fair value interest rate risk. This risk is managed within the framework of the Treasury Management Policy. Interest rate swaps are used to hedge the Council's fair value interest rate risk.

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. Borrowing and investments issued at variable interest rates expose the Council and Group to cash flow interest rate risk. To manage this risk the Council at times borrows at floating rates and swaps them into fixed rates using interest rate swaps.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Council, causing the Council to incur a loss.

Treasury investments

Due to the timing of its cash inflows and outflows, the Council invests surplus cash into term deposits with registered banks. In addition, the Council invests special funds and reserves in term deposits, other local authority stock and other interest bearing securities. The Council's Treasury Management Policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other local authorities are secured by charges over rates. Other than the local authorities, the Council only invests with entities that have a Standard and Poors rating of at least AA- for short-term and A+ for long-term investments.

The Council is exposed to credit risk as a guarantor of all LGFA's borrowings. Information about this exposure is explained in note 35.

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

Notes to the Financial Statements

29. Financial instruments (continued)

PIF investments

The PIF invests in a variety of investments; equities, bonds and private equity funds.

This credit risk is managed by diversification of the investment portfolio in accordance with advice from NPG and by limits set on individual investments by NPG in any one financial institution or organisation.

Maximum exposure to credit risk

The carrying amount of financial assets best represents their maximum exposure to credit risk.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poors credit ratings (if available) or to historical information about counterparty default rates.

An analysis of cash and term deposits by counterparty rating is provided below:

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Counterparties with a credit rating of AA- or higher	38,745	37,855	41,590	41,327
Counterparties with a credit rating of A-	1,430	-	1,763	-
Counterparties with a credit rating of A	6,000	-	6,000	-
Counterparties with a credit rating of BBB+	-	10,501	-	10,501
Total cash and term deposits	46,175	48,356	49,353	51,828

Trade and other receivables mainly arise from the Council's statutory functions therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivables as it has a large number of customers, mainly ratepayers, and the Council has power under the LG(R)A to recover outstanding debts from ratepayers.

PIF investments are spread over a large number of financial institutions, many of which are domiciled overseas. While a number of these may have Standard & Poor's, or similar ratings, no attempt is made to record or monitor these. Nor are their ratings necessarily used as criteria when making such investments.

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. The Council aims to maintain flexibility in funding by keeping credit lines available. In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted as part of the Council's LTP. The Council has on call facilities with two separate banks totalling \$24m (2017: \$32m). There are no restrictions on the use of these facilities. At balance date no amount had been drawn down on these facilities (2017: nil).

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 35.

Notes to the Financial Statements

The table below analyses the Council and Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Council 2018					
Trade and other payables	16,073	16,073	16,073	-	-
Public debt and other loans	118,000	130,212	56,358	38,619	35,235
Derivatives	7,030	7,030	418	3,688	2,924
Total Council 2018	141,103	153,315	72,849	42,307	38,159
Group 2018					
Trade and other payables	17,262	17,262	17,262	-	-
Public debt and other loans	118,000	130,212	56,358	38,619	35,235
Derivatives	7,030	7,030	418	3,688	2,924
Total Group 2018	142,292	154,504	74,038	42,307	38,159
Council 2017					
Trade and other payables	11,779	11,779	11,779	-	-
Public debt and other loans	110,000	117,062	61,837	34,127	21,098
Derivatives	6,110	6,110	201	5,088	821
Total Council 2017	127,889	134,951	73,817	39,216	21,919
Group 2017					
Trade and other payables	12,224	12,224	12,224	-	-
Public debt and other loans	110,000	117,062	61,837	34,127	21,098
Derivatives	6,110	6,110	201	5,088	821
Total Group 2017	128,334	135,396	74,262	39,216	21,919

Notes to the Financial Statements

29. Financial instruments (continued)

Sensitivity risk

The tables below illustrate the potential surplus/deficit and equity impact for reasonable possible market movements, with other variables held constant, based on the Council and Group's financial instrument exposures at balance date.

Interest rate risk

	-100bps		+100bps	
	Surplus/ (deficit) \$'000	Other equity \$'000	Surplus/ (deficit) \$'000	Other equity \$'000
Council 2018				
<i>Financial assets:</i>				
Cash and cash equivalents	(650)	-	650	-
Term deposits	(3,968)	-	3,968	-
Derivatives	252	-	(237)	-
<i>Financial liabilities:</i>				
Derivatives	(7,748)	-	5,814	-
Total interest rate sensitivity	(12,114)	-	10,195	-
Council 2017				
<i>Financial assets:</i>				
Cash and cash equivalents	(117)	-	117	-
Term deposits	(366)	-	366	-
Derivatives	872	-	305	-
<i>Financial liabilities:</i>				
Derivatives	(9,238)	-	(2,432)	-
Total interest rate sensitivity	(8,849)	-	(1,644)	-
Group 2018				
<i>Financial assets:</i>				
Cash and cash equivalents	(968)	-	968	-
Term deposits	(3,968)	-	3,968	-
Derivatives	252	-	(237)	-
<i>Financial liabilities:</i>				
Derivatives	(7,748)	-	5,814	-
Total interest rate sensitivity	(12,432)	-	10,513	-
Group 2017				
<i>Financial assets:</i>				
Cash and cash equivalents	(152)	-	152	-
Term deposits	(366)	-	366	-
Derivatives	872	-	305	-
<i>Financial liabilities:</i>				
Derivatives	(9,238)	-	(2,432)	-
Total interest rate sensitivity	(8,884)	-	(1,609)	-

The interest rate sensitivity above is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

Notes to the Financial Statements

Foreign exchange and equity price risk

	-10%		+10%	
	Surplus/ (deficit) \$'000	Other equity \$'000	Surplus/ (deficit) \$'000	Other equity \$'000
Council and Group 2018				
<i>PIF Investments:</i>				
Financial assets foreign exchange risk	1,717	-	(1,717)	-
Financial assets equity price risk	(15,737)	-	15,737	-
Total foreign exchange and equity price risk sensitivity	(14,020)	-	14,020	-
Council and Group 2017				
<i>PIF Investments:</i>				
Financial assets foreign exchange risk	2,043	-	(2,043)	-
Financial assets equity price risk	(15,169)	-	15,169	-
Total foreign exchange and equity price risk sensitivity	(13,126)	-	13,126	-

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

The sensitivity for listed shares has been calculated based on movement in the quoted bid share price at year end for the listed shares.

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

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

Refer to note 24 for further information on the Council's special funds/reserves.

Notes to the Financial Statements

31. Major budget variations

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

Statement of Comprehensive Revenue and Expense

	2017/18 Actual \$'000	2017/18 Budget \$'000	Variance \$'000	Comments
Investment income	23,395	13,500	9,895	Performance of the PIF significantly better than anticipated due to favourable market conditions.
Vested assets	4,874	3,170	1,704	Variance to budget assumptions.

Statement of Financial Position

	2017/18 Actual \$'000	2017/18 Budget \$'000	Variance \$'000	Comments
Cash and cash equivalents	6,497	940	5,557	Significant cash receipts at year end, held for larger than usual accounts payable payments in July.
Trade and other receivables	15,072	18,830	(3,758)	Variance to budget assumptions.
Other financial assets - current and non-current	365,085	343,720	21,365	Performance of the PIF significantly better than anticipated due to favourable market conditions.
Trade and other payables	22,372	18,180	(4,192)	Increased activity toward the end of the financial year compared to budget.
Public debt and other loans - current and non-current	118,000	133,390	15,390	Borrowings have not increased to expected levels due to delays in our capital programme.

Notes to the Financial Statements

32. Related party transactions

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and condition no more or less favourable than those that it is reasonable to expect the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Further transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Key management personnel

	Council	
	2017/18 Actual	2016/17 Actual
<i>Councillors including the Mayor:</i>		
Remuneration (\$'000)	764	764
Full-time equivalent members (as at 30 June)	15	15
<i>Senior management team including the Chief Executive:</i>		
Remuneration (\$'000)	1,305	1,596
Full-time equivalent members (as at 30 June)	6	6
Total key management personnel compensation (\$'000)	2,069	2,360
Total full-time equivalent personnel (as at 30 June)	21	21

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

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 and purchase of rubbish bags). These goods and services were supplied on normal commercial terms.

Notes to the Financial Statements

33. Remuneration

Chief Executive

	2017/18 Actual \$'000	2016/17 Actual \$'000
The incumbent Chief Executive received the following remuneration:		
Gross salary	339,036	-
Other benefits	3,733	-
Total	342,769	-
The retired Chief Executive received the following remuneration:		
Gross salary	-	390,951
Motor vehicle benefit and other	-	10,877
Total	-	401,828
Total Chief Executive compensation	342,769	401,828

The retired Chief Executive ceased working for the Council on 7 April 2017. Gross salary includes payment of outstanding leave. The incumbent Chief Executive commenced working for the Council on 1 November 2017. Remuneration disclosed includes amounts paid to the Acting Chief Executive from 8 April 2017 to 30 October 2017.

Elected representatives

Elected representatives received the following remuneration:

	2017/18 \$	2016/17 \$
Neil Holdom (Mayor)	134,991	94,638
Andrew Judd (Mayor)	-	40,012
Keith Allum	-	12,314
Shaun Biesiek	42,834	45,367
Gordon Brown	52,638	45,367
Murray Chong	42,834	42,288
Grant Coward	-	12,314
Heather Dodunski	-	17,239
Harry Duynhoven	42,834	42,288
Richard Handley	42,834	41,802
Stacey Hitchcock	42,834	29,974
Colin Johnston	42,834	42,288
Richard Jordan	59,967	49,911
Craig McFarlane	-	53,553
John McLeod	42,834	29,974
Alan Melody	42,834	29,974
Mike Merrick	42,834	29,974
Marie Pearce	42,834	42,288
Howie Tamati	-	12,314
Roy Weaver	53,542	49,694
John Williams	34,109	-
Total elected representative's remuneration	763,587	763,573
Full-time equivalents	15	15

Notes to the Financial Statements

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

Elected member professional development expenditure incurred during the year (exclusive of GST) was: Neil Holdom \$2,095; Gordon Brown \$2,027; Richard Handley \$2,066; Stacey Hitchcock \$2,253; Richard Jordan \$2,066; and Roy Weaver \$2,352.

Staff employed full-time equivalent

At balance date the Council employed 383 full time employees (2017: 361) with the balance of staff representing 148 full-time equivalent employees (2017: 145). A full-time employee is determined on the basis of a 40-hour working week.

Individuals receiving total annual remuneration of:

	2017/18	2016/17
< \$60,000	357	363
\$60k - \$79,999	148	143
\$80k - \$99,999	83	75
\$100k - \$119,999	29	23
\$120k - \$139,999	10	8
\$140k - \$379,999	14	11
Total head count	641	623

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, and are expensed.

Provision is made in respect of the Council's liability for retiring gratuity allowances, annual and long service leave and sick leave. The retiring gratuity liability and long service leave liability are 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 expected to be settled within 12 months of balance date, are classified as current.

Severance payments

	Council and Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000
Severance payment one	3	5
Severance payment two	8	7
Severance payment three	18	82
Total severance payments	29	94

Notes to the Financial Statements

34. Commitments

	Council		Group	
	2017/18 Actual \$'000	2016/17 Actual \$'000	2017/18 Actual \$'000	2016/17 Actual \$'000
Non-cancellable operating lease commitments as lessee				
Within one year	7	13	135	53
Later than one year and not later than five years	-	19	27	19
Later than five years	-	-	-	-
	7	32	162	72
Non-cancellable operating lease commitments as lessor				
Within one year	2,189	1,850	2,542	1,850
Later than one year and not later than five years	6,946	5,880	7,565	5,880
Later than five years	16,515	13,063	17,144	13,063
	25,650	20,792	27,251	20,792

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

Capital commitments

The amount of contractual commitments for acquisition of property, plant and equipment for 2017/18 is:

	Council \$'000	Group \$'000
Buildings/improvements	940	21,618
Roading	2,749	2,749
Solid waste	372	372
Wastewater	1,755	1,755
Water	1,473	1,473
Stormwater	519	519
	7,808	28,486

The total amount of contractual commitments for all categories in 2016/17 was \$10.2m.

Other commitments

Through the PIF, the Council has commitments to subscribe to a number of private equity funds. At 30 June 2018 \$57.4m (2017: \$50.1m) of this commitment was yet to be called up.

35. Contingencies

Contingent liabilities

Emissions Trading Scheme (ETS)

The Council has 235.9ha (2017: 238.5ha) of pre-1990 forest land determined under the Climate Change Response Act 2002 (CCR). Under the ETS, the Council will incur financial penalties should the land be deforested as defined by CCR. At year end approximately 0.4ha (2017: 0.7ha) had been harvested but not yet replanted. There is a four year stand-down period allowed between harvest and replanting. The Council intends to replant and/or let that portion naturally regenerate and has not given notice of intention to deforest. The Council does not consider it has a contingent liability.

Weathertightness

The Council is subject to one claim (2017: one claim) relating to weathertightness of buildings. The claim was lodged under the Weathertight Home Resolution Service. A provision (refer to note 22) has been made for the claim therefore there is no contingent liability (2017: nil).

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



Notes to the Financial Statements

Airport fire appliance

Due to the discovery of low contamination of the airport fire appliance relating to the contaminated foam used pre-2004 Council as owners of the land has agreed to pay for the decontamination process. The amount for this is not yet determined.

Local Government Funding Agency (LGFA)

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

As at 30 June 2018, the council is one of 30 local authority shareholders and 15 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 other guarantors and shareholders, the Council is guarantor of all LGFA's borrowings. As at 30 June 2018 the Council's contingent liability in regards to the total LGFA borrowings was \$8.3b (2017: \$8.2b).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

RiskPool

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the board may make a call on members for the fund year. The Council has been asked to make calls in the past for fund years as a result of deficits incurred due to the leaky building issue. No calls have been made by the board of New Zealand Mutual Liability RiskPool during the year to 30 June 2018 (2017: Nil).

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

There are no other known material contingent liabilities (2017: nil).

Contingent assets

There are no known contingent assets (2017: nil).

36. Subsequent events

Central Landfill

The Council is reviewing options around the ongoing development of the Central Landfill which could have future impact on the carrying value of the Central Landfill Asset.

Funding Impact Statements

Funding Impact Statement

For whole of Council

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	Actual 2016/17 \$'000	LTP 2016/17 \$'000
Sources of operating funding				
General rates, uniform annual charges, rates penalties	53,504	53,994	50,787	50,162
Targeted rates	31,148	30,543	30,546	30,585
Subsidies and grants for operating purposes	5,474	5,655	5,410	5,378
Fees and charges	31,985	26,660	29,273	21,902
Interest and dividends from investments	10,381	9,924	42,803	9,522
Local authorities fuel tax, fines, infringement fees and other receipts	1,358	3,807	1,190	7,180
Total operating funding (A)	133,849	130,583	160,009	124,729
Applications of operating funding				
Payments to staff and suppliers	100,332	98,175	95,571	90,218
Finance costs	5,406	7,169	5,128	6,935
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	105,738	105,344	100,699	97,153
Surplus (deficit) of operating funding (A - B)	28,112	25,239	59,310	27,576
Sources of capital funding				
Subsidies and grants for capital expenditure	6,633	4,729	5,778	5,261
Development and financial contributions	1,091	1,024	1,235	967
Increase (decrease) in debt	8,182	11,816	(0)	3,946
Gross proceeds from sale of assets	-	211	224	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	15,906	17,780	7,237	10,174
Applications of capital funding				
Capital expenditure:				
• to meet additional demand	4,555	6,171	1,538	3,333
• to improve the level of service	7,416	7,922	7,412	6,419
• to replace existing assets	33,568	29,488	24,643	23,834
Increase (decrease) in reserves	(1,522)	(560)	1,422	4,164
Increase (decrease) of investments	-	-	31,532	-
Total applications of capital funding (D)	44,017	43,021	66,547	37,750
Surplus (deficit) of capital funding (C - D)	(28,112)	(25,241)	(59,310)	(27,576)
Funding balance ((A - B) + (C - D))	-	(2)	-	-

Other information to be provided Clause 5(4) Local Government (Financial Reporting and Prudence) Regulations 2014

Depreciation and amortisation expense				
Depreciation expense	33,421	31,484	32,807	32,567
less deferred/unfunded	(14,597)	(13,005)	(12,549)	(12,513)
Net funding transferred to renewals reserves	18,824	18,479	20,259	20,054

Funding Impact Statements

Funding Impact Statement

For Parks and Open Spaces

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	13,193	13,909	13,525
Targeted rates	-	-	-
Subsidies and grants for operating purposes	25	17	17
Fees and charges	2,193	1,888	1,875
Internal charges and overheads recovered	225	232	228
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	15,636	16,046	15,645
Applications of operating funding			
Payments to staff and suppliers	10,413	9,735	9,511
Finance costs	300	381	328
Internal charges and overheads applied	3,516	4,523	4,448
Other operating funding applications	-	-	1
Total applications of operating funding (B)	14,229	14,639	14,288
Surplus (deficit) of operating funding (A - B)	1,407	1,407	1,357
Sources of capital funding			
Subsidies and grants for capital expenditure	328	-	-
Development and financial contributions	94	-	-
Increase (decrease) in debt	788	809	904
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,209	809	904
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	76	271	129
• to improve the level of service	1,058	537	774
• to replace existing assets	1,624	2,308	1,012
Increase (decrease) in reserves	(143)	(900)	346
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	2,615	2,216	2,261
Surplus (deficit) of capital funding (C - D)	(1,407)	(1,407)	(1,357)
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	2,342	1,902	1,841
less deferred/unfunded	(445)	(494)	(483)
Net funding transferred to renewals reserves	1,897	1,408	1,358

Funding Impact Statements

Funding Impact Statement

For Transportation

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	8,153	12,446	12,006
Targeted rates	3,676	-	-
Subsidies and grants for operating purposes	3,915	3,954	3,958
Fees and charges	481	249	297
Internal charges and overheads recovered	-	32	31
Local authorities fuel tax, fines, infringement fees and other receipts	562	530	530
Total operating funding (A)	16,787	17,211	16,822
Applications of operating funding			
Payments to staff and suppliers	9,164	8,195	8,287
Finance costs	1,412	1,544	1,455
Internal charges and overheads applied	1,305	1,433	1,401
Other operating funding applications	-	-	-
Total applications of operating funding (B)	11,880	11,172	11,143
Surplus (deficit) of operating funding (A - B)	4,907	6,039	5,679
Sources of capital funding			
Subsidies and grants for capital expenditure	6,204	4,682	4,757
Development and financial contributions	97	-	-
Increase (decrease) in debt	2,025	1,561	1,206
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	8,326	6,243	5,963
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	291	630	408
• to improve the level of service	1,734	1,793	1,646
• to replace existing assets	10,874	7,996	8,101
Increase (decrease) in reserves	334	1,863	1,487
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	13,233	12,282	11,642
Surplus (deficit) of capital funding (C - D)	(4,907)	(6,039)	(5,679)
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	11,490	11,258	10,901
less deferred/unfunded	(5,889)	(5,345)	(5,306)
Net funding transferred to renewals reserves	5,601	5,913	5,595

Funding Impact Statements

Funding Impact Statement

For Stormwater Management

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	1,756	1,571	1,585
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	4	14	14
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	1,760	1,585	1,599
Applications of operating funding			
Payments to staff and suppliers	959	414	459
Finance costs	133	146	138
Internal charges and overheads applied	339	367	359
Other operating funding applications		(1)	-
Total applications of operating funding (B)	1,430	926	956
Surplus (deficit) of operating funding (A - B)	330	659	643
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	3	-	-
Increase (decrease) in debt	35	127	122
Gross proceeds from sale of assets	-	-	-
Lump sum contributions		-	-
Other dedicated capital funding		-	-
Total sources of capital funding (C)	39	127	122
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	1	3	3
• to improve the level of service	35	124	119
• to replace existing assets	392	173	167
Increase (decrease) in reserves	(58)	486	476
Increase (decrease) of investments		-	-
Total applications of capital funding (D)	369	786	765
Surplus (deficit) of capital funding (C - D)	(330)	(659)	(643)
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	2,503	1,752	1,710
less deferred/unfunded	(1,879)	(1,093)	(1,068)
Net funding transferred to renewals reserves	624	659	642

Funding Impact Statements

Funding Impact Statement

For Flood Protection and Control Works

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	144	201	181
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)	144	201	181
Applications of operating funding			
Payments to staff and suppliers	44	160	141
Finance costs	18	19	18
Internal charges and overheads applied	44	12	12
Other operating funding applications	-	-	-
Total applications of operating funding (B)	106	191	171
Surplus (deficit) of operating funding (A - B)	38	10	10
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	12	11
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	12	11
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	-	12	11
• to replace existing assets	-	12	11
Increase (decrease) in reserves	38	(2)	(1)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	38	22	21
Surplus (deficit) of capital funding (C - D)	(38)	(10)	(10)
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	116	127	125
less deferred/unfunded	(113)	(117)	(115)
Net funding transferred to renewals reserves	3	10	10

Funding Impact Statements

Funding Impact Statement

For Waste Management and Minimisation

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	-	-	-
Targeted rates	3,139	3,593	2,996
Subsidies and grants for operating purposes	-	-	-
Fees and charges	5,295	5,618	5,502
Internal charges and overheads recovered	788	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	9,221	9,211	8,498
Applications of operating funding			
Payments to staff and suppliers	6,167	4,763	4,757
Finance costs	37	224	259
Internal charges and overheads applied	1,406	1,820	1,802
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,610	6,807	6,818
Surplus (deficit) of operating funding (A - B)	1,611	2,404	1,680
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(50)	6	(29)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(50)	6	(29)
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	244	-	-
• to replace existing assets	5,760	-	-
Increase (decrease) in reserves	(4,443)	2,410	1,651
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,561	2,410	1,651
Surplus (deficit) of capital funding (C - D)	(1,611)	(2,404)	(1,680)
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	399	333	325
less deferred/unfunded	(115)	-	-
Net funding transferred to renewals reserves	284	333	325

Funding Impact Statements

Funding Impact Statement

For Water Supply

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	-	-	-
Targeted rates	10,983	11,016	10,619
Subsidies and grants for operating purposes	-	-	-
Fees and charges	281	284	283
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	11,264	11,300	10,902
Applications of operating funding			
Payments to staff and suppliers	3,714	3,245	3,556
Finance costs	1,753	2,100	1,934
Internal charges and overheads applied	2,378	2,023	1,981
Other operating funding applications		(1)	-
Total applications of operating funding (B)	7,845	7,367	7,471
Surplus (deficit) of operating funding (A - B)	3,419	3,933	3,431
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	629	-	-
Increase (decrease) in debt	404	2,586	2,409
Gross proceeds from sale of assets	-	-	-
Lump sum contributions		-	-
Other dedicated capital funding		-	-
Total sources of capital funding (C)	1,034	2,586	2,409
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	726	3,580	3,352
• to improve the level of service	688	182	94
• to replace existing assets	2,519	1,848	1,520
Increase (decrease) in reserves	519	909	874
Increase (decrease) of investments		-	-
Total applications of capital funding (D)	4,452	6,519	5,840
Surplus (deficit) of capital funding (C - D)	(3,419)	(3,933)	(3,431)
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	4,280	4,437	4,254
less deferred/unfunded	(1,916)	(1,790)	(1,749)
Net funding transferred to renewals reserves	2,364	2,647	2,505

Funding Impact Statements

Funding Impact Statement

For Wastewater Treatment

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	-	-	-
Targeted rates	13,350	13,822	13,648
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,369	2,004	1,958
Internal charges and overheads recovered	-	23	23
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	15,719	15,849	15,629
Applications of operating funding			
Payments to staff and suppliers	4,366	4,344	5,553
Finance costs	3,289	3,837	3,820
Internal charges and overheads applied	2,437	2,649	2,598
Other operating funding applications	-	(1)	-
Total applications of operating funding (B)	10,091	10,829	11,971
Surplus (deficit) of operating funding (A - B)	5,628	5,020	3,658
Sources of capital funding			
Subsidies and grants for capital expenditure	95	-	-
Development and financial contributions	268	-	-
Increase (decrease) in debt	3,363	121	76
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	3,725	121	76
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	3,460	1,866	1,335
• to improve the level of service	2,223	735	1,126
• to replace existing assets	7,013	7,557	9,047
Increase (decrease) in reserves	(3,343)	(5,017)	(7,774)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	9,353	5,141	3,734
Surplus (deficit) of capital funding (C - D)	(5,628)	(5,020)	(3,658)
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	5,332	6,256	5,947
less deferred/unfunded	(3,308)	(3,823)	(3,735)
Net funding transferred to renewals reserves	2,024	2,433	2,212

Funding Impact Statements

Funding Impact Statement

For Emergency Management and Business Continuance

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	630	493	482
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	10	1	1
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	640	494	483
Applications of operating funding			
Payments to staff and suppliers	1,002	362	353
Finance costs	-	-	-
Internal charges and overheads applied	333	132	129
Other operating funding applications	-	-	1
Total applications of operating funding (B)	1,334	494	483
Surplus (deficit) of operating funding (A - B)	(694)	-	-
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	88	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	88	-	-
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	88	-	-
• to replace existing assets	-	-	-
Increase (decrease) in reserves	(694)	-	-
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(606)	-	-
Surplus (deficit) of capital funding (C - D)	694	-	-
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	-	-	-
less deferred/unfunded	-	-	-
Net funding transferred to renewals reserves	-	-	-

Funding Impact Statements

Funding Impact Statement

For Community Partnerships

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	2,710	2,227	2,421
Targeted rates	-	-	-
Subsidies and grants for operating purposes	58	58	58
Fees and charges	971	1,112	1,087
Internal charges and overheads recovered	-	164	164
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	3,739	3,561	3,730
Applications of operating funding			
Payments to staff and suppliers	2,811	2,428	2,623
Finance costs	15	15	15
Internal charges and overheads applied	530	858	838
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,356	3,301	3,476
Surplus (deficit) of operating funding (A - B)	384	260	254
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	165	116	93
Increase (decrease) in reserves	218	144	161
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	384	260	254
Surplus (deficit) of capital funding (C - D)	(384)	(260)	(254)
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	192	311	303
less deferred/unfunded	(6)	-	-
Net funding transferred to renewals reserves	186	311	303

Funding Impact Statements

Funding Impact Statement

For Govett-Brewster Art Gallery/Len Lye Centre

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	3,699	3,215	3,130
Targeted rates	-	-	-
Subsidies and grants for operating purposes	127	451	451
Fees and charges	420	277	272
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	4,246	3,943	3,853
Applications of operating funding			
Payments to staff and suppliers	2,864	2,644	2,595
Finance costs	-	-	-
Internal charges and overheads applied	1,378	1,140	1,112
Other operating funding applications	-	-	1
Total applications of operating funding (B)	4,242	3,784	3,708
Surplus (deficit) of operating funding (A - B)	4	159	145
Sources of capital funding			
Subsidies and grants for capital expenditure	7	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	12	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	19	-	-
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	12	-	-
• to replace existing assets	57	81	182
Increase (decrease) in reserves	(46)	78	(37)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	23	159	145
Surplus (deficit) of capital funding (C - D)	(4)	(159)	(145)
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	57	156	152
less deferred/unfunded	(14)	-	-
Net funding transferred to renewals reserves	43	156	152

Funding Impact Statements

Funding Impact Statement

For Puke Ariki and Community Libraries

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	10,927	11,402	11,090
Targeted rates	-	-	-
Subsidies and grants for operating purposes	291	335	365
Fees and charges	456	440	436
Internal charges and overheads recovered	-	159	159
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	11,675	12,336	12,050
Applications of operating funding			
Payments to staff and suppliers	5,363	5,403	5,312
Finance costs	-	-	-
Internal charges and overheads applied	5,301	4,802	4,708
Other operating funding applications	-	-	1
Total applications of operating funding (B)	10,664	10,205	10,021
Surplus (deficit) of operating funding (A - B)	1,011	2,131	2,029
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	696	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	696	-	-
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	696	337	328
• to replace existing assets	1,481	1,347	1,466
Increase (decrease) in reserves	(471)	447	235
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,707	2,131	2,029
Surplus (deficit) of capital funding (C - D)	(1,011)	(2,131)	(2,029)
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	916	2,017	1,900
less deferred/unfunded	(478)	(393)	(352)
Net funding transferred to renewals reserves	438	1,624	1,548

Funding Impact Statements

Funding Impact Statement

For Venues and Events

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	7,797	6,853	6,704
Targeted rates	-	-	-
Subsidies and grants for operating purposes	1,057	545	540
Fees and charges	4,139	2,375	2,329
Internal charges and overheads recovered	-	114	109
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	12,993	9,887	9,682
Applications of operating funding			
Payments to staff and suppliers	8,158	4,499	4,409
Finance costs	-	-	-
Internal charges and overheads applied	4,154	4,184	4,105
Other operating funding applications	-	2	-
Total applications of operating funding (B)	12,311	8,685	8,514
Surplus (deficit) of operating funding (A - B)	682	1,202	1,168
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	91	30	29
• to replace existing assets	1,152	1,509	1,381
Increase (decrease) in reserves	(561)	(337)	(242)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	682	1,202	1,168
Surplus (deficit) of capital funding (C - D)	(682)	(1,202)	(1,168)
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	504	1,340	1,309
less deferred/unfunded	(413)	(270)	(266)
Net funding transferred to renewals reserves	91	1,070	1,043

Funding Impact Statements

Funding Impact Statement

For Customer and Regulatory Solutions

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	3,360	2,774	2,591
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	17
Fees and charges	8,471	7,914	7,857
Internal charges and overheads recovered	-	780	770
Local authorities fuel tax, fines, infringement fees and other receipts	796	1,125	1,125
Total operating funding (A)	12,627	12,593	12,360
Applications of operating funding			
Payments to staff and suppliers	7,759	7,952	7,864
Finance costs	-	-	-
Internal charges and overheads applied	5,595	4,400	4,259
Other operating funding applications	-	1	(1)
Total applications of operating funding (B)	13,354	12,353	12,122
Surplus (deficit) of operating funding (A - B)	(727)	240	238
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	911	890
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	911	890
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	16	53
Increase (decrease) in reserves	(727)	1,135	1,075
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(727)	1,151	1,128
Surplus (deficit) of capital funding (C - D)	727	(240)	(238)
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	177	293	286
less deferred/unfunded	7	(53)	(49)
Net funding transferred to renewals reserves	184	240	237

Funding Impact Statements

Funding Impact Statement

For Economic Development

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	3,265	2,901	2,850
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	120	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	3,385	2,901	2,850
Applications of operating funding			
Payments to staff and suppliers	3,417	2,839	2,789
Finance costs	-	-	-
Internal charges and overheads applied	56	62	60
Other operating funding applications	-	-	1
Total applications of operating funding (B)	3,473	2,901	2,850
Surplus (deficit) of operating funding (A - B)	(88)	-	-
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase (decrease) in reserves	(88)	-	-
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	(88)	-	-
Surplus (deficit) of capital funding (C - D)	88	-	-
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	-	-	-
less deferred/unfunded	-	-	-
Net funding transferred to renewals reserves	-	-	-

Funding Impact Statements

Funding Impact Statement

For Governance

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	6,085	6,089	5,946
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	13	4	143
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	6,099	6,093	6,089
Applications of operating funding			
Payments to staff and suppliers	1,755	2,207	2,456
Finance costs	-	-	-
Internal charges and overheads applied	3,020	3,834	3,732
Other operating funding applications	-	-	1
Total applications of operating funding (B)	4,776	6,041	6,189
Surplus (deficit) of operating funding (A - B)	1,323	52	(100)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase (decrease) in reserves	1,323	52	(100)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,323	52	(100)
Surplus (deficit) of capital funding (C - D)	(1,323)	(52)	100
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	-	-	-
less deferred/unfunded	-	-	-
Net funding transferred to renewals reserves	-	-	-

Funding Impact Statements

Funding Impact Statement

For Management of Investments and Funding

	Actual 2017/18 \$'000	LTP 2017/18 \$'000	LTP 2016/17 \$'000
Sources of operating funding			
General rates, uniform annual charges, rates penalties	(6,922)	(7,228)	(7,481)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	5,660	-	-
Internal charges and overheads recovered	-	(25)	(24)
Local authorities fuel tax, fines, infringement fees and other receipts	10,097	14,653	15,091
Total operating funding (A)	8,835	7,400	7,586
Applications of operating funding			
Payments to staff and suppliers	6,099	3,456	3,989
Finance costs	(1,754)	322	322
Internal charges and overheads applied	579	1,153	1,125
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,923	4,931	5,436
Surplus (deficit) of operating funding (A - B)	3,911	2,469	2,150
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(614)	(792)	(688)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(614)	(792)	(688)
Applications of capital funding			
Capital expenditure:			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase (decrease) in reserves	3,297	1,677	1,462
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	3,297	1,677	1,462
Surplus (deficit) of capital funding (C - D)	(3,911)	(2,469)	(2,150)
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	-	29	28
less deferred/unfunded	28	-	-
Net funding transferred to renewals reserves	28	29	28

Disclosure Statement

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

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

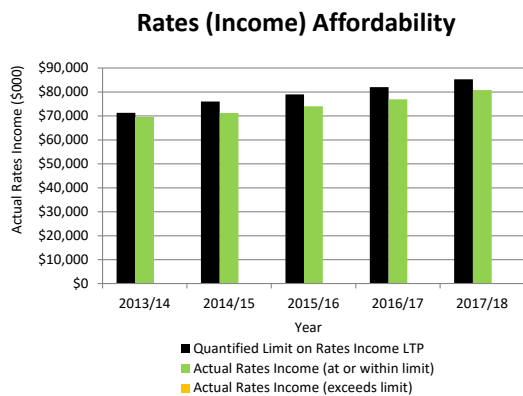
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

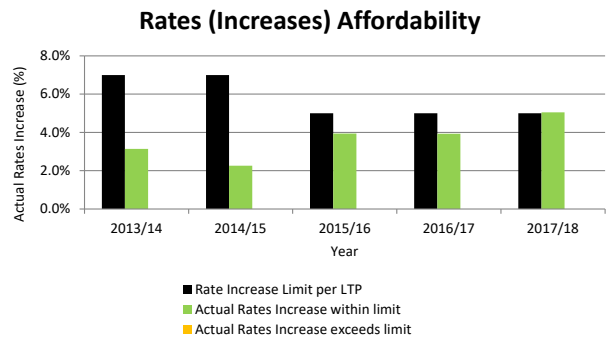
Rates (income) affordability

The following graph compares the Council's actual rates income in actual dollars, compared to the quantified limit on rates contained in the Financial Strategy included in the Council's Long-Term Plan 2015-2025. The quantified limit in dollar terms is based on an average annual increase of 3.9 per cent.



Rates (increases) affordability

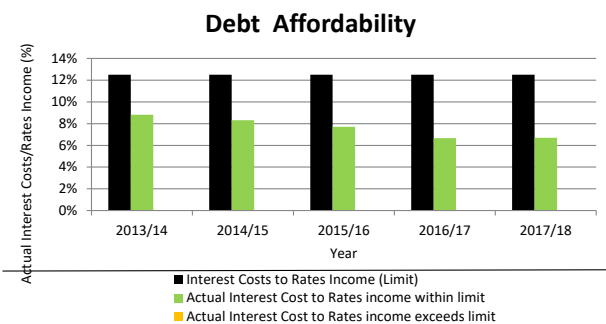
The following graph compares the Council's actual rates increases with a quantified limit on rates increases contained in the Financial Strategy included in the Council's Long-Term Plan 2015-2025. The quantified limit is set at no more than five per cent.



Debt affordability benchmark

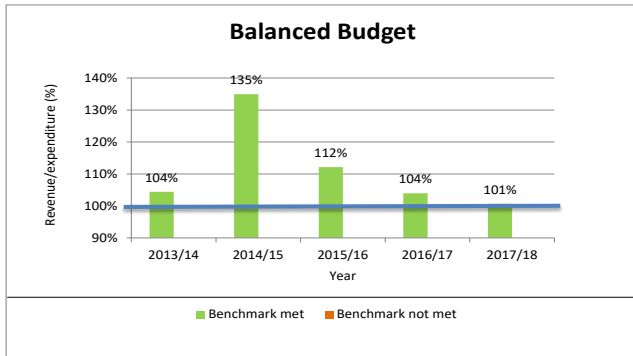
The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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 Long-Term Plan 2015-2025. The quantified limit is that interest costs on external debt should be less than 12.5 per cent of annual rates revenue.



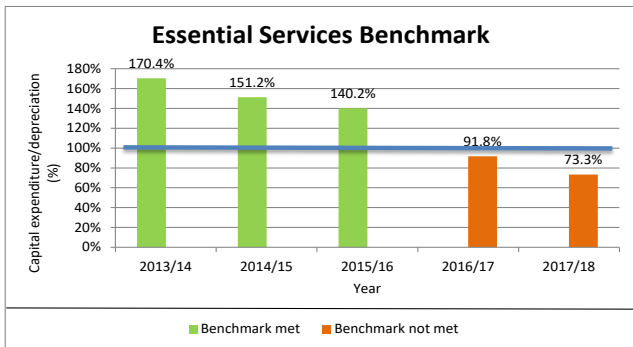
Balanced budget benchmark

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).



Essential services benchmark

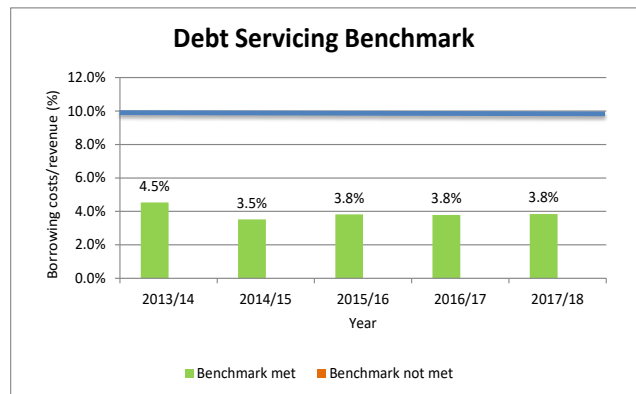
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services is greater than depreciation on network services.



Debt servicing benchmark

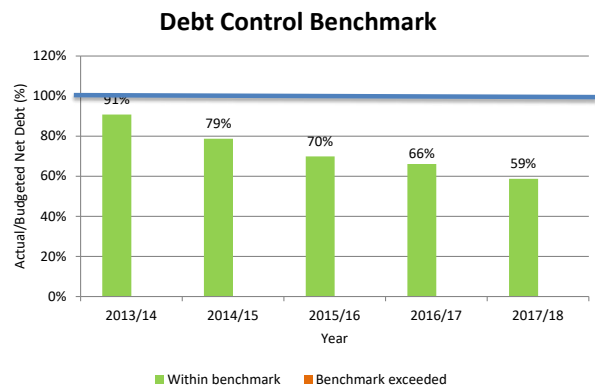
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative instruments and revaluations of property, plant or equipment).

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.



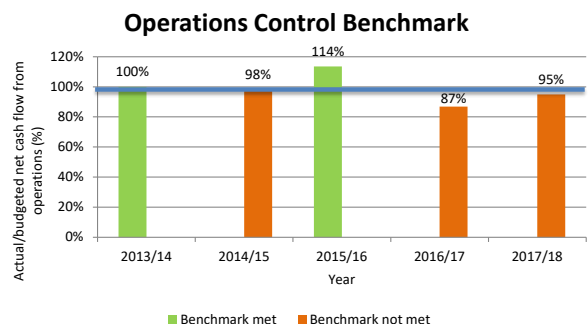
Debt control benchmark

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.



Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. On the occasions where the benchmark was not met this was primarily due to fluctuations in investment income.





Council-controlled Organisations

The Council is a shareholder or has an ownership interest in the following Council-controlled organisations:

- Papa Rererangi i Puketapu Limited.
- Forestry joint ventures (three).
- New Plymouth PIF Guardians Limited.
- Tasmanian Land Company Limited.
- Venture Taranaki Trust.

The following information explains what the organisations do and how their performance is measured.



Papa Rererangi i Puketapu Limited

Summary of 2017/18 Statement of Intent

From 1 July 2017, NPDC 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. NPDC retains ownership of the Airport company, the Aerodrome Operator Certificate and is the sole Shareholder. Previously the Airport operated as a 50:50 joint venture between the Council and the Crown.

The organisation is classed as a semi-commercial investment within the Council's Investment Policy.

PRIP's prime purpose is to operate the Airport on a sustainable commercial basis, to optimise the use of its assets and generate a reasonable return on investment to ensure the ongoing safe and successful operation of the Airport, whilst facilitating tourism and trade by working with the airlines to increase passenger numbers and develop other commercial activity.

The Airport provides services to allow the safe and efficient facilitation of travellers and freight and, ancillary to this, it leases terminal space and land at the Airport.

Performance results for 2017/18

Below are the key objectives and performance indicators derived from the 2017/18 Statement of Intent.

To provide airport facilities to serve the needs of the Taranaki region by:

- Delivering an operation that is safe, efficient and welcoming to all users.
Assessment: Additional safety policies have been introduced at the Airport with the transition to a Safety Management System. Operational staffing levels cover all Airport opening hours allowing for an enhanced public interaction and support.
- Maintaining Airport facilities to avoid any disruption of scheduled flights other than for weather or airline problems.
Assessment: Existing facilities have been maintained throughout the year and there have been no diversions or cancellations of regular passenger transport services resulting from Airport operations.
- Meeting all operating, maintenance, capital expenditure and interest costs from Airport revenue.
Assessment: All operating costs associated with the day to day operations of the Airport have been met from Airport revenue. Loans have been made available from Council to assist with capital expenditure, with repayments and interest being serviced from Airport revenue.
- To operate New Plymouth Airport in full compliance with the approved operating procedures of Rule Part 139 so as to achieve a clean audit report from the Civil Aviation Authority.
Assessment: PRIP manages the Airport on behalf of the Aerodrome Operator Certificate holder, NPDC, and the operations were audited by the Civil Aviation Authority (CAA) in June 2018, with confirmation of compliance with the CAA Rule Part 139.
- Start construction of the new terminal project by late 2017 and be operational during the first quarter of 2019.
Assessment: Due to delays during the design process, the enabling works did not commence until late 2017. The building contract will start in July 2018 and the project is now due for completion in late 2019.
- Consult with Airlines, Puketapu Hapu and other key stakeholders on a proposed runway extension.
Assessment: The Airport has recently engaged consultants to complete a concept that is designed to feed into the current District Plan review. This concept will include future runway extension options and, as part of this process, consultation has commenced with Puketapu Hapū and will extend to other key stakeholders in due course.
- Position the Airport for future aviation growth.
Assessment: The financial year saw a higher than expected increase in passenger numbers. The Airport is regularly working with the airlines and key stakeholders to ensure the growth rate continues. A third tier airline operator commenced a 3-times-a-week direct service between Nelson and New Plymouth in September 2017.

Papa Rererangi i Puketapu Limited

- Establish long-term sustainable relationships with the local Hapū.

Assessment: A number of projects are currently underway in which Puketapu Hapū are heavily involved. The Airport and Puketapu Hapū trustees have regular catch-ups to discuss these projects or other items of interest.

- Facilitate the growth of tourism and trade by working collaboratively with key stakeholders to sustainably increase passenger numbers and, as an essential infrastructure asset, play a key role in the economic performance, growth and development of New Plymouth District and the Taranaki region.

Assessment: Management are in regular contact with the three commercial airlines currently servicing the airfield, industry colleagues through Airport forums and key local stakeholders to maximise passenger growth and economic performance. The Chief Executive is also Director on the Airport Association's Board and has insight into the main hub airports that distribute travelers to the regions.

Significant policies and objectives on ownership and control

PRIP operates as a standalone company governed by an independent skills-based Board of four Directors, including a Chairperson, and employs its own Chief Executive and staff. All Airport operations and assets are managed by the PRIP Chief Executive who has overall responsibility for implementing the company's strategic direction and reports to the company's Board of Directors. In addition to the appointed Board of Directors, the Shareholder may nominate an advisor who will attend, as an observer, Board meetings. This is currently the Council's Chief Operating Officer who will ensure strong communications and alignment between the Council and PRIP.

Financial Plan

	Actual 2017/18 \$'000	Budget 2017/18 \$'000	Projected 2018/19 \$'000	Projected 2019/20 \$'000
Operating revenue	3,965	3,993	5,101	6,496
Operating expenditure	3,683	3,315	4,935	6,140
Net profit/(loss)	282	678	166	356





Forestry Joint Ventures

Summary of 2017/18 Statement of Intent

The Council has three joint venture forestry developments that have varying levels of Council ownership (55 to 60 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:

Tarata Ngatimaru Pukehou Joint Venture (60%) - 6.8ha.

McKay Family Joint Venture (56.5%) - 83.5ha.

Duthie Joint Venture (54.8%) - 22.7ha.

A total of 113ha of forests are managed under joint venture agreements in which the landowner provides land and property related inputs, the Council provides management and tending programmes for the crop, and both parties share the returns from the forest harvest on an agreed ratio of respective inputs.

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

Performance results for 2017/18

- Complete all programmes outlined in the Forest Management Plans and Agreements.
Assessment: All programmes outlined in the Forest Management Plan for 2017/18 have been completed.
- Report annually in compliance with agreements.
The joint venture forest has been inspected by PF Olsen Limited with reports sent to the owners annually.

Significant policies and objectives on ownership and control

These joint ventures were originally set up to augment the harvest rotation for Council-owned forestry. The Council will currently retain the joint ventures to harvest and then review its future position. There are no formal board structures.

Financial Plan

	Actual 2017/18 \$'000	Budget 2017/18 \$'000	Projected 2018/19 \$'000	Projected 2019/20 \$'000
Council funding support	28	21	21	15

New Plymouth PIF Guardians Limited

Nature and scope of activities

New Plymouth PIF Guardians Limited (NPG) is a 100 per cent Council-owned company with an independent board of directors. NPG was formally Taranaki Investment Management Limited and changed its name during 2017 when the Council resolved to change the organisational architecture for the management of the perpetual investment fund (PIF) and move to a full outsourced model. The board of NPG appointed Mercer New Zealand (Mercer) to manage the PIF.

Performance results 2017/18

- Financial Performance: NPG is operated on a full cost recovery basis and is therefore budgeted to operate at a nil net cost.
Assessment. Net profit for the year was nil.
- Benchmarks for PIF Performance: Release payment target of \$8.1m and \$272.5m closing fund balance.
Assessment. Release payment of \$8.2m and \$287.7m closing fund balance.
- Total Portfolio Return Target: The total return of the portfolio net of all costs, measured on a rolling five year basis, will be NZ inflation (as measured by the Consumer Price Index) plus 3.3%.
Assessment: Actual return net of costs of 8.6% for the 12 month period to 30 June 2018 which is 3.8% above the target.
- Market Comparison: The portfolio has two distinct categories of assets:
 - Listed securities (equities/fixed income/cash): Total return on this proportion of the portfolio measured quarterly, annually and on a rolling five year basis will be 0.75% per annum above the weighted average benchmark.
Assessment: The total return on Listed Securities for the 12 month period to 30 June 2018 was 9.14%, which was 0.52% below the benchmark.
 - Unlisted securities (private equity/alternative assets): These assets are illiquid, are largely not traded on markets and are valued infrequently. Therefore performance cannot be compared to benchmark returns on a short term basis. The Guardians will report on the performance of these assets annually.
Assessment: The return for the 12 month period to 30 June 2018 from private equity and alternative assets was 6.21%.
- Reporting: Provide a quarterly report to the shareholder covering activities undertaken by the Company, and the performance of and significant issues relating to the Perpetual Investment Fund (the PIF). The report will provide the information outlined in the GD.
Assessment: Quarterly reports have been provided throughout the year with information provided as per GD.
- Timely response: Provide investment advice within one month to the shareholder on any significant developments that may have an impact on either the income stream to the Council or the value of the Council's PIF.
Assessment: Information has been provided by the Directors in a timely manner throughout the year.

Significant policies and obligations 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.

Financial Plan

	Actual 2017/18 \$'000	Budget 2017/18 \$'000	Projected 2018/19 \$'000	Projected 2019/20 \$'000
Operating revenue/expenditure	259	340	400	345
Net profit	-	-	-	-



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 (VDL).

Performance results for 2017/18

The business operations of TLC were sold on 31 March 2016. As at 30 June 2018, TLC remained a Council-controlled organisation. On 21 June 2018, TFL was placed into members voluntary liquidation. The \$2.6 million balance remaining with TLC and will be transferred to Mercer in the future, once all the companies in the group have been wound up.

Significant policies and objectives on ownership and control

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

Summary of 2017/18 Statement of Intent

Venture Taranaki Trust (Venture Taranaki) is a Council-controlled organisation whose Board of Trustees is appointed by the Council. Venture Taranaki is the economic development agency for the Council, responsible for delivering the Council's active economic development initiatives as set out in its statement of intent. Its vision is: "*Taranaki – the envy of New Zealand for sustainable business, talent, investment and lifestyle*".

Venture Taranaki also has a multi-level mission, of:

"To drive and facilitate sustainable, diverse economic growth in Taranaki, positioning the region as the place to do business, to invest, to live, to work, to learn, and to visit."

"To be recognised as New Zealand's leading experts in regional economic development."

Performance results for 2017/18

Venture Taranaki had a very successful year, as seen in the following results against the 2017/18 performance measures::

1. Improve connections within New Zealand and with the world

Relates to Team Taranaki and Gateway Taranaki priorities in the Regional Economic Development Strategy.

- Maintain a regional economic intelligence unit and publish bi-annually Taranaki Trends and business survey.
Achieved. Two editions of Taranaki Trends and two Business Surveys undertaken with results released.
- Participation in the TRENDS process.
Achieved. Participation TRENDS process at Governance (LEAD member) and executive (Tapuae Roa Steering Committee) level.
- Maintain connections across www.taranaki.info and social media channels.
Achieved. Sessions up 79.95% with new users up 103.93%. Biz 2 Biz Facebook followers up 399 or 24%. 'Taranaki Like No Other' Facebook followers up 7,295 or 15%. Twitter followers up 79 or 1%. Instagram followers up 3,213 or 54.

2. Encourage enterprise and innovation in all areas of the economy

Relates to Foundation Taranaki priority in the Regional Economic Development Strategy.

- Facilitate \$750,000 investment into regional businesses subject to central government policy.
Achieved. \$3,202,362 of research and development and innovation funding facilitated into Taranaki business (across 45 transactions).
- Achieve >85 per cent client satisfaction in regard to business support services.
Achieved. 91.8 per cent client satisfaction with Venture Taranaki business services.

3. Capitalise on key clusters and economic advances

Relates to Frontier Taranaki priority in the Regional Economic Development Strategy.

- Support three key growth projects with high impact potential.
Achieved. Provide facilitation for Energy and Industrial group, facilitation for International Education Taranaki collective and curate and deliver Techweek 2018 in Taranaki.

4. Build and retain a highly skilled workforce

Relates to Talented Taranaki priority in the Regional Economic Development Strategy.

- Invest \$250,000 in management capability building for Taranaki small-to-medium enterprises subject to central government policy.
Achieved. \$404,469 of capability development voucher funding invested across 249 vouchers.

Venture Taranaki Trust

5. Promote our district as a desirable and unique place to visit, live and invest in

Relates to Desirable Taranaki priority in the Regional Economic Development Strategy.

- Attract or retain four major events meeting New Plymouth District Council criteria (>100 points) based on \$736,196 event fund.

Achieved. 13 events were funded over the year as follows: Altherm Jetsprint Championship 2018 – 2 events; AmeriCARna 2018; BDO Around the Mountain Cycle Challenge 2019; Bryan Adams Get Up Tour 2018; ITU New Plymouth Sprint Triathlon World Cup 2018; New Zealand Offshore Powerboat Championship series 2018; New Zealand Schools Triathlon Championships 2019; New Zealand Tattoo & Art Festival 2018; Powerco Garden Festival 2018; Right Royal Cabaret Show 2018; Steelformers Around the Mountain Relay 2018; TSB Festival of Lights 2018/19; WOMAD 2018.

- Provide six pieces of regional collateral to leverage off the 2017 Lonely Planet award, either in digital or hard copy, to inspire the communities of Taranaki, visiting conferences, events and leisure travelers to explore and enjoy the many aspects of the region.

Achieved. More than six pieces of regional collateral were produced during the year including: A Walkers Guide; Forgotten World Highway; Museums and Galleries; Official Visitors Guide; Parks and Gardens; Surf Highway 45; Taranaki Event Toolkit; Taranaki: An Insider's Guide.

- Adoption of draft regional Taranaki Destination Strategy by the three territorial local authorities with actions and targets defined in an implementation plan.

Achieved. All TLAs agreed to merge the Destination Strategy into the Tapuae Roa (Regional Strategy) Structure. The Visitor Section Action Plan has been developed and is one of the four futures cited in Tapuae Roa which has been endorsed by all TLAs.

- Support/attract a minimum of six conferences/events through either: assisting with bids; undertaking initiatives to maximise attendance or encouraging attendees to explore Taranaki.

Achieved. Over 45 Meetings, Incentives, Conferences and Events were assisted during the year including: The National Celebrants Conference, the New Zealand Recreation Association Conference; Photographic Society of New Zealand Conference; NZ Garden Trust Conference and Couples for Christ NZ National Conference.

Significant policies and objectives on ownership and control

The Council controls the Venture Taranaki Trust by appointing its trustees. This is to ensure the necessary independence, public credibility and specialised governance that the trust needs in order to be effective in delivering economic development programmes, while retaining accountability to the district's community.

Financial Plan

	Actual 2017/18 \$'000	Budget 2017/18 \$'000	Projected 2018/19 \$'000	Projected 2019/20 \$'000
Operating expenditure (NPDC funded)	3,216	2,859	2,911	2,969



Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of New Plymouth District Council's annual report for the year ended 30 June 2018

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, Clint Ramoo, 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 19 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 68 to 117:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2018;
 - 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 Standards;
- the funding impact statement on page 118, 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 20 to 64:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, 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 119 to 134, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long term plan; and
- the funding impact statement for each group of activities on pages 119 to 134, 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.



Auditor's Report

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 135 to 136, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long term plan and annual plans.

Basis for our 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.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Auditor's Report

- 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 Service statement, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 19, 65, 137 to 144 and 149 but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan, and performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



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



Statement of Compliance and Responsibility

The Council and management of New Plymouth District Council confirm that all statutory requirements of the Local Government Act 2002 in relation to the Annual Report have been complied with.

Responsibility

The Council and management of New Plymouth District Council accept responsibility for the preparation of the annual financial statements and the judgements used in them.

The Council and management of New Plymouth District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and the management of New Plymouth District Council, the annual financial statements for the year ended 30 June 2018 fairly reflect the financial position, operations and service performance of New Plymouth District Council.



Neil Holdom
Mayor



Craig Stevenson
Chief Executive





For more information:

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

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



Mountain to Sea

Te Kaunihera-ā-Rohe o Ngāmotu

NEW PLYMOUTH DISTRICT COUNCIL
newplymouthnz.com

2nd Best Region in the World to Visit (Lonely Planet 2017)