Financial Information

Financial Strategy

The Financial Strategy sets the financial direction of NPDC by guiding the decisions we make now, for the future. The strategy demonstrates how these decisions will impact on rates, borrowing, investments and Council services.

Our current position

NPDC is in a strong financial position with a large investment portfolio, comparatively low levels of borrowing and a strong credit rating. However rates increases have been kept at moderate levels, primarily at the expense of deferring asset renewals and maintenance. In addition, new assets and increased levels of service have been added to the portfolio of assets and services that Council provides.

Building our future

This strategy takes into consideration the challenges that face our district in regards to maintaining and renewing our infrastructure, whilst accommodating growth within the city. Substantial work has been undertaken in the last two years to understand the condition of our existing assets and as such, we have identified the need to make a significant investment in our core infrastructure to ensure we can continue to provide our residents with the same level of service as well as maintaining our assets for future generations.

NPDC is also facing a number of new challenges driven by central government, which affect what we do and how we deliver our services. Increasing national standards in water, wastewater and stormwater influence our expenditure, as well as the costs associated with responding to climate change and building a resilient community.

There are also a number of strategic projects within the plan which increase the level of service provided to our community that NPDC will deliver, contributing to our overarching strategic direction of a Sustainable Lifestyle Capital.

The following five guiding principles have been used in the development of this Financial Strategy.

Fairness and equity	Willingness to pay	Value for money	Risk management and assessment	Financial governance and stewardship
Ensures that funding of expenditure is fair across both present and future ratepayers. Different funding tools such as debt and development contributions facilitate this principle.	Ratepayer concerns may reflect unwillingness, rather than the inability to pay. This may be driven by a perceived benefit from rates or the public versus private benefit issue.	This considers the overall benefits and outcomes of a service or asset to the community, alongside its lifecycle cost and cost effective funding streams.	Includes consideration of risks, risk appetite and mitigation strategies which are important when managing public services and assets.	Requires NPDC to ensure that its actions today do not compromise the ability of future councils to fund their needs.

NPDC has successfully operated within the limits of its first financial strategy since 2012. This strategy builds on our strong financial position by continuing with similar limits which have proven to be prudent and sustainable. By staying with these limits Council is able to maintain its assets and service levels, keep its strong credit rating, balance its books and provide for growth.

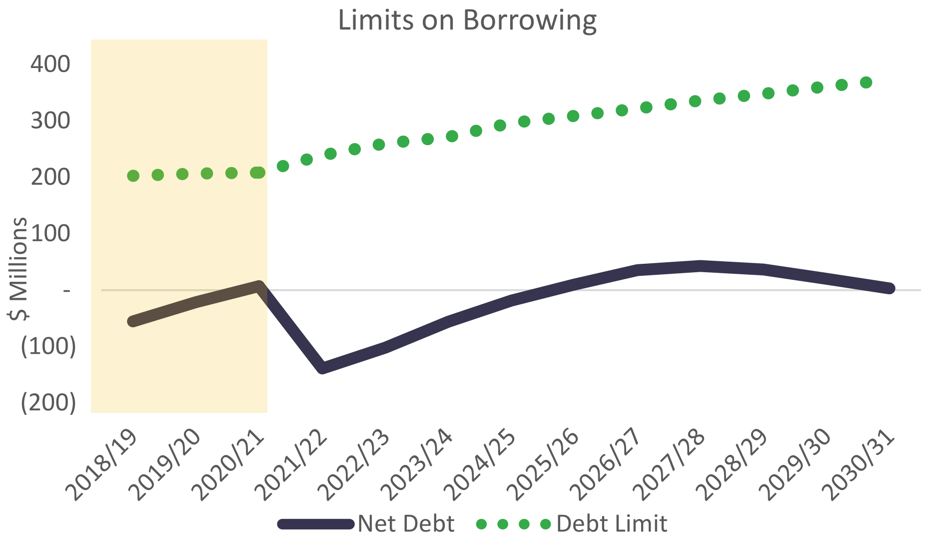
Financial Strategy

Debt

Debt Limit: Net debt* to total revenue will be limited to 135 per cent

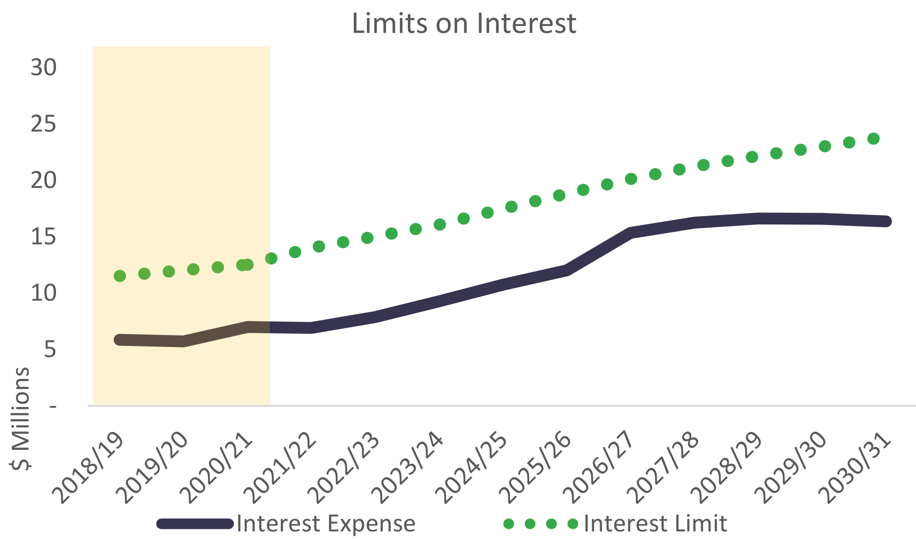
The Council has successfully managed debt and continues to project debt levels within these sustainable limits. This means that NPDC is in a strong position to accommodate the significant expenditure required for both new infrastructure assets to service our growing city and have capacity to provide funding for unforeseen events.

In addition, we identified that a step change in our work programmes is needed to renew many of our ageing assets. To fund this change over the short term through rates would make rates increases unaffordable and go against our principles of intergenerational equity. Therefore, we are proposing to fund the renewal of some of our longer life assets, such as pipes and bridges through debt.



(*Net Debt is the sum of Council's current and non-current borrowing and Council's financial assets).

Debt Limit: Net interest expense will be limited to 12.5 per cent of total rates revenue



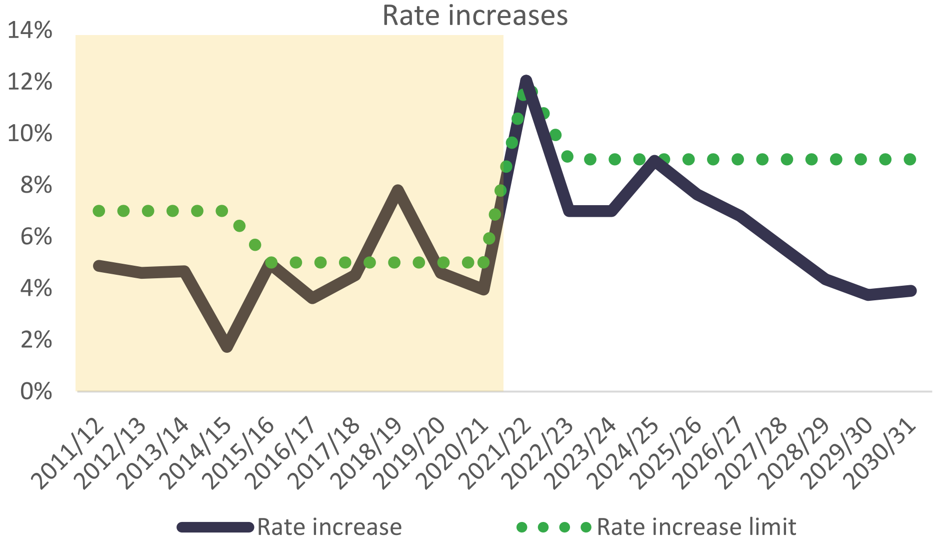
Financial Strategy

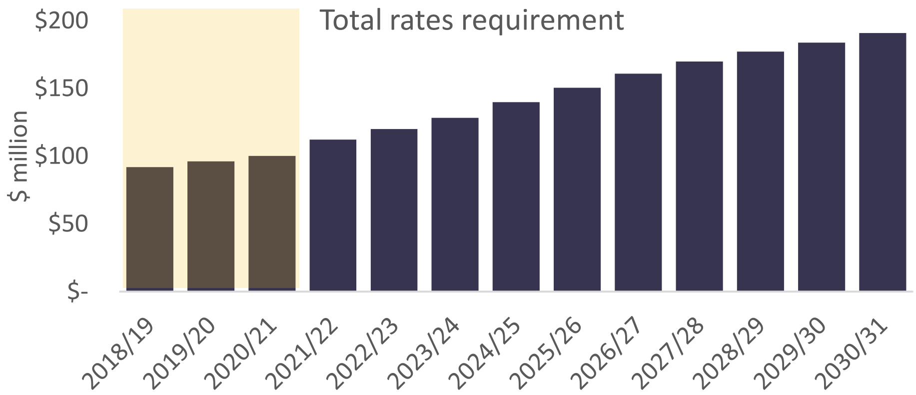
Rates

Rates are NPDC's main funding source and pay for community services and assets.

Rating Limits

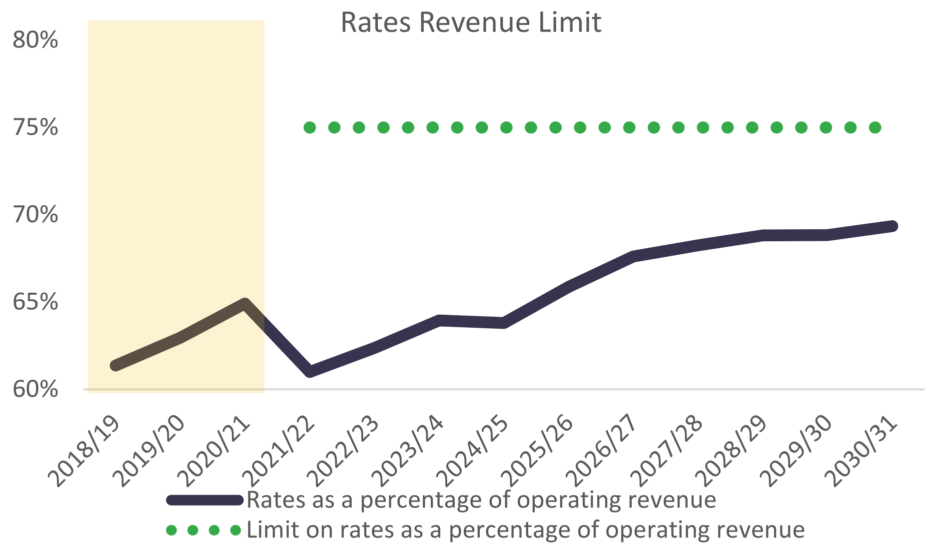
Rate Increase Limit: Average rate increases to existing ratepayers will not exceed 12 per cent in 2022 and then nine per cent from 2023 onwards. The average rate limit includes all rates except for the Voluntary Targeted Rate (VTR).





Total Rates

Rates Revenue Limit: Rates income will not exceed 75 per cent of NPDC's total operating revenue.



The average rate increase proposed for 2022 has been set at a level higher than the remaining years of the plan, in recognition of the step change that is required to maintain and renew our existing infrastructure. This step change recognises that whilst a portion of the long life capital expenditure can be funded through debt, there are also assets and infrastructure that need significant investment over the next 10 years. Over a 10 year period, we are increasing our rate funded contribution to renewals by $180 million (inflated). It is expected that we will be fully funding our renewal assets on a 10 year average basis by 2029.

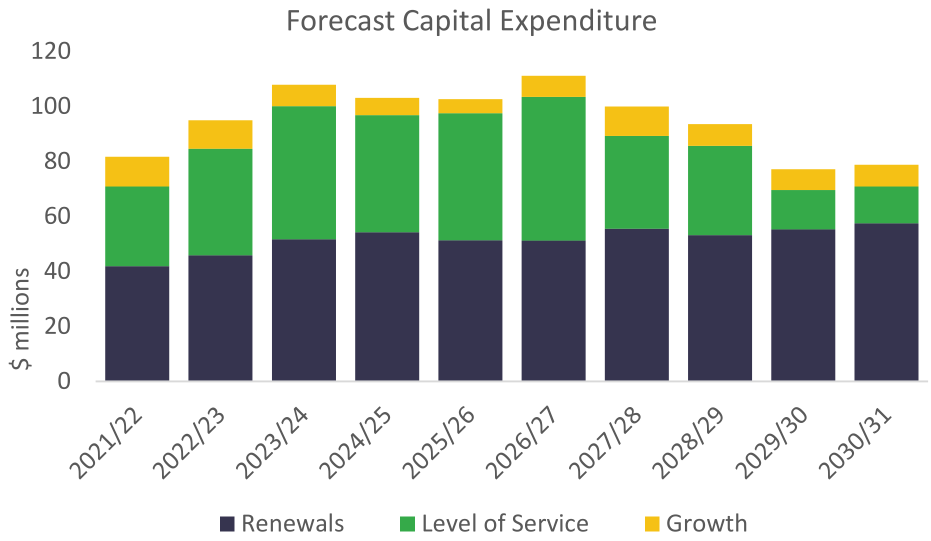
The proposed increased limit also recognises the contribution to rates needed to fund increased services that have been included in the Long-Term Plan (LTP), such as the multi-sport hub, an extension to the coastal walkway and improvements to the Waitara stormwater network.

Financial Strategy

Capital expenditure

Capital expenditure pays for buying or building new assets such as renewing an existing asset (renewals); improving an existing asset to deliver a better level of service; or new assets to provide for population growth.

The following graph shows our proposed capital expenditure on a year by year basis and shows our commitment to increasing our investment in our community's assets.



Growth

Managing growth over the period of this LTP and beyond is a challenge because New Plymouth continues to grow. Growth is positive for the city because it means people want to live here and we are attracting businesses and investment.

With growth comes the need for investment in infrastructure. New infrastructure is expensive and needs to be balanced against maintaining the infrastructure we already have. Managing the demands for growth and balancing the opportunities for future ratepayers against affordable rates and debt levels for current ratepayers is a challenge for New Plymouth.

While NPDC is contributing significantly to growth, it is the intention of this strategy that those users who benefit from growth should pay for their appropriate share through development contributions or financial contributions. To defer some of the investment required to support growth until later in the Infrastructure Strategy, demand management strategies are proposed, such as water conservation, waste minimisation and alternative transport options.

The population has been projected to grow from 86,700 in 2021 to 93,800 in 2031. To support this population growth, NPDC is projecting an increase of 3,530 dwellings in the next 10 years. This projection is based on fertility, mortality and migration assumptions and is prepared by Infometrics. Population projections have been used to help prepare 30 year demand forecasts for the Infrastructure Strategy and the related capital expenditure programme for the LTP has been prioritised from this base.

Land use is anticipated to remain similar across the district as growth focuses in key nodes as identified in the Proposed District Plan. Bell Block continues to be the main growth area in the district over the LTP and the Smart Road area then becomes the main growth area starting in the 2030's. Intensification of existing areas is also expected to occur, with some growth in small settlements.

Activity Group	Growth $000's	Improve Service Levels $000's	Renewal $000's	10 Year Total $000's
Water	20,131	25,094	80,340	125,565
Wastewater	29,006	113,509	121,375	263,890
Stormwater	9,870	26,220	46,689	82,779
Transport	12,851	82,026	154,878	249,755
Flood control systems	-	-	576	576
Other	12,236	115,764	112,937	240,937
Total	**84,094**	**362,613**	**516,793**	**963,500**

The above table shows the total capital expenditure over the period of the LTP categorised by type of expenditure.

- Growth expenditure provides new or improved assets enabling more residents to live in our city.
- Expenditure to improve service levels is for creating new assets to service the current population.
- Renewals expenditure is used to bring our existing assets back to their original function or capacity.

There are additional operating costs associated with adding new assets including depreciation, however these are not considered to be significant. These costs are absorbed within the rates increase limit, with contributions from targeted rates for those properties receiving additional or new services.

Financial Strategy

Risk of growth being higher or lower

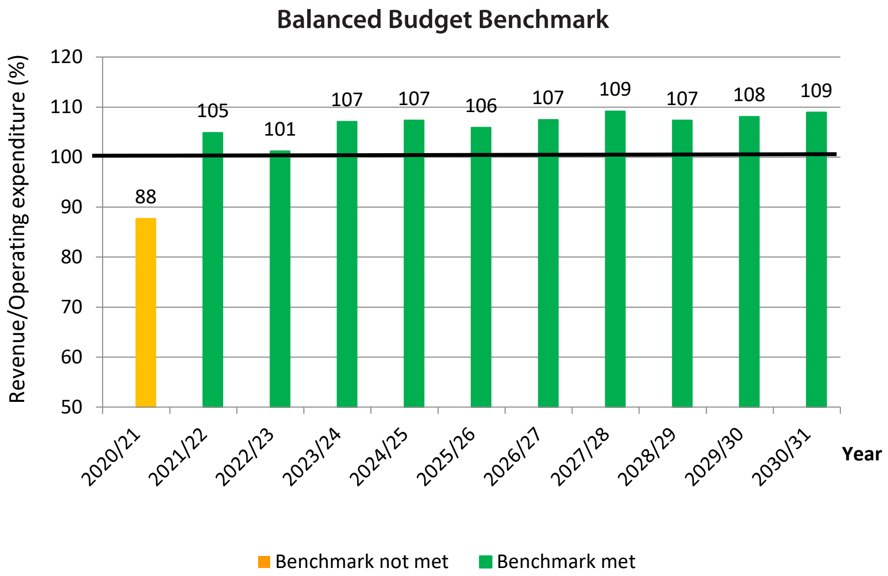
Should growth be higher than forecast, then development contributions revenue would be higher than has been budgeted in the LTP and we may need to reconsider the timing of some of our capital projects.

Should growth be lower than forecast, development contributions revenue would be lower than has been budgeted in the LTP and we may consider deferring some of our growth related capital projects.

Balancing the books

To ensure that today's ratepayers are paying for the services and amenities provided to them, everyday costs, such as maintenance costs, operational costs and depreciation should be paid from everyday revenue, such as rates, fees and charges and subsidies. We call this a balanced budget.

The following graph demonstrates that an operating surplus (revenue greater than expenditure) or balanced budget is achieved for each of the 10 years of the LTP. Operating surpluses are generally allocated to fund capital works or transferred to reserves to fund expenditure in future years.



Asset sales

NPDC has not included any asset sales in the LTP 2021-2031 as they are not considered material and there is considerable uncertainty associated with timing. The Council will continue to investigate selling minor assets, where appropriate, with net proceeds from any sales being used to reduce debt.

Policy on securities

In order to borrow money NPDC has to offer our lenders some security, just like residents do with their mortgage. Like most councils we secure our debt against our rates income. Our lenders like this as security and it helps keep our interest rates low. Giving rates as security means that our lenders can make us charge more rates to repay debt. That is why it is important to keep our debt at a sustainable level.

In certain circumstances NPDC may offer other security, including physical assets.

The full policy on giving securities can be found in the Treasury Management Policy on the Council's website.

Financial Strategy

Investments

NPDC is an equity holder in a number of companies, a trust and joint ventures. The principal reason for holding an equity interest in these investments is to achieve efficiency and community outcomes as well as a financial return on investment. NPDC's interest in the entities is as follows:

Company	Shareholding/ control %	Principal reason for investment	Budgeted return $000's
Papa Rererangi i Puketapu Ltd	100	Economic development	Nil
Venture Taranaki Trust	100	Economic development	Nil
New Plymouth PIF Guardians Ltd	100	Perpetual Investment Fund	3.3% + CPI + fees*
Tasmanian Land Company Ltd	100	Being wound up	Nil
McKay Forestry Joint Venture	56.5	Grow and harvest trees	$1.6m
Duthie Forestry Joint Venture	54.8	Grow and harvest trees	$365,000
New Zealand Local Government Funding Agency Ltd	0.4	Borrowing	$16,000 p.a.
Civic Financial Services Ltd	3.9	Risk management	Nil

* NPDC's objective is to maximise the return from the Perpetual Investment Fund portfolio and the expected rate of return is 3.3% + Consumer Price Index + management fees.

Cash Investments

NPDC holds cash for three main reasons:

1. To support the balance of reserves.
2. To ensure strong lines of liquidity and access to cash. Cash is supplemented by committed banking facilities.
3. To provide the funds for maturing debt.

Cash may be invested on short-term deposit to manage cash flows and maximise returns. These investments are managed in line with the guidelines set out in the Treasury Management Policy.

Other investments

As part of borrowing from the Local Government Funding Agency, NPDC is required to invest in financial bonds with the agency. The Council will receive interest on these bonds equivalent to the cost of borrowing.

Resilience

Since our last LTP, NPDC has learnt to become more resilient in the face of adversity. In 2018 we faced the impacts of ex-cyclone Gita, followed by the Covid-19 pandemic in 2020. Alongside these specific events, we continue to address the ongoing impacts of climate change, with the Council adopting a Climate Action Framework in December 2019.

Through this LTP, NPDC has committed over $2m to greening our district. Policy and procurement decisions made by the Council will continue to have a climate change consideration as these are embedded into our strategies, plans and operations.

Whilst central government is leading the economic and social recovery, post Covid-19, our Council will be a major player. The work we do in coming years will lay the foundations of our recovery and help determine how quickly our community and economy bounces back.

NPDC also has a responsibility to consider how it could respond to unplanned events such as civil defence emergencies and natural events. An Insurance Framework was created in 2018 to provide a structure for determining the balance between risk retention (by NPDC) and sharing (with insurers). The framework is reviewed every three years to ensure it is fit for purpose. NPDC holds insurance policies against its underground infrastructure at up to 40 per cent of the asset value, with the understanding that central government will provide the remaining 60 per cent following a disaster. The Council also maintains a disaster fund as part of its insurance strategy. The balance of this fund is projected to be $1.2m at 30 June 2021. Because of its strong financial position the Council also has significant capacity to borrow to fund unforeseen costs (a further $377m in 2022).

Statement of Accounting Policies

New Plymouth District Council (NPDC) 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 NPDC's operations includes the LGA and the Local Government (Rating) Act 2002 (LG(R)A).

The Group consists of the ultimate parent, NPDC and its Council Controlled Organisations (CCOs) and joint ventures:

- Papa Rererangi i Puketapu Limited (100% owned).
- New Plymouth PIF Guardians Limited (100% owned).
- Venture Taranaki Trust (100% owned).
- Tasmanian Land Company Limited (100% owned).
- McKay Family Joint Venture (56.5% owned).
- Duthie Joint Venture (54.8% owned).

Statement of Compliance

The Prospective Financial Statements (financial statements) of NPDC 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).

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

The financial information contained within these policies and documents is prospective financial information in terms of PBE FRS 42 Prospective Financial Statements.

For the purposes of the plan, the financial statements cover all the activities of NPDC as a separate legal entity. The Group prospective financial statements have not been presented as the Council believes that parent statements are more relevant to users.

The main purpose of these statements is to provide users with information about the core services that NPDC intends to provide to ratepayers, the expected cost of those services and the consequent requirement for rate funding. The level of rate funding required is not affected by subsidiaries except to the extent that NPDC obtains distributions from, borrows money on behalf of, or further invests in, those subsidiaries and such effects are included in these parent prospective financial statements.

The financial statements include a Prospective Statement of Comprehensive Revenue and Expense, a Prospective Statement of Changes in Net Assets/Equity, a Prospective Statement of Financial Position and a Prospective Statement of Cash Flows.

The financial statements of NPDC are for the years ending 30 June. The financial statements were authorised for issue by the Council on the date the plan was adopted. Whilst there is no current intent to update these financial statements, the Council reserves the right to update this plan in the future.

The information in the financial statements is uncertain and the preparation requires the exercise of judgement. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material. Events and circumstances may not occur as expected or may not have been predicted or NPDC may subsequently take actions that differ from the proposed courses of action on which the financial statements are based.

The information contained within these financial statements may not be suitable for use in another capacity.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement base

The financial statements have been prepared on a historical cost basis except for certain classes of property, plant and equipment which have been subsequently measured at fair value.

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

Significant Accounting Policies

a) Basis of consolidation

The consolidated financial statements of assets, liabilities, equity, revenue and expenses on a line by line basis. Significant transactions and balances between NPDC and its CCOs are eliminated in preparing the group statements.

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

Statement of Accounting Policies

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

b) Critical accounting estimates and assumptions

Financial statement preparation requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates. Estimates are continually evaluated and are based on historical experience and other factors including expectations or future events that are considered. The significant estimates and assumptions that have the greatest risk of causing a material adjustment to the reported amounts are:

- Estimating the fair value of infrastructural assets.
- Estimating the fair value of buildings.
- Estimating the fair value of forestry assets.
- Estimating the landfill aftercare provision.

c) Property, plant and equipment

NPDC 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.

Land and buildings and the Puke Ariki book collection are measured at fair value. Vehicles and furniture, fittings and equipment are measured at cost less accumulated depreciation and impairment losses.

Restricted assets 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 bequest or donation that restricts the purpose for which the assets can be used).

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

Additions

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

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

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

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

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

Disposals

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

Revaluation

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

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

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

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

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other

Statement of Accounting Policies

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.

Depreciation

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

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows.

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

d) Non-current assets held for sale

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

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

Statement of Accounting Policies

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

e) Equity and Capital Management

The LGA requires NPDC 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 byproduct of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

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

- Accumulated funds.
- Restricted reserves.
- Asset revaluation reserves.

Accumulated funds

Accumulated funds are the capital fund made up of accumulated surpluses and deficits. A surplus in any year is added to the fund and a deficit in any year is deducted from the fund. Ordinary reserves are reserves created by Council decision. NPDC 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 NPDC.

Restricted reserves

Restricted reserves are those reserves subject to specific conditions accepted as binding by NPDC 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.

f) Rates

General rates and uniform annual general charges are recognised at the start of the financial year to which the Council rates resolution relates. They are recognised at the amounts due. NPDC considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Revenue from late payment penalties is recognised when rates become overdue.

Revenue from water by meter rates is recognised on an accrual basis. Revenue is based on the actual usage as a result of meter reading. Unbilled usage as a result of unread meters at year end is accrued on an average usage basis.

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

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

g) Subsidies and grants

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

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

h) Other revenue

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

User fees and charges are recognised on the basis of actual services provided. Any fees and charges received in advance are recognised as unearned income in advance.

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

i) Exchange and non-exchange revenue

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

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

Statement of Accounting Policies

j) Interest revenue

Interest revenue is recognised using the effective interest method.

k) Other expenses

Grant expenditure

NPDC's grants awarded have no substantive conditions attached.

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

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

Operating leases

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

Interest rate swaps

Interest rate swaps are measured at fair value with gains or losses on remeasurement recognised in the surplus or deficit in the year of remeasurement.

Defined contribution schemes

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

l) Vested assets

For assets received for no or nominal consideration, the asset is recognised when NPDC 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 (e.g. land that must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue.

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

m) Forestry assets

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.

n) Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly 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 computer software, the major class of intangible assets, is three to five years (20 per cent to 33.3 per cent).

o) Joint ventures

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

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

p) Cash and cash equivalents

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.

q) Trade and other receivables

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

NPDC and the Group apply the simplified ECL model of recognising lifetime ECL for receivables.

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

Rates are 'written off':

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

Other receivables are written off when there is no reasonable expectation of recovery.

r) Creditors and other payables

Short-term payables are recorded at the amount payable.

s) Borrowings

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

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

t) Derivative financial instruments

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

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

NPDC does not designate any derivatives as hedging instruments.

u) Other financial assets

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

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

- fair value through surplus or deficit; or
- amortised cost; or
- fair value through other comprehensive revenue and expense.

Financial assets at fair value through surplus or deficit

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

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

Amortised cost

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

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

Fair value through other comprehensive revenue and expense

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

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

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

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

NPDC includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- bonds and shareholdings in LGFA and shareholdings in Civic Financial Services Limited.

Impairment

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit. Impairment is established when there is objective evidence that NPDC will not be able to collect amounts due according to the original terms of the debt.

v) Impairment of assets

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

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

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

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

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

Value in use for non-cash generating assets

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

Statement of Accounting Policies

Value in use cash-generating assets

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

w) Provisions

Provisions are recognised when NPDC 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.

x) Employee benefits

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

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

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

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

y) Income tax

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

z) Deferred tax

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

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

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

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

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

aa) Cost allocation

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

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

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

ab) Dividends

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

ac) Foreign currency transactions

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

ad) Goods and services tax (GST)

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

Statement of Accounting Policies

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.

ae) Budget figures

The LTP 2021-2031 budget figures are those approved by NPDC on adoption of this plan. The plan figures have been prepared in accordance with NZ GAAP, using accounting policies that are, or will be, consistent with those adopted by the Council for the preparation of the financial statements.

Changes in accounting policies

NPDC has adopted the new group standards, PBE IPSAS 34 to 38, in preparing these financial statements. Adoption of the new standards has meant that the Council has updated its accounting policies for its investments in subsidiaries and joint ventures. Disclosures have also been updated for the new PBE IPSAS 38 disclosure requirements.

For further information about the initial adoption of these standards, refer to NPDC's Annual Report 2019/20 (note 9b)).

Joint arrangements

NPDC is a party to a joint arrangement when there is a contractual arrangement that grants joint control over the relevant activities of the arrangement to the Council and at least one other party. Joint control is the agreed sharing of control over an activity. NPDC classifies its interests in joint arrangements as either:

- Joint ventures: where NPDC has rights to only the net assets of the joint arrangement.
- Joint operations: where NPDC has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, NPDC considers:

- The structure of the joint arrangement.
- The legal form of joint arrangements structured through a separate vehicle.
- The contractual terms of the joint arrangement agreement.
- Any other facts and circumstances (including any other contractual arrangements).

Judgement

For all joint arrangements structured in separate vehicles NPDC must assess the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires NPDC to consider whether it has rights to the joint arrangement's net assets (in which case it is classified as a joint venture), or rights to and obligations for specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). Factors NPDC must consider include:

- Structure.
- Legal form.
- Contractual agreement.
- Other facts and circumstances.

Upon consideration of these factors, NPDC has determined that all of its joint arrangements structured through separate vehicles give it rights to the net assets and are therefore classified as joint ventures.

Equity method of accounting in Group financial statements

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

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

Early adoption of PBE IPSAS 41 financial instruments

NPDC has decided to early adopt PBE IPSAS 41 from 1 July 2021 for the purposes of these prospective financial statements. The comparative financial information presented for the Annual Report 2019/20 and the Annual Plan 2020/21 were prepared using different financial instrument accounting policies under PBE IPSAS 29. The Council has chosen not to restate the comparatives to comply with PBE IPSAS 41. Refer to the appropriate documents for the detailed accounting policies used to prepare those financial statements standard introduced a number of changes to the recognition and measurement of financial instruments, including new classification and measurement requirements for financial assets, new hedging requirements and a new impairment model for financial assets. This change has no impact on the figures reported in these financial statements.

Prospective Statement of Comprehensive Revenue and Expense

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Operating revenue											
Revenue from exchange transactions											
Finance revenue	2.26	1.72	1.71	1.68	1.65	1.62	1.59	1.56	1.53	1.50	1.47
Investment revenue	14.91	19.66	20.36	21.07	21.79	22.52	23.25	23.95	24.66	25.36	26.08
Other revenue	27.30	30.68	39.52	39.08	44.25	42.22	40.48	41.46	42.04	43.92	43.89
Revenue from non-exchange transactions											
Rates	97.91	109.75	117.52	125.84	137.23	147.83	157.99	166.86	174.15	180.67	187.74
Subsidies and grants	14.77	31.71	24.63	32.49	28.17	22.37	21.78	19.18	17.13	17.42	17.50
Development and financial contributions	2.36	2.96	3.08	3.19	3.31	3.44	3.57	3.71	3.85	3.99	4.15
Vested assets	4.21	4.30	4.40	4.54	4.65	4.77	4.89	5.02	5.15	5.29	5.43
Fines and levies	1.02	1.47	1.44	1.44	1.44	1.45	1.48	1.48	1.48	1.51	1.51
Total operating revenue	164.73	202.25	212.66	229.33	242.49	246.22	255.03	263.22	269.99	279.66	287.77
Operating expenditure											
Personnel costs	45.23	46.81	47.77	48.72	49.74	50.72	51.76	52.79	53.84	54.89	56.00
Depreciation and amortisation expenses	41.28	41.86	45.09	46.17	47.18	52.34	53.27	54.02	59.01	59.37	59.72
Finance costs	7.00	6.92	7.87	9.28	10.76	12.03	15.34	16.26	16.63	16.59	16.36
Other expenses	81.62	81.68	93.01	94.13	102.08	100.62	100.10	101.07	104.47	110.06	114.03
Total operating expenditure	175.12	177.27	193.74	198.30	209.76	215.71	220.47	224.14	233.95	240.91	246.11
Surplus/(deficit) before taxation	**(10.39)**	**24.98**	**18.92**	**31.03**	**32.73**	**30.51**	**34.56**	**39.08**	**36.04**	**38.75**	**41.66**
Taxation refund/(expense)	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after taxation	(10.39)	24.98	18.92	31.03	32.73	30.51	34.56	39.08	36.04	38.75	41.66
Comprising surplus/(deficit) attributable to:											
Parent interest	(10.39)	24.98	18.92	31.03	32.73	30.51	34.56	39.08	36.04	38.75	41.66
Other comprehensive revenue and expense											
Gain/(loss) on property, plant and equipment and equipment revaluations	-	143.83	-	-	252.12	-	-	265.91	-	-	309.86
Total other comprehensive revenue and expense	-	143.83	-	-	252.12	-	-	265.91	-	-	309.86
Total comprehensive revenue and expense	**(10.39)**	**168.81**	**18.92**	**31.03**	**284.85**	**30.51**	**34.56**	**304.99**	**36.04**	**38.75**	**351.52**
Total comprehensive revenue and expense attributable to:											
New Plymouth District Council	(10.39)	168.81	18.92	31.03	284.85	30.51	34.56	304.99	36.04	38.75	351.52

Prospective Statement of Changes in Equity

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Equity at the beginning of the year	**2,535.95**	**3,114.93**	**3,283.74**	**3,302.66**	**3,333.69**	**3,618.54**	**3,649.05**	**3,683.61**	**3,988.60**	**4,024.64**	**4,063.39**
Net surplus/)deficit) from continued operations	(10.39)	24.98	18.92	31.03	32.73	30.51	34.56	39.08	36.04	38.75	41.66
Other comprehensive revenue and expense	-	143.83	-	-	252.12	-	-	265.91	-	-	309.86
Total comprehensive revenue and expense	(10.39)	168.81	18.92	31.03	284.85	30.51	34.56	304.99	36.04	38.75	351.52
Equity adjustment	-	-	-	-	-	-	-	-	-	-	-
Equity at the end of the year	**2,525.56**	**3,283.74**	**3,302.66**	**3,333.69**	**3,618.54**	**3,649.05**	**3,683.61**	**3,988.60**	**4,024.64**	**4,063.39**	**4,414.91**
Total comprehensive revenue and expense attributable to:											
New Plymouth District Council	(10.39)	168.81	18.92	31.03	284.85	30.51	34.56	304.99	36.04	38.75	351.52

Prospective Statement of Financial Position

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Non-current assets											
Property, plant and equipment	2,910.66	3,090.06	3,144.31	3,220.41	3,540.91	3,594.61	3,650.42	3,962.58	3,992.07	4,014.46	4,348.73
Intangible assets	2.80	5.76	6.85	7.12	6.75	10.61	12.76	11.81	10.96	9.79	8.63
Forestry assets	5.06	5.69	4.79	4.85	3.80	3.61	3.72	3.84	3.96	3.30	3.40
Investments in CCOs and similar entities	43.32	58.19	57.44	56.69	55.94	55.19	54.44	52.19	49.94	47.69	45.44
Other financial assets	54.81	57.21	56.61	56.01	55.41	54.81	54.81	54.81	54.81	54.81	54.81
Derivative financial assets	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76	0.76
Total non-current assets	3,017.41	3,217.67	3,270.76	3,345.84	3,663.57	3,719.59	3,776.91	4,085.99	4,112.50	4,130.81	4,461.77
Current assets											
Cash and cash equivalents	18.75	18.75	7.92	2.13	0.28	0.90	1.38	1.34	2.36	3.37	3.94
Debtors and other receivables	34.42	18.23	18.97	18.88	19.30	19.16	19.13	19.21	19.27	19.43	19.40
Non-current assets held for sale	0.09	0.67	0.38	0.45	0.50	0.60	0.51	0.47	0.34	0.75	0.09
Investments in CCOs and similar entities	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15	4.15
Other financial assets	298.79	302.68	315.93	329.69	343.47	356.97	369.61	382.18	394.67	407.25	419.95
Intangible assets	0.63	-	-	-	-	-	-	-	-	-	-
Inventory	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Total current assets	356.96	344.63	347.50	355.45	367.85	381.93	394.93	407.50	420.94	435.10	447.68
Total assets	**3,374.37**	**3,562.30**	**3,618.26**	**3,701.29**	**4,031.42**	**4,101.52**	**4,171.84**	**4,493.49**	**4,533.44**	**4,565.91**	**4,909.45**
Non-current liabilities											
Borrowings	169.35	179.98	193.14	255.70	299.49	334.38	374.18	392.90	414.71	407.70	398.46
Derivative financial liabilities	15.18	21.63	21.63	21.63	21.63	21.63	21.63	21.63	21.63	21.63	21.63
Other provisions	1.77	2.99	2.84	2.69	2.54	2.39	2.24	2.09	1.94	1.79	1.64
Employee entitlements	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52	0.52
Total non-current liabilities	186.81	205.12	218.13	280.54	324.18	358.92	398.57	417.14	438.80	431.64	422.25
Current liabilities											
Creditors and other payables	34.82	24.27	28.24	31.76	33.31	34.07	35.12	35.12	35.29	36.10	37.43
Borrowings	55.40	44.00	64.00	50.00	50.00	54.00	49.00	47.00	29.00	29.00	29.00
Provisions	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Employee entitlements	3.73	3.85	3.93	4.00	4.08	4.15	4.23	4.31	4.39	4.47	4.56
Derivative financial liabilities	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Total current liabilities	95.26	73.44	97.49	87.08	88.71	93.54	89.67	87.75	70.00	70.89	72.31
Total liabilities	**282.07**	**278.56**	**315.62**	**367.62**	**412.89**	**452.46**	**488.24**	**504.89**	**508.80**	**502.53**	**494.56**

Prospective Statement of Financial Position

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Public equity											
Restricted reserves	58.96	65.09	46.28	37.23	42.71	52.86	53.86	56.07	62.90	70.25	76.20
Accumulated funds	1,576.88	1,618.35	1,656.06	1,696.14	1,723.40	1,743.78	1,777.32	1,814.19	1,843.40	1,874.79	1,910.50
Asset revaluation reserves	1,456.47	1,600.30	1,600.30	1,600.30	1,852.42	1,852.42	1,852.42	2,118.34	2,118.34	2,118.34	2,428.19
Total public equity	3,092.30	3,283.74	3,302.64	3,333.67	3,618.52	3,649.05	3,683.60	3,988.59	4,024.63	4,063.39	4,414.89
Total equity and liabilities	**3,374.37**	**3,562.30**	**3,618.26**	**3,701.29**	**4,031.42**	**4,101.52**	**4,171.84**	**4,493.49**	**4,533.44**	**4,565.91**	**4,909.45**

Prospective Cash Flow Statement

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Cash flows from operating activities											
Receipts from rates revenue	89.78	109.76	117.52	125.84	137.23	147.83	157.99	166.86	174.15	180.67	187.74
Interest received	2.26	1.72	1.71	1.68	1.65	1.62	1.59	1.56	1.53	1.50	1.47
Other revenue received	37.60	62.01	63.85	71.48	71.83	65.10	63.55	61.99	60.82	63.05	63.18
Payments to suppliers and employees	(108.43)	(118.18)	(129.88)	(132.62)	(142.52)	(144.35)	(146.62)	(149.83)	(154.37)	(159.67)	(164.73)
Distributions related to Waitara Lands Act	(8.45)	(16.06)	(6.11)	(6.85)	(6.77)	(6.11)	(4.40)	(4.19)	(3.96)	(3.90)	(4.11)
Interest paid	(7.00)	(6.92)	(7.87)	(9.28)	(10.76)	(12.03)	(15.34)	(16.26)	(16.63)	(16.59)	(16.36)
Net cash flows from operating activities	5.76	32.33	39.22	50.25	50.66	52.06	56.77	60.13	61.54	65.06	67.19
Cash flows from investing activities											
Receipts from sale of property, plant and equipment	18.67	7.68	7.56	8.24	8.28	7.60	5.71	5.38	5.07	4.90	5.54
Investments release to NPDC	10.28	10.56	11.19	11.81	12.40	12.97	13.56	14.16	14.76	15.37	15.96
Receipts from sale of other financial assets	0.75	10.28	0.75	0.75	0.75	0.75	0.75	2.25	2.25	2.25	2.25
Purchase of property, plant and equipment	(49.76)	(79.56)	(98.63)	(120.90)	(113.35)	(107.70)	(108.16)	(95.89)	(83.82)	(76.97)	(78.55)
Purchase of other financial assets	(9.97)	(4.32)	(4.08)	(4.50)	(4.40)	(3.95)	(2.95)	(2.78)	(2.59)	(2.59)	(2.58)
Net cash flows from investing activities	(30.03)	(55.36)	(83.21)	(104.60)	(96.32)	(90.33)	(91.09)	(76.88)	(64.33)	(57.04)	(57.38)
Cash flows from financing activities											
Proceeds from borrowings	45.71	34.03	48.16	83.56	64.80	59.89	59.80	36.72	21.81	(7.01)	(9.23)
Repayment of borrowings	(10.10)	(11.00)	(15.00)	(35.00)	(21.00)	(21.00)	(25.00)	(20.00)	(18.00)	-	-
Net cash flows from financing activities	35.61	23.03	33.16	48.56	43.80	38.89	34.80	16.72	3.81	(7.01)	(9.23)
Net increase/(decrease) in cash and cash equivalents	**11.34**	**-**	**(10.83)**	**(5.79)**	**(1.86)**	**0.62**	**0.48**	**(0.03)**	**1.02**	**1.01**	**0.58**
Cash and cash equivalents at the beginning of the year	7.40	18.75	18.75	7.92	2.13	0.28	0.90	1.38	1.34	2.36	3.37
Cash and cash equivalents at the end of the year	**18.75**	**18.75**	**7.92**	**2.13**	**0.27**	**0.90**	**1.38**	**1.35**	**2.36**	**3.37**	**3.95**

Notes to Financial Statements

1. Revenue from targeted rates for metered water supply

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Targeted rates for metered water supply	4.36	5.02	5.26	5.97	19.33	19.99	24.67	23.90	24.40	24.88	26.16

2. Group of activities combined depreciation and amortisation expense

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Community Partnerships	0.33	0.21	0.24	0.24	0.24	0.27	0.27	0.27	0.29	0.29	0.29
Customer and Regulatory Solutions	0.66	0.66	0.69	0.69	0.70	0.76	0.76	0.76	0.83	0.83	0.83
Economic Development	0.09	-	-	-	-	-	-	-	-	-	-
Emergency Management and Business Continuance	0.03	0.03	0.04	0.05	0.05	0.06	0.06	0.06	0.07	0.07	0.07
Flood Protection and Control Works	0.14	0.12	0.13	0.13	0.13	0.14	0.14	0.14	0.15	0.15	0.15
Governance	0.13	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Govett-Brewster Art Gallery/Len Lye Centre	0.62	0.53	0.56	0.57	0.57	0.62	0.62	0.63	0.68	0.70	0.70
Management of Investments and Funding	0.04	-	-	-	-	-	-	-	-	-	-
Parks and Open Spaces	3.14	2.60	2.81	2.95	3.08	3.40	3.50	3.56	3.90	3.96	4.01
Puke Ariki and Community Libraries	1.82	2.08	2.20	2.21	2.21	2.51	2.60	2.60	2.82	2.82	2.82
Stormwater Management	2.78	3.69	3.96	4.02	4.14	4.56	4.62	4.67	5.12	5.17	5.23
Transportation	13.17	11.39	12.29	12.53	12.75	14.06	14.28	14.41	15.72	15.76	15.80
Venues and Events	2.00	1.39	1.53	1.65	1.85	2.18	2.24	2.32	2.44	2.44	2.44
Waste Management and Minimisation	1.06	0.46	0.50	0.51	0.51	0.62	0.63	0.63	0.68	0.68	0.68
Wastewater Treatment	6.27	9.48	10.25	10.59	10.85	12.01	12.26	12.55	13.86	14.01	14.17
Water Supply	5.06	6.60	7.09	7.22	7.28	7.99	8.09	8.20	8.95	8.98	9.02
Other	1.42	2.61	2.78	2.78	2.79	3.14	3.19	3.20	3.48	3.48	3.49
Total depreciation and amortisation expense	**38.54**	**41.86**	**45.09**	**46.17**	**47.18**	**52.34**	**53.27**	**54.02**	**59.01**	**59.37**	**59.72**

Statement of Reserve Funds

NPDC maintains reserve funds as a part of its equity – refer to statement of accounting policies earlier in this section. Schedule 10 Clause 16 requires certain information to be included pertaining to these reserve funds. The following presents a summary of reserve funds over the period of this plan and is followed by a breakdown into the various reserve fund types giving a brief explanation of the types of funds under each category and a table giving the opening balances, movements and closing balances.

Summary of Reserve Funds

The following is a summary of NPDC's expected reserve funds over the life of this plan.

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Opening balances	72.82	74.01	65.10	46.29	37.24	42.72	52.87	53.87	56.08	62.91	70.26
Deposits to reserves	19.63	27.14	28.87	30.00	37.63	42.19	46.02	50.53	52.96	55.76	57.18
Withdrawals from reserves	(33.44)	(36.05)	(47.68)	(39.05)	(32.16)	(32.04)	(45.01)	(48.33)	(46.13)	(48.41)	(51.23)
Closing balances	**59.01**	**65.10**	**46.29**	**37.24**	**42.72**	**52.87**	**53.87**	**56.08**	**62.91**	**70.26**	**76.21**

Note. Opening balances for Budget 2021/22 have been adjusted to reflect the actual opening position at 1 July 2020 and impacts of forecast for 2020/21.

1. **Operating reserve funds.** These are set aside to fund short-term operational matters, such as some loan repayments, or to hold short-term surpluses arising from operations. If not required can be transferred to renewal reserves.

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Opening balances	16.04	14.54	11.65	8.39	6.40	6.70	6.99	7.23	7.52	7.81	8.10
Deposits to reserves	-	0.35	(0.15)	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Withdrawals from reserves	(1.50)	(3.24)	(3.11)	(2.59)	(0.30)	(0.31)	(0.36)	(0.31)	(0.31)	(0.31)	(0.31)
Closing balances	**14.54**	**11.65**	**8.39**	**6.40**	**6.70**	**6.99**	**7.23**	**7.52**	**7.81**	**8.10**	**8.39**

2. **Restricted reserves, trust and bequest funds.** These are funds subject to specific conditions accepted as binding by NPDC, 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 certain specified conditions are met. These include the Waitara Perpetual Community Fund (held by NPDC for Te Tai Pari Trust), heritage funds, proceeds from sale of Junction Road leases, Solid Waste Development Fund, Central Landfill Development Fund, Ngamotu Masonic Lodge Bursary Fund and certain bequest funds: Monica Brewster, Molly Morpeth Canaday, J T Gibson. These funds are applied to infrastructural asset activities, Puke Ariki and Govett-Brewster Art Gallery.

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Opening balances	21.25	36.48	38.46	40.53	43.99	49.12	53.14	55.71	58.93	62.44	66.62
Deposits to reserves	0.45	4.02	5.81	4.73	6.27	5.03	4.18	4.25	4.68	5.48	4.90
Withdrawals from reserves	(0.22)	(2.04)	(3.74)	(1.27)	(1.15)	(1.01)	(1.60)	(1.04)	(1.17)	(1.30)	(1.41)
Closing balances	**21.48**	**38.46**	**40.53**	**43.99**	**49.12**	**53.14**	**55.71**	**58.93**	**62.44**	**66.62**	**70.11**

Statement of Reserve Funds

3. **Development funds.** These include development and financial contributions levied by NPDC for capital works and are intended to contribute to the growth related capital expenditure in the infrastructural asset activities of Roads, Water Supply, Wastewater Management, Stormwater Drainage, Flood Protection and Control Works, Parks, Venues and Events, Puke Ariki and Govett-Brewster Art Gallery.

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Opening balances	1.33	1.33	0.90	0.59	0.59	0.59	0.59	0.59	0.59	0.59	0.59
Deposits to reserves	-	-	-	-	-	-	-	-	-	-	-
Withdrawals from reserves	-	(0.43)	(0.31)	-	-	-	-	-	-	-	-
Closing balances	**1.33**	**0.90**	**0.59**	**0.59**	**0.59**	**0.59**	**0.59**	**0.59**	**0.59**	**0.59**	**0.59**

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

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Opening balances	34.20	21.66	14.09	(3.18)	(13.70)	(13.65)	(7.77)	(9.58)	(10.88)	(7.85)	(4.97)
Deposits to reserves	19.18	22.77	23.21	24.67	30.76	36.56	41.24	45.68	47.68	49.68	51.68
Withdrawals from reserves	(31.72)	(30.34)	(40.48)	(35.19)	(30.71)	(30.68)	(43.05)	(46.98)	(44.65)	(46.80)	(49.51)
Closing balances	**21.66**	**14.09**	**(3.18)**	**(13.70)**	**(13.65)**	**(7.77)**	**(9.58)**	**(10.88)**	**(7.85)**	**(4.97)**	**(2.80)**

Disclosure Statement for the period commencing 1 July 2021

What is the purpose of this statement

The purpose of this statement is to disclose NPDC's planned 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.

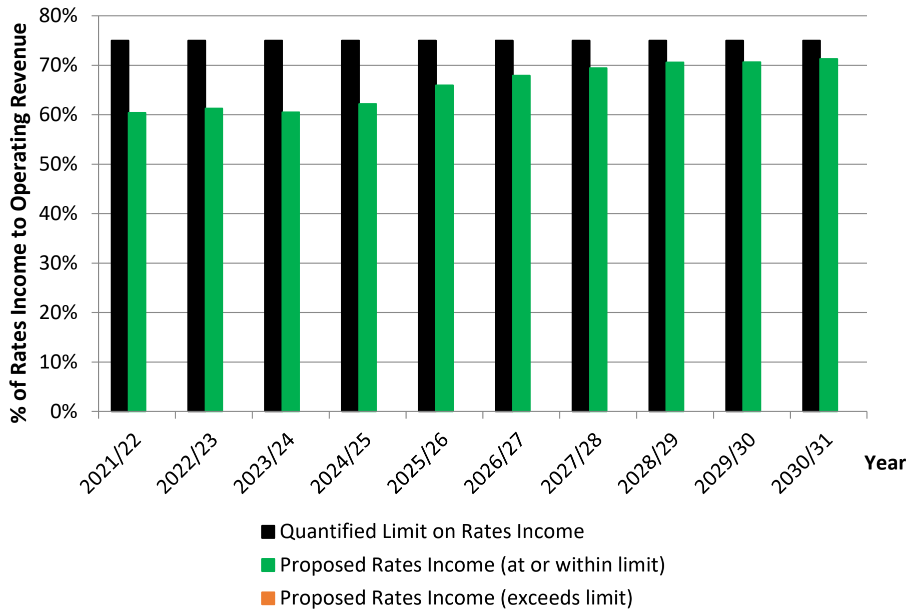
NPDC is required to include this statement in its LTP in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations). Refer to the Regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

NPDC meets the rates affordability benchmark if its planned rates increases equal or are less than each quantified limit on rates increases.

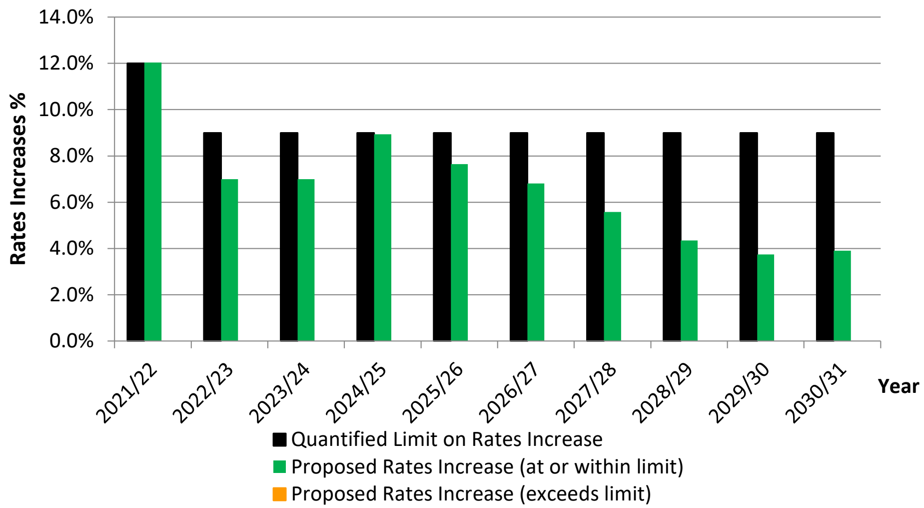
Rates (Income) affordability

The following graph compares NPDC's planned rates with a quantified limit on rates contained in the Financial Strategy included in this LTP. The quantified limit is that rates will not exceed 75 per cent of operating revenue.



Rates (increases) affordability

The following graph compares NPDC's planned rates increases with a quantified limit on rates increases contained in the Financial Strategy included in this LTP. The quantified limit is set at 12 per cent for year one and nine per cent in the folloiwng years.



Note. The proposed rates percentage increase for years two to 10 is the percentage increase with the base being the prior year proposed rates. In 2021/22 (year one), the proposed rates increase is the percentage increase with the base being the actual rates set in 2020/21.

Debt affordability benchmark

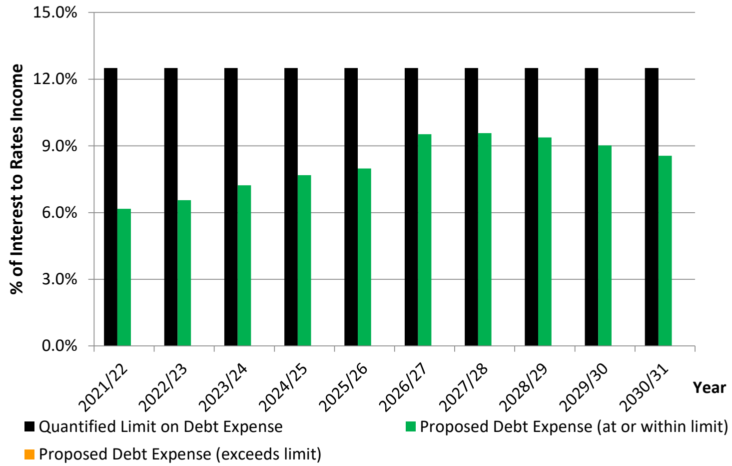
NPDC meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing:

- interest expenses on external borrowings is less than each quantified limit on borrowing; and
- net external debt is less than each quantified limit on borrowing.

Disclosure Statement

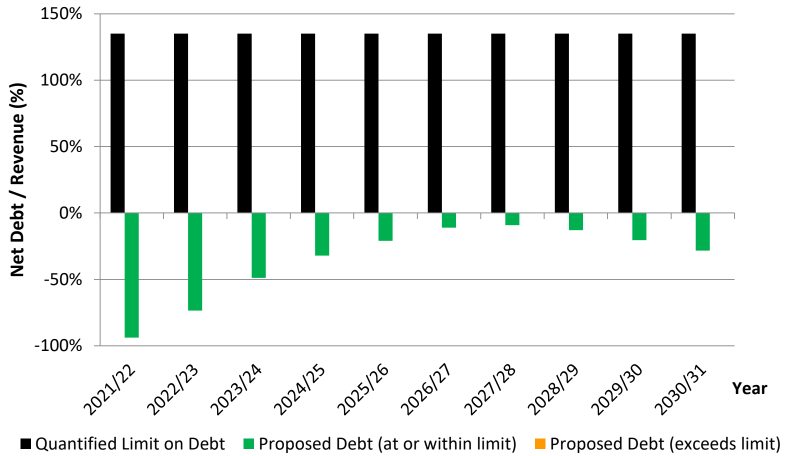
Debt (expense) affordability

The following graph compares NPDC's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this LTP. The quantified limit per the Financial Strategy is for interest expense on external borrowings to be no more than 12.5 per cent of rates income.



Debt affordability

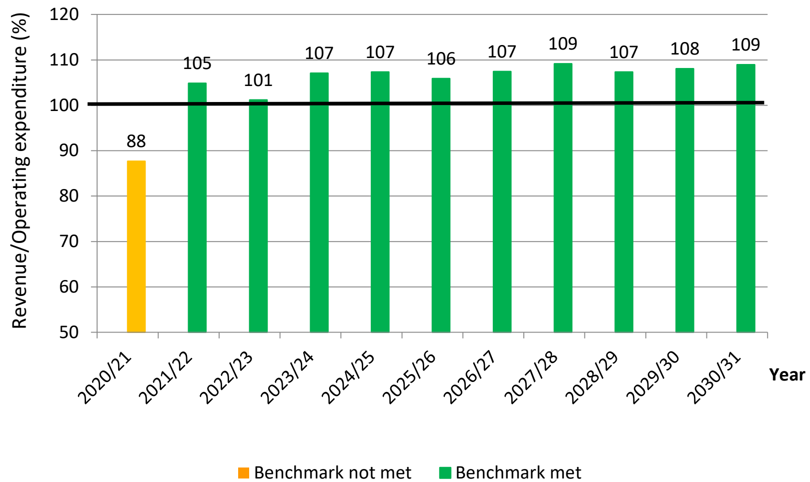
The following graph compares NPDC's planned debt with a quantified limit on borrowing contained in the Financial Strategy included in this LTP. The quantified limit per the Financial Strategy is for net external borrowings to be no more than 135 per cent of total revenue.



Balanced budget benchmark

The following graph displays NPDC's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

NPDC meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

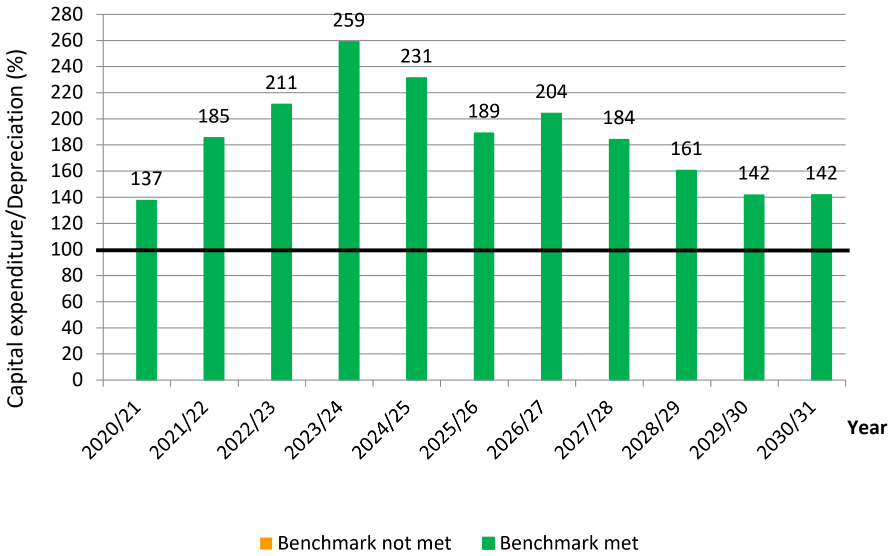


Disclosure Statement

Essential services benchmark

The following graph displays NPDC's planned capital expenditure on network services as a proportion of expected depreciation on network services.

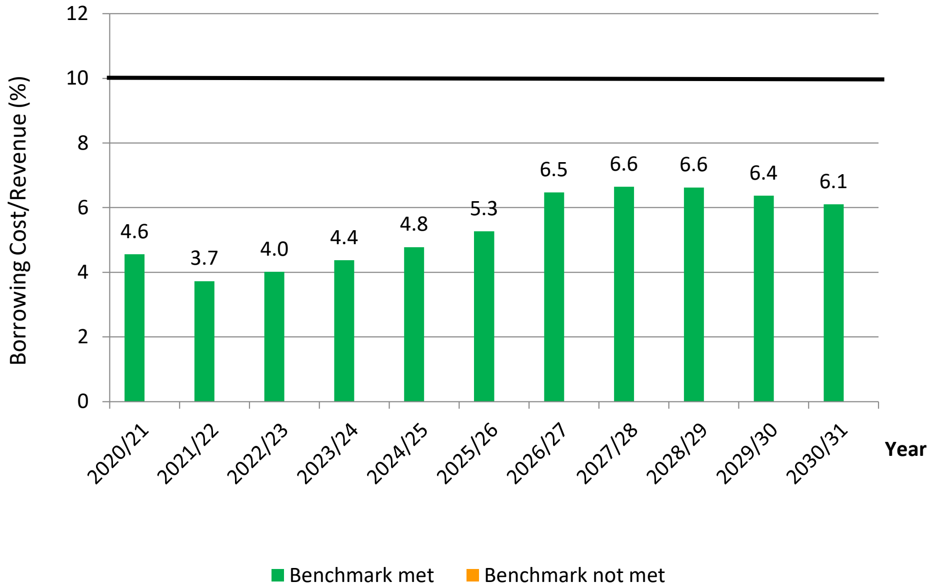
NPDC meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

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

Because Statistics New Zealand projects NPDC's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal, or are less than, 10 per cent of its planned revenue.



Rating System and Information

Rating policies, system and indicative rates

This section complies with the requirements under Schedule 10 clauses 15(3)-(5) and 15A of the Local Government Act 2002. It should be read in conjunction with New Plymouth District Council's (NPDC) Revenue and Financing Policy. Figures quoted are exclusive of GST unless otherwise stated.

Definition of Separately Used or Inhabited Part of a Rating Unit (SUIP)

A SUIP is defined as a separately used or inhabited part of a rating unit and includes any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use. Separately used or inhabited parts include:

- A residential, small holding, or farmland property that contains two or more separately occupiable units, flats or houses each of which is separately inhabited or is capable of separate inhabitation, i.e. has independent kitchen facilities.
- A commercial premise that contains separate shops, kiosks, other retail or wholesale outlets, or offices, each of which is operated as a separate business or is capable of operation as a separate business.

1. General rates

NPDC will set a general rate based on the land value of rateable land in the district together with a uniform annual general charge (UAGC) applied to all SUIPs of a rating unit.

Differential land value categories

NPDC differentiates the general rate based on land use (Schedule 2 Local Government (Rating) Act 2002). The differential categories and percentages of total general rate requirement that apply to each group are:

	Fixed Differential %	Revenue sought 2021/22 ($)
Group 1: Commercial/Industrial All rating units that are used primarily for any commercial or industrial purpose	26.9	19,495,098
Group 2: Residential All rating units with a land area of one hectare or less, not being rating units in Group 1, used for residential and related purposes.	54	39,135,140
Group 3: Small Holdings All rating units, not being rating units included in Groups 1 or 2, having a land area of more than one hectare but no greater than four hectares.	3.6	2,609,010
Group 4: Farmland All rating units, not being rating units included in Groups 1, 2 or 3, having a land area in excess of four hectares.	15.5	11,233,235
Total	**100**	72,472,483

The Revenue and Financing Policy outlines the rules for inclusion into the different groups.

Application of differential calculation

The differential percentages are applied to the total general rate required. The UAGC component is then deducted and the balance is allocated based on individual land values within each category. Refer to the table below.

	Group 1 Commercial/ Industrial	Group 2 Residential	Group 3 Small Holdings	Group 4 Farmland
Group differential requirement	19,495,098	39,135,140	2,609,010	11,233,235
Total UAGC from Group collected	913,873	11,962,896	658,142	1,177,667
Group requirement from land value calculation	18,581,225	27,172,244	1,950,868	10,055,568

Rating System and Information

The differentials per dollar land value are set in the table below.

Differential category	Rate cents/$	Differential factor
Commercial/Industrial	1.5254	4.14
Residential	0.3683	1.00
Small Holdings	0.2998	0.81
Farmland	0.2934	0.80

2. Uniform annual general charge

NPDC will set a UAGC which is a fixed amount assessed on every SUIP. The amount per SUIP (excluding GST) is set in the table below.

	2021/22	2022/23	2023/24
UAGC (excluding GST)	383.98	392.20	404.60

Both the general rate and the UAGC will be used to fund, or assist with funding, all Council activities other than those funded by way of targeted rates for roading, water supply, sewage treatment and disposal, refuse collection and kerbside recycling, swimming pool compliance and voluntary targeted rate for Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes) Scheme.

3. Targeted roading rate

NPDC will set a targeted rate - the Uniform Annual Roading Charge (UARC) to partially fund the roading activity on all rateable land in the district of a fixed amount per SUIP. The amount per SUIP (excluding GST) is set in the table below.

	2021/22	2022/23	2023/24
UARC (excluding GST)	116.22	119.01	122.46

4. Targeted service charge rates

NPDC will charge the following targeted rates:

- Water supply.
- Sewage treatment and disposal.
- Refuse collection and disposal.
- Swimming pool compliance.
- Voluntary targeted rate - Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes) Scheme.

Unless otherwise noted, only those properties that actually receive the service are liable for these charges, irrespective of differential category.

5. Water supply

NPDC has three mechanisms of payment for water supply.

a) Annual water charge is a targeted rate being a fixed amount per SUIP which is connected to an urban water supply but not charged volumetrically. This rate will be charged in 2021/22, 2022/23 and 2023/24 and will be discontinued in 2024/25.The amount per SUIP is $318.40 (excluding GST) for 2021/22.

b) On demand supplies of water by meter is a rate per cubic metre of water supplied to each connection which is metered and charged volumetrically and connected to an urban or rural water supply. A scale of charges is applied as follows:

i) Standard rate for consumption up to or equal to 50,000m^3 per annum $1.41 (per cubic metre) for 2021/22.

ii) Rate for consumption in excess of 50,000m^3 per annum $1.43 (per cubic metre) for 2021/22.

iii) Waitara industrial - untreated supply $0.96 (per cubic metre) for 2021/22.

c) Restricted flow targeted rate. A restricted flow targeted rate is determined by the (user nominated) volume of water able to be supplied within a fixed time period to a SUIP for properties that are not metered and are connected to a rural water supply (in accordance with NPDC's Bylaw Part 14 - Water, Wastewater and Stormwater Services). For 2021/22, the amount per 1m^3 unit is $226.77.

The **network fixed charge targeted rate** is a targeted amount per SUIP which is connected to a water supply by an annual water charge. The amount per SUIP is $37.60 for 2021/22, 2022/23 and 2023/24.

For properties that are not connected to an urban or rural water supply a targeted rate is not assessed.

6. Sewage treatment and disposal

All rating units other than commercial/industrial and schools

NPDC will set a targeted rate for sewage treatment and disposal as a fixed amount per SUIPs (other than commercial/industrial rating units and schools) connected either directly or through a private drain to a public sewerage drain.

The amount per SUIP is $470.43 for 2021/22.

Commercial/industrial and schools

NPDC will set a targeted rate per water closet or urinal per SUIP connected either directly or through a private drain to a public sewerage drain or commercial/industrial properties and schools as per the following scale per water closet or urinal for 2021/22.

	($)
One to two	470.43
Three	400.00
Four	353.04
Five	306.09
Six to 10	282.61
11 to 15	259.13
16 to 20	246.96
21 or more	235.65

Expansion of sewerage scheme charges (including Ōākura)

For rating units in the area to which the sewerage scheme was expanded and is now available (including Ōākura), where an agreement to connect was obtained but the rating unit has not yet connected, a targeted rate per SUIP will be set as a fixed amount (which is half the full amount). The amount per SUIP for 2021/22 is $235.65. Once connected the full amount will apply in the next financial year.

All rating units in the district which are neither connected to the sewerage system or are not serviceable are not liable for these rates.

7. Refuse collection and disposal including kerbside recycling

NPDC will set a targeted rate for refuse collection and disposal (including kerbside recycling) as a fixed amount per SUIP to which the Council provides the service for which the charge is assessed. The amount per SUIP is $172.00 for 2021/22.

8. Swimming pool compliance (registration and audit inspection pursuant to the Building Act 2004)

NPDC will set a targeted rate for swimming pool compliance as a fixed amount per SUIP which have a swimming pool/spa pool on the rating unit. The amount per SUIP is $42.44 for 2021/22.

9. Voluntary Targeted Rate - Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes) Scheme

The Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes) Scheme rate is a targeted rate set on properties that have benefited from funding by NPDC in respect of the property for a range of household sustainability initiatives. The rate is calculated at either 11.1 per cent (for those who opted for a nine year repayment period) or 20 per cent (for those who opted for a five year repayment period) of the service amount (the cost of the borrowed amount) until the service amount and the costs of servicing the service amount are recovered and is charged on a rating unit basis. For the avoidance of doubt, this rate includes ratepayers who used NPDC's Voluntary Targeted Rate for Home Energy Scheme prior to its expansion as Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes) Scheme.

Due dates and penalties

NPDC's rates (excluding metered water rates) for the 2021/22 year (1 July 2021 to 30 June 2022) will become due and payable by four equal instalments on the following dates:

Instalment 1: 25 August 2021

Instalment 2: 24 November 2021

Instalment 3: 23 February 2022

Instalment 4: 25 May 2022

NPDC will charge a penalty of 10 per cent on any part of each respective instalment (for rates excluding metered water rates) that remains unpaid after the instalment due dates listed above.

In addition, NPDC will charge a penalty of 10 per cent on any portion of rates (for rates excluding metered water rates) that were assessed or levied in any previous financial years prior to 1 July 2021 and which remain unpaid on 1 July 2021. The penalty will be applied on 30 September 2021 and a further additional penalty of 10 per cent on any portion of rates that were assessed or levied in any previous financial years and which remain unpaid on 31 March 2022.

Metered water rates for the 2021/22 year (1 July 2021 to 30 June 2022) will generally be invoiced on a quarterly basis. However, rating units may be invoiced monthly if the unit has previously been invoiced monthly or NPDC has been notified before 30 June 2021 to be invoiced monthly.

Rating System and Information

Invoices for metered water invoiced quarterly will become due and payable on the following dates:

Instalment 1: 24 November 2021

Instalment 2: 23 February 2022

Instalment 3: 25 May 2022

Instalment 4: 24 August 2022

NPDC will charge a penalty of 10 per cent on any part of each respective instalment (for metered water rates) that remains unpaid after the instalment due dates listed above.

Invoices for metered water invoiced on a monthly basis will become due and payable on the following dates:

Instalment 1: 20 August 2021

Instalment 2: 20 September 2021

Instalment 3: 20 October 2021

Instalment 4: 22 November 2021

Instalment 5: 20 December 2021

Instalment 6: 20 January 2022

Instalment 7: 21 February 2022

Instalment 8: 21 March 2022

Instalment 9: 20 April 2022

Instalment 10: 20 May 2022

Instalment 11: 20 June 2022

Instalment 12: 20 July 2022

NPDC will charge a penalty of 10 per cent on any part of each respective instalment (for metered water rates) that remains unpaid after the instalment due dates listed above.

Rating base information

	A/Plan 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Budget 2027/28	Budget 2028/29	Budget 2029/30	Budget 2030/31
Projected number of rating units	36,329	36,716	37,103	37,490	37,877	38,264	38,651	39,038	39,425	39,812	40,199
Projected total capital value of rating units ($m)	24,076	24,244	24,394	24,544	24,695	24,845	24,995	25,152	25,309	25,466	25,623
Projected total land value of rating units ($m)	12,825	12,993	13,143	13,293	13,444	13,594	13,744	13,901	14,058	14,215	14,372

Lump sum contributions

NPDC may accept lump sum contributions in respect of any targeted rate.

Rating System and Information

Examples of the impact of the rating proposals (GST inclusive)

The following examples show the impact of the rating proposals on low, medium and high valued properties for each differential for 2021/22. They are required to be provided under clause 15(5) of Schedule 10 of the Local Government Act 2002 and are indicative only. (Plus, approximate average case for each group based on average land value and pans for commercial/industrial.) The examples exclude the swimming pool compliance targeted rate and the voluntary Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes) Scheme targeted rate. More information about these rates can be found on page 178.

Residential land value (LV)	$111,000 LV	$165,000 LV	$215,000 LV	$285,000 LV	$500,000 LV
General Rate	470.13	698.85	910.62	1,207.10	2,117.73
Uniform annual general charge	441.58	441.58	441.58	441.58	441.58
Targeted rates					
Uniform annual roading charge	133.65	133.65	133.65	133.65	133.65
Uniform annual sewage charge	541.00	541.00	541.00	541.00	541.00
Uniform annual water charge:					
- Network fixed charge	43.24	43.24	43.24	43.24	43.24
- Standardised consumption charge	366.16	366.16	366.16	366.16	366.16
Uniform annual refuse charge	197.80	197.80	197.80	197.80	197.80
Total	**2,193.56**	**2,422.28**	**2,634.05**	**2,930.53**	**3,841.16**
Increase $ over 2020/21	**164.57**	**200.22**	**233.23**	**279.43**	**421.35**

Commercial/Industrial land value (LV)	$42,000 LV	$205,000 LV	$380,000 LV	$720,000 LV	$1,930,000 LV
General Rate	736.77	3,596.13	6,666.00	12,630.31	33,856.25
Uniform annual general charge	441.58	441.58	441.58	441.58	441.58
Targeted rates					
Uniform annual roading charge	133.65	133.65	133.65	133.65	133.65
Uniform annual sewage charge	541.00	541.00	1,760.00	1,760.00	3,250.00
Uniform annual water charge:					
- Network fixed charge	43.24	43.24	43.24	43.24	43.24
- Standardised consumption charge	366.16	366.16	366.16	366.16	366.16
Total	**2,262.40**	**5,121.76**	**9,410.63**	**15,374.94**	**38,090.88**
Increase $ over 2020/21	**194.08**	**623.72**	**1,165.95**	**2,062.13**	**5,431.48**

Rating System and Information

Small Holdings land value (LV)

Small Holdings land value (LV)	$170,000 LV	$280,000 LV	$335,000 LV	$425,000 LV	$640,000 LV
General Rate	586.11	965.36	1,154.98	1,465.27	2,206.53
Uniform annual general charge	441.58	441.58	441.58	441.58	441.58
Targeted rates					
Uniform annual roading charge	133.65	133.65	133.65	133.65	133.65
Total	**1,161.34**	**1,540.59**	**1,730.21**	**2,040.50**	**2,781.76**
Increase $ over 2020/21	**93.75**	**152.19**	**181.41**	**229.23**	**343.46**

Farmland land value (LV)

Farmland land value (LV)	$150,000 LV	$395,000 LV	$570,000 LV	$1,200,000 LV	$4,020,000 LV
General Rate	506.12	1,332.77	1,923.24	4,048.92	13,563.88
Uniform annual general charge	441.58	441.58	441.58	441.58	441.58
Targeted rates					
Uniform annual roading charge	133.65	133.65	133.65	133.65	133.65
Total	**1,081.35**	**1,908.00**	**2,498.47**	**4,624.15**	**14,139.11**
Increase $ over 2020/21	**68.64**	**175.13**	**251.21**	**525.07**	**1,750.92**

Rating System and Information

Total Rates

	A/Plan 2020/21 ($)	LTP 2021/22 ($)
Uniform annual general charge (UAGC)	14,457,272	14,712,578
General rate	49,267,260	57,759,985
Sub total (general rates)	63,724,532	72,472,563
Uniform annual roading charge (UARC)	4,369,939	4,447,977
Uniform annual sewage charge (UADC)	14,381,106	15,238,132
Uniform annual water charge (UAWC)	8,438,575	9,931,442
Water by meter charges	4,358,052	5,019,558
Uniform annual refuse charge (UARC)	4,885,121	5,070,408
Swimming pool compliance charge (UAPC)	-	42,000
Sub total (targeted rates/charges)	36,432,793	39,749,517
Total	**100,157,325**	**112,222,080**

The figures above do not include GST. GST will be added at applicable rates.

Rating System and Information

Rates and Charges	A/Plan 2020/21 ($)	LTP 2021/22 ($)
General rates		
Uniform annual general charge	381.69	383.98
Differential rates (cents per $ of rateable value):		
- Group 1 (Commercial/Industrial)	1.2962c	1.5254c
- Group 2 (Residential)	0.3109c	0.3683c
- Group 3 (Small Holdings)	0.2536c	0.2998c
- Group 4 (Farmland)	0.2556c	0.2934c
Targeted rates/charges		
Uniform annual roading charge	115.53	116.22
Uniform annual refuse charge per serviced household	165.11	172.00
Uniform annual sewage charge - all rating units other than commercial/industrial	453.91	470.43
Uniform annual sewage charge - commercial/ industrial (including schools) (scale of charges per water closet or urinal):		
- One to two	453.91	470.43
- Three	380.00	400.00
- Four	332.17	353.04
- Five	288.70	306.09
- Six to 10	258.26	282.61
- 11 to 15	240.87	259.13
- 16 to 20	232.17	246.96
- 21 or more	227.83	235.65
Ōākura part charge	236.52	235.65
Uniform annual water charge:		
- Network fixed charge	32.00	37.60
- Consumption variable charge	271.00	318.40
Swimming pool compliance charge	42.19	42.44

Rates and Charges	A/Plan 2020/21 ($)	LTP 2021/22 ($)
Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes) Scheme - funding assistance depending on each funding arrangement		
Water charges		
On demand supplies by water by meter (WBM):		
- Supply charge (for all metered customers)	32.00	37.60
- Standard rate for consumption up to 50,000m^3 (per cubic metre)	1.20	1.41
- Industrial rate for consumption in excess of 50,000m^3 per annum (per cubic metre)	1.22	1.43
Waitara industrial - untreated supply (per cubic metre)	0.82	0.96
Restricted flow connections (per water unit as defined by Water, Wastewater and Stormwater Services Bylaw (Part 14))	192.62	226.77

Note: large users are charged the standard WBM rate to 50,000m^3 and the industrial rate for amounts in excess of 50,000m^3

The figures above do not include GST. GST will be added at applicable rates.

Funding Impact Statement

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Sources of operating funding											
General rates, uniform annual charges, rates penalties	61.92	70.42	75.75	79.16	88.85	91.26	99.29	100.71	103.15	104.78	107.29
Targeted rates	36.04	39.33	41.77	46.68	48.38	56.57	58.71	66.15	70.99	75.88	80.44
Subsidies and grants for operating purposes	6.61	8.95	7.30	7.12	8.31	8.35	8.47	8.72	8.80	9.13	9.67
Fees and charges	18.24	25.97	34.93	33.74	38.80	37.19	36.79	37.82	38.53	40.42	40.15
Interest and dividends from investments	12.54	12.28	12.91	13.49	14.05	14.59	15.15	15.72	16.29	16.87	17.43
Local authorities fuel tax, fines, infringement fees and other receipts	0.85	1.38	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Total operating funding (A)	136.20	158.33	174.03	181.56	199.76	209.33	219.78	230.49	239.13	248.45	256.35
Applications of operating funding											
Payments to staff and suppliers	(131.41)	(131.32)	(142.61)	(145.69)	(153.62)	(154.06)	(154.94)	(157.02)	(161.53)	(167.48)	(173.38)
Finance costs	(7.04)	(6.92)	(7.87)	(9.28)	(10.76)	(12.03)	(15.34)	(16.26)	(16.63)	(16.59)	(16.36)
Internal charges and overheads applied	-	2.67	2.73	2.80	2.86	2.92	2.98	3.05	3.12	3.20	3.26
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	(138.45)	(135.57)	(147.75)	(152.17)	(161.52)	(163.17)	(167.30)	(170.23)	(175.04)	(180.87)	(186.48)
Surplus/(deficit) of operating funding (A - B)	**(161.53)**	**22.76**	**26.28**	**29.39**	**38.24**	**46.16**	**52.48**	**60.26**	**64.09**	**67.58**	**69.87**
Sources of capital funding											
Subsidies and grants for capital expenditure	8.63	22.76	17.33	25.37	19.86	14.02	13.31	10.46	8.34	8.29	7.83
Development and financial contributions	2.36	2.96	3.08	3.19	3.31	3.44	3.57	3.71	3.85	3.99	4.15
Increase/(decrease) in debt	12.33	23.03	33.15	48.56	43.81	38.89	34.80	16.71	3.81	(7.01)	(9.24)
Gross proceeds from sale of assets	17.40	7.68	7.56	8.23	8.28	7.60	5.70	5.38	5.06	4.90	5.54
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	40.72	56.43	61.12	85.35	75.26	63.95	57.38	36.26	21.06	10.17	8.28
Applications of capital funding											
Capital expenditure:											
- to meet additional demand	(5.61)	(8.21)	(10.27)	(11.10)	(7.73)	(6.58)	(7.95)	(10.30)	(6.56)	(7.56)	(7.84)
- to improve the level of service	(12.42)	(30.32)	(43.25)	(57.93)	(50.84)	(49.75)	(49.01)	(30.07)	(24.10)	(14.14)	(13.19)
- to replace existing assets	(31.74)	(41.03)	(45.11)	(51.87)	(54.78)	(51.37)	(51.20)	(55.51)	(53.15)	(55.26)	(57.51)
(Increase)/decrease in reserves	11.30	6.93	8.50	3.01	(3.20)	(5.01)	(3.90)	(1.17)	(1.68)	(1.13)	0.06
(Increase)/decrease of investments	-	(6.56)	2.73	3.15	3.05	2.60	2.20	0.53	0.34	0.34	0.33
Total applications of capital funding (D)	(38.47)	(79.19)	(87.40)	(114.74)	(113.50)	(110.11)	(109.86)	(96.52)	(85.15)	(77.75)	(78.15)
Surplus/(deficit) of capital funding (C-D)	**2.25**	**(22.76)**	**(26.28)**	**(29.39)**	**(38.24)**	**(46.16)**	**(52.48)**	**(60.26)**	**(64.09)**	**(67.58)**	**(69.87)**
Funding balance (A-B) + (C-D)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Funding Impact Statement

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

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Depreciation and amortisation expense											
Depreciation expense	36.74	41.86	45.09	46.17	47.18	52.34	53.27	54.02	59.01	59.37	59.72
less deferred/unfunded	(18.30)	(19.30)	(22.08)	(21.70)	(16.62)	(15.97)	(12.22)	(8.54)	(11.52)	(9.88)	(8.23)
Net funding transferred to renewals reserves	**18.44**	**22.56**	**23.01**	**24.47**	**30.56**	**36.37**	**41.05**	**45.48**	**47.49**	**49.49**	**51.49**

Reconciliation Summary

Reconciliation of prospective financial plan, summary funding impact statement and prospective financial statements

PBE FRS 42: Prospective Financial Statements (specifically paragraph 40) requires reconciliation or narrative explaining differences in presentation of prospective financial information. Earlier in this section, NPDC presented its Prospective Financial Plan, Prospective Financial Statements and Summary Funding Impact Statement. The following reconciliation explains the differences in accounting treatment of the operating sections of each of the prospective financial statements.

	A/Plan 2020/21 ($m)	Budget 2021/22 ($m)	Budget 2022/23 ($m)	Budget 2023/24 ($m)	Budget 2024/25 ($m)	Budget 2025/26 ($m)	Budget 2026/27 ($m)	Budget 2027/28 ($m)	Budget 2028/29 ($m)	Budget 2029/30 ($m)	Budget 2030/31 ($m)
Sources of operating funding											
Total operating funding (A)	136.20	158.33	174.02	181.55	199.76	209.33	219.77	230.49	239.14	248.46	256.35
***add* sources of capital funding:**											
- Subsidies and grants for capital expenditure	8.63	22.76	17.33	25.37	19.86	14.02	13.31	10.46	8.34	8.29	7.83
- Development and financial contributions	2.36	2.96	3.08	3.19	3.31	3.44	3.57	3.71	3.85	3.99	4.15
***add* Statement of comprehensive revenue and expense:**											
- Unrealised gain/(loss) on PIF	4.63	9.10	9.17	9.26	9.39	9.55	9.69	9.80	9.89	10.00	10.12
- Disposals gain/(loss) from sale of assets	8.70	4.80	4.66	5.42	5.52	5.12	3.79	3.75	3.62	3.64	3.88
- Vested assets	4.21	4.30	4.40	4.54	4.65	4.77	4.89	5.02	5.15	5.29	5.43
Total operating revenue as per statement of comprehensive revenue and expense	**164.73**	**202.25**	**212.66**	**229.33**	**242.49**	**246.23**	**255.02**	**263.23**	**269.99**	**279.67**	**287.76**
Applications of operating funding											
Total applications of operating funding (B)	138.46	135.57	147.75	152.17	161.52	163.17	167.30	170.23	175.04	180.87	186.47
***add* Statement of comprehensive revenue and expense:**											
- Depreciation and amortisation expenses	36.74	41.86	45.09	46.17	47.18	52.34	53.27	54.02	59.01	59.37	59.72
- Revaluation (gain)/loss on forestry	(0.12)	(0.17)	0.90	(0.06)	1.04	0.19	(0.11)	(0.12)	(0.12)	0.66	(0.10)
Total operating revenue as per statement of comprehensive revenue and expense	**175.08**	**177.26**	**193.74**	**198.28**	**209.74**	**215.70**	**220.46**	**224.13**	**233.93**	**240.90**	**246.09**