



ANNUAL REPORT

2019/20



Te Kaunihera-ā-Rohe o Ngāmotu

**New Plymouth
District Council**



Welcome to NPDC's Annual Report for 2019/20

The Annual Report is our way of being accountable to you.

It sets out what we have achieved in the last year and looks at the progress we have made in providing the sort of district that you have said is important.

This Annual Report compares our achievements and progress to what was planned in our Long-Term Plan 2018-2028.

Under the Local Government Act 2002, all councils must produce an Annual Report and have certain information audited. Audit New Zealand has successfully completed this audit and their opinion can be found on page 149.

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Mayor and Chief Executive's message

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

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



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

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

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

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

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

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

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

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

A blue ink signature of Neil Holdom.

Neil Holdom
Mayor

A blue ink signature of Craig Stevenson.

Craig Stevenson
Chief Executive

OUR STRATEGIC FRAMEWORK | BUILDING A LIFESTYLE CAPITAL

He Whakatūtū Haupū Rawa Hei Āhua Noho



Putting people first
Aroha ki te Tangata



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



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

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



COMMUNITIES
Ngā Hapori Whānui



ENVIRONMENT
Te Taiao



GROWTH
Te Whakatipuranga



TALENT
He Tangata Pūmanawa



CITIZENS
Ngā Kirirarau



DESTINATION
Te Wāhi Mutunga



CENTRAL CITY
Te Pokapū Tāone



INDUSTRY
Te Rāngai Ahumahi

Our year in review

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



People / He Tangata

Putting people first / Aroha ki te Tangata

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

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

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

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

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

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

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

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

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



Place / Tiakina

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

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

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

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

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

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

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



Prosperity / Āwhina

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

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

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

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

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

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

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

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

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

Covid-19 and NPDC timeline

Covid-19 Events



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



NPDC Actions and Responses



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



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

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



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

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



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

- 9 Jun Level 1 restrictions introduced



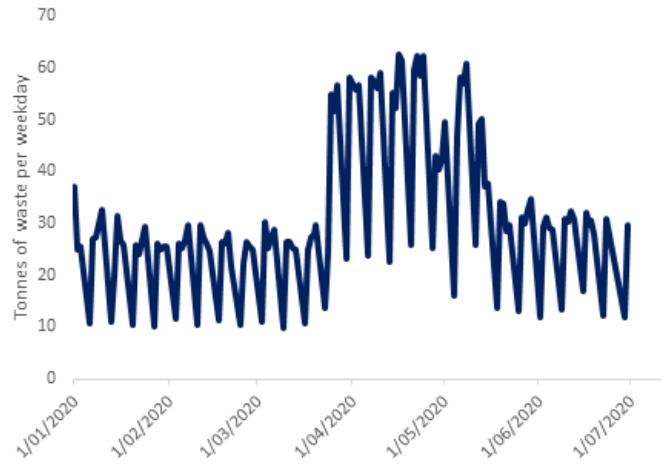
- 2 Jun Council revokes Chief Executive's emergency delegations
- 10 Jun Todd Energy Aquatic Centre reopens
- 17 Jun Council considers community feedback on aspects of the GUBOOF Plan, adopts all initiatives and decides to add in three months of one-hour free parking from 1 July to 30 September
- 30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

What the data shows on how Covid-19 impacted our services

This section provides an overview from a range of different measures that show the various impacts of Covid-19 on some of the Council's operations. This section is focused on aspects of Council service delivery with available recorded data, and is illustrative of the overall impact on the Council's operations. Data sources vary in the timeframes available.

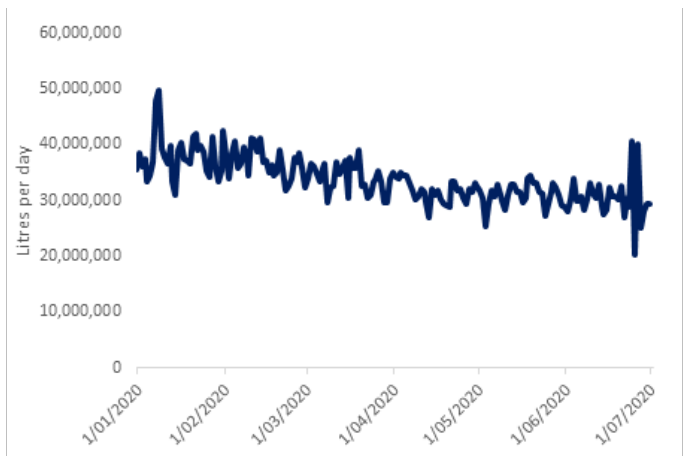
The amount of waste we collected increased significantly over lockdown

During lockdown the Council reduced its kerbside collection services. On 25 March the Council stopped collecting food waste and recycling, and instead moved landfill waste collection from fortnightly to weekly. This is reflected in the kerbside landfill waste collection tonnage. Waste volumes more than doubled during the lockdown period. Post-lockdown, and services returning to normal on 28 April, has seen waste levels slightly higher than the level pre-lockdown. This could indicate that some households shifted habits during lockdown and have not returned to using the recycling and/or food waste kerbside collection services.



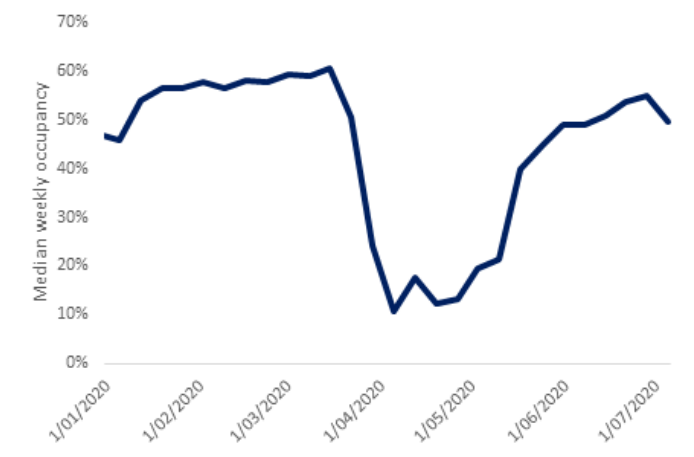
The lockdown did not change the volume of water we supply

Our four water supply networks did not record any significant change over the lockdown period. Water use followed its regular decline from the summer high period. A significant reason for this is that a number of the largest water users were deemed 'essential services' (such as those in the food manufacturing and process industries) and continued to operate during lockdown. This may also reflect that any decline in other commercial and industrial use was tempered by a related increase in residential water use.



We recorded a significant drop in the use of our car parks in New Plymouth CBD during lockdown

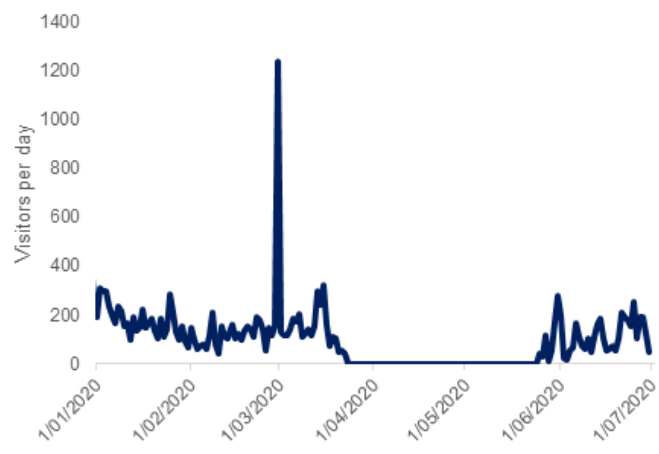
Parking in the CBD peaked during the WOMAD weekend before lockdown occurred. While overall retail spending peaked in the week after that – indicating that the additional retail expenditure was not in CBD businesses (but rather at supermarkets with their own parking). The median weekly occupancy of car parking in New Plymouth CBD fell significantly during the lockdown period. However, there was still between 10 and 20 per cent median occupancy for car parks in the CBD over the lockdown period. Occupancy returned reasonably quickly post-lockdown, but sat below the occupancy level before lockdown occurred. The Council responded to this by introducing one hour of free parking in the CBD from 1 July to 30 September 2020 (in the next financial year from this Annual Report).



What the data shows on how Covid-19 impacted our services

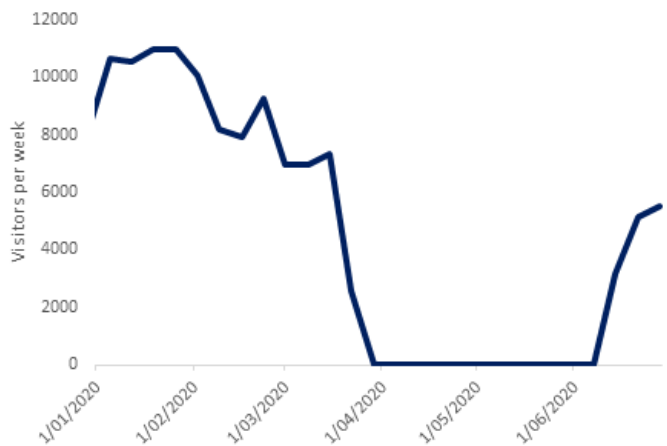
Visitors to the Govett-Brewster Art Gallery and Len Lye Centre dropped to zero as it closed

The Govett-Brewster Art Gallery and Len Lye Centre shut its doors on 24 March 2020, just under a month after its 50th Birthday Party event on 29 February (causing a significant spike in visitation on that day). There was a decrease before lockdown, suggesting that concerns about social distancing may have resulted in people avoiding indoor public places such as the Gallery. The Gallery reopened two months later on 25 May 2020. Since that time visitor numbers are slightly lower than prior to lockdown, potentially reflecting reduced international tourism.



The Todd Energy Aquatic Centre closed and visitor numbers dropped to zero

The Todd Energy Aquatic Centre numbers were following the usual downwards trend following the summer peak before lockdown. The Aquatic Centre closed mid-week on 20 March. Post-lockdown the Council undertook resurfacing of the bottom of the indoor pool while social distancing restrictions were in place (as these requirements limited the financial viability of the Aquatic Centre to operate). Upon reopening on 10 June the Aquatic Centre returned to usual levels for the time of year.



New Plymouth Airport passenger numbers fell to virtually nothing and have stayed low

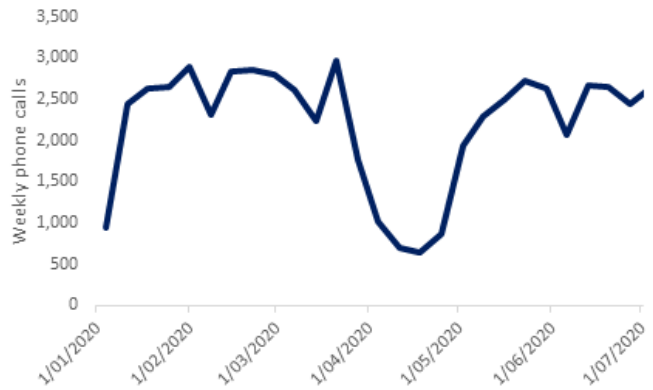
New Plymouth Airport managed by our Council-controlled organisation Papa Rererangi i Puketapu Ltd, recorded significant reduction in air traffic as a result of Covid-19. Passenger numbers had already dropped following Jetstar's withdrawal of services in late 2019, although passenger numbers still exceeded forecasts for the new terminal development's business case. During lockdown Air New Zealand suspended operations to and from New Plymouth Airport, and there were virtually no passengers through New Plymouth Airport in April. Air New Zealand began with a limited flight schedule on 14 May, with a slow increase in schedule through June. Passenger numbers through New Plymouth Airport were still significantly down in June, although experienced a four-fold increase in May.



What the data shows on how Covid-19 impacted our services

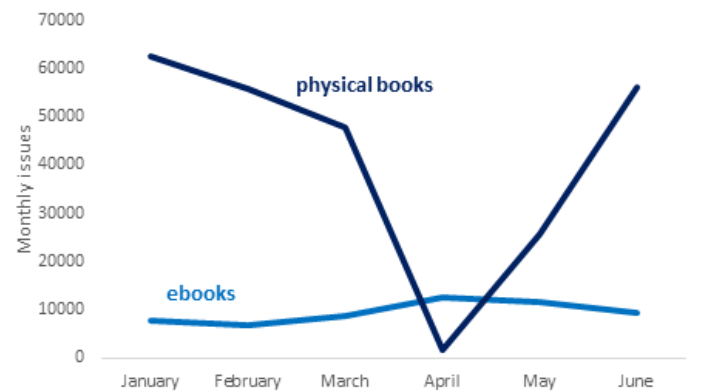
Contact Centre call volumes dropped over lockdown

The Council's contact centre answers calls on behalf of all of the Council. Calls spiked just before the country entered lockdown. Our contact centre staff worked from home over the lockdown period, although call volumes were relatively low during that time. Anecdotally contact centre staff reported that a higher than normal proportion of calls during lockdown were about the kerbside collection services rather than service requests. Post-lockdown levels returned to normal relatively quickly.



Our libraries switched to issuing ebooks rather than physical books

The Council's libraries recorded a significant increase in ebook checkouts during lockdown, as well as for other digital services. At the same time, there was a larger drop off in physical books issued during lockdown. During Alert Levels 2 and 3 Puke Ariki was able to offer services to those over 65 years old through home delivery. Since reopening on 25 May, our libraries have returned to pre-lockdown levels quickly in terms of physical books issued, while ebooks have dropped but remain higher than before lockdown.



Working together with Māori

LEGISLATION

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

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

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

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

ENGAGING WITH MĀORI

The Council recognises that the need to consult with tangata whenua stems from the Treaty of Waitangi principle of partnership. Requiring both parties to act reasonably and make informed decisions, the Council acknowledges engaging and consulting with tangata whenua often leads to a better understanding of the issues and opportunities. In many instances, this will result in stronger, trusting relationships, and in many instances, positive outcomes of mutual benefit.

To ensure consistency in its decision-making, the Council has in place a Significance and Engagement Policy. The policy sets out how the Council will determine the significance of an issue, proposal, decision or other matter, and the extent of engagement required with Iwi-Māori and identified key stakeholders.

TANGATA WHENUA

Traditionally, there are six iwi who, as tangata whenua, exercise mana whenua over defined areas within the New Plymouth District. They are:

Iwi	Waka
Ngāti Tama	Tokomaru
Ngāti Mutunga	Tokomaru
Te Āti Awa	Tokomaru
Ngāti Maru	Tokomaru
Ngāti Maniapoto	Tainui
Taranaki Iwi	Kurahaupō

Working together with Māori

With the exception of Ngāti Tama, the other iwi, through their respective iwi authorities recognise the following hapū groupings:

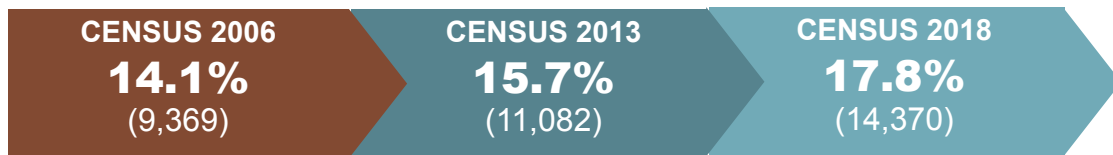
Taranaki Iwi Te Kāhui o Taranaki ¹	Te Ātiawa Te Kotahitanga o Te Ātiawa ²	Ngāti Maru Te Rūnanga o Ngāti Maru Taranaki Trust ³	Ngāti Mutunga Te Runanga o Ngāti Mutunga ⁴	Ngāti Maniapoto Maniapoto Māori Trust Board ⁵
Ngā Mahanga Ngāti Tairi	Ngāti Rahiri Ngāti Tawhirikura Ngāti Te Whiti Ngāti Tuparikino Ōtaraua Manukorihi Pukerangiora Puketapu	Ngāti Hinemokai Ngāti Rongonui Ngāti Kopua, Ngāti Tamatapui Ngariki Ngāti Kui Ngāti Te Ika Ngāti Tamakehu	Ngāti Okiokinga Te Kekerewai Ngāti Aurutu Ngāti Hinetuhi Kaitangata Ngāti Kura Ngāti Uenuku Ngāti Tupawhenua or Ngāti Tū	Ngāti Rākei Ngāti Rungaterangi Ngāti Rōrā

Clicking on the iwi authority links will take you to their respective websites, where you will find information including: histories; tribal areas; associated hapū/marae; vision statements; cultural, social and environmental priorities; and contact details.

CENSUS 2018

On 6 March 2018, 80,679 people were residing in the New Plymouth District.

New Plymouth District population identified as Māori



The 2018 Census increase of 17.8 per cent is also 2.4 per cent higher than the national average, where those identifying as Māori accounted for 15.4 per cent (744,800) of the total population (4,840,600) counted on Census Day 2018.

With this ongoing upward trend in the growth of the Māori population, an average median age of 24.8 years (compared to 40.6 years for the District), and the increasing contribution and participation of iwi in local and regional economies, it is critical that we look at ways to increase capability and support Māori participation in our decision-making systems and processes.

¹ <https://taranaki.iwi.nz/>

² <https://teatiawa.iwi.nz/>

³ <https://maru.nz/>

⁴ <https://ngatimutunga.iwi.nz/>

⁵ <https://www.maniapoto.iwi.nz/>

Working together with Māori

WHAT WE HAVE DONE

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

Aligned to NPDC's strategic principles of He Tangata/People, Tiakina/Place and Āwhina/Prosperity, these activities are summarised below.



He Tangata / People

Aroha ki te Tangata / Putting people first

Taranaki Civil Defence Covid-19 Response

In late March 2020, Aotearoa-New Zealand entered into Alert Level 4 lockdown as a result of the Covid-19 pandemic. Supporting a national response to the event, Taranaki Civil Defence Emergency Management (CDEM) activated its regional response structure. Setting up an Emergency Coordination Centre at the New Plymouth TSB Stadium, staff from three local government authorities, Te Puni Kōkiri and local community volunteers assisted in the coordination of Civil Defence, iwi and local Māori social and health provider responses to the pandemic.

Clearly demonstrating a capacity to identify and respond quickly to the needs of Iwi-Māori, the event emphasised the importance of Council, Civil Defence and other agencies working more closely with iwi and local Māori providers in the future. Iwi have already signalled that they wish to be more involved in the regional CDEM structure, as well as develop iwi capacity and capability to group and local controller levels.

The Council is also working alongside iwi in co-designing a delivery model which will incorporate iwi participation at all stages of the Taranaki regional recovery response. Similarly, an innovative regional Civil Defence and Iwi co-leadership model is being developed which will be considered by the National Emergency Management Agency.

Te Rewarewa Reserve

In 2007, the Council and Ngāti Tawhirikura hapū signed an agreement to co-manage the Te Rewarewa Reserve. A site of significant spiritual, cultural and historical importance to the hapū, the agreement describes the expectations and aspirations of both parties in the care and development of the reserve.

Under the agreement, the Te Rewa Rewa Management Committee was established to co-manage the care, maintenance and development of the reserve.

The Council initiatives achieved under the agreement include the Coastal Walkway section west of the Waiwhakaiho River, and the internationally recognised Te Rewa Rewa Bridge.

In 2018, after a review of the co-management entity originally established to implement the agreement, the Te Rewarewa Reserve Working Party was set up. Made up of both Council and Ngāti Tawhirikura representatives, the working group is overseeing the development of a reserve co-management plan, which will guide care and development of the site over the next 10 years.

Te Kōwhatu Tū Moana

In March 2019, the Council signed an agreement with Te Kōwhatu Tū Moana (representing Te Āti Awa hapū Manukorihi and Otaraua) at Ōwae Marae detailing how we will work together to manage the proceeds of the sale of Waitara endowment land.

Under the Waitara Lands Act, 770 leasehold sections can be purchased by occupiers, with the revenue from sales to be used towards:

- A Hapū Land Fund for Te Kōwhatu Tū Moana Trust to be able to buy, develop and manage land in Waitara;
- A Waitara Perpetual Community Fund to help support community projects in Waitara, with the Council and Te Kōwhatu Tū Moana Trust each appointing three board members; and

- Support Waitara River and environmental projects to be managed by iwi and hapū with interests in the river and the Taranaki Regional Council.

To date, over 20 per cent of properties have been purchased by leaseholders.

Iwi Partnerships

The Mayor and elected members have created councillor portfolio groups to support the Council in progressing key initiatives across eight key strategic priorities. Including the portfolio Iwi Partnerships, these informal arrangements also assist in achieving efficient and effective communication between elected members and Council staff, provide up-to-date information to local communities and facilitate opportunities to engage with Council staff.

With elected members allocated to two portfolios each, councillors are encouraged to attend other portfolio group meetings to promote collaboration and communication across projects of common interest.

Govett-Brewster Art Gallery/Len Lye Centre Aotearoa

Recognising its responsibilities under Te Tiriti o Waitangi, the Gallery has established the Te Ao Māori Working Group. An expression of the gallery's desire to enrich its expression of a Te Tiriti-based partnership, the working group offers a forum for Iwi-Māori to participate in shaping the priorities, procedures and cultural activities of the Govett-Brewster Art Gallery/Len Lye Centre.

Made up of the Gallery Director and representatives from local Māori artists, the Council and iwi of Taranaki, the working group, which is yet to be formally named, will also be central to the gallery's desires and efforts to facilitate engagement, consultation and collaboration with Iwi-Māori and whānau whānui.

Funding and grants

The Council makes available funding and grants to support Iwi-Māori engagement and participation in Council decision-making. Marae development grants and the Built, Cultural and Natural Heritage Protection Fund recognise the contribution of marae and wāhi tapu to the cultural, historical and environmental heritage of the District, as well as local community and regional identity.

Our intention over the next 12 months is to ensure these funds continue to be well subscribed, contribute to the aspirations of iwi and hapū, and are being used as intended.

Mana Whakahono ā Rohe Agreement

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

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

In May 2018, NPDC was one of four local territorial authorities notified by Ngāruahine Iwi of their wish to initiate a Mana Whakahono. However, following a proposal by the Taranaki Regional Council, the four local authorities with the eight Taranaki iwi met in November 2018 to consider a regional-wide Mana Whakahono arrangement.

With the assistance of a facilitator, discussions continue between the four local government authorities and iwi.

Working together with Māori



Tiakina / Place

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

Te Huinga Taumatua

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

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

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

- Manaaki Urupā Grant;
- Māori Wards;
- Council's strategic priorities; and
- Approval of the following road names:

Vogue Circle	Manakohi Street	Ruru Lane	Alex Place
Mangapai Road	Mangaotuku Lane	Āheahea Lane	Mānatu Lane
Atutahi Street	Piharau Crescent	Tōtarahoe Lane	Ōrite Drive
Hodge Park Lane	Konukunuku Way	Tangaroa Street	Kaipeke Lane
Whenu Way			

Moving forward, the Council will explore ways to ensure the necessary information is available so the committee can make fully informed decisions. We will also ensure they are kept abreast of NPDC projects, initiatives and policies relating to Māori, and where relevant, seek their comment and feedback.

Te Kōhia Pā

In 2016, a significant New Zealand historical site came up for public sale. Te Kōhia Pā, constructed in 1860 by Wiremu Kingi Te Rangitaake and his followers, was attacked by British Forces, marking the commencement of the First Taranaki Land War.

The pā was known for its innovative covered trenches - a feature first used at Ruapekapeka in the Northern Māori Land Wars in the 1840s, then refined at Te Kōhia. This innovation was to be replicated by other iwi in the design of pā fortifications during the New Zealand Wars.

In 2019, work began on developing a concept plan for the site, with a project team established made up of representatives from the Council, Te Kotahitanga o Te Ātiawa, Manukorihi, Otaraua and Pukerangiora hapū and the Department of Conservation.

With the location of the pā confirmed through ground penetrating radar, archival research and three small test excavations, a feasibility study is now planned. The study will assess the possibility of establishing a nationally significant multi-purpose wānanga-education/exhibition centre, along with café/retail and associated services venue on the site.

Wāhi Tapu review

After the release of the operative New Plymouth District Plan in 2005, NPDC became aware that the location of listed wāhi taonga were inaccurate. With the change from imperial to metric measurements of New Zealand Archaeological Association data, the Wāhi Taonga Review Project was initiated in 2007.

Originally intended to accurately record the locations of known wāhi taonga in the District Plan, it was extended in 2010 to include new sites. NPDC, an archaeologist and tangata whenua worked together to confirm the locations and extents of sites so they could be included in the District Plan. This ensures certainty for District Plan users, while protecting sites and areas of significance to tangata whenua.

Moving forward the Council will continue working with tangata whenua to confirm the location and extents of further wāhi tapu sites within the District.

He Puna Wai

The Council is working with mandated iwi authorities across the region in the development of a 30-year integrated three waters strategy. Iwi and the Council are working collaboratively to develop a sustainable, long-term strategy for managing the District's three waters systems (drinking, waste and storm waters).

Recognising the intimate relationship between tangata whenua and water, this work balances the need to provide a safe and sustainable three waters service, while also contributing to identified iwi aspirations and issues.

The initiative also provides an avenue for the Council, iwi and hapū to identify and engage on specific infrastructure-related projects, such as the Waiwhakaiho Motorhome/Caravan Dumpsite, Mangatete River Weir Repair and Kaihihi Catchment Riparian Planting Project.



Āwhina / Prosperity

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

Waitara River Walk and Wetland Boardwalk

In 2020 the Council, together with its partners and local iwi and hapū, completed the extension of the Waitara River Walk and Wetland Boardwalk. Extending over 200 metres along the Waitara River, from Queen Street to Marine Park, the boardwalk draws on the theme of the native tuna (eel).

An important traditional food source, Te Āti Awa hapū of Manukorihi and Otaraua maintained a close relationship with the river, and surrounding natural environment. Unfortunately, tuna numbers in the Waitara River have been steadily declining over the years.

Incorporating new structures, signage, native tree plantings, and new recycled plastic Enduroplank decking material, the result is a landmark that evokes the environmental, cultural and historical heritage of Waitara, which will be valued by locals and visitors alike.

New Plymouth Airport Terminal

The New Plymouth Airport is located on land that encompasses several pā and urupā sites of significance to Te Āti Awa iwi and Puketapu hapū. Acquired under the Public Works Act 1928, the airport facility opened in 1966.

In March 2020, the new terminal at the New Plymouth Airport was opened. Incorporating distinct cultural concepts and narratives conveyed through traditional and contemporary artworks and sculptures, the \$29.0m facility re-establishes a Te Āti Awa iwi and Puketapu hapū presence upon the landscape.

Puketapu hapū also have a physical presence within the terminal itself, having secured a space to operate a retail store called Tātai.

With the integration of distinct local cultural concepts and narratives into both the visual and functional co-design of the building, the result is a facility that provides a unique and modern gateway experience into the Taranaki region.

Financial summary

Overall results at a glance

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

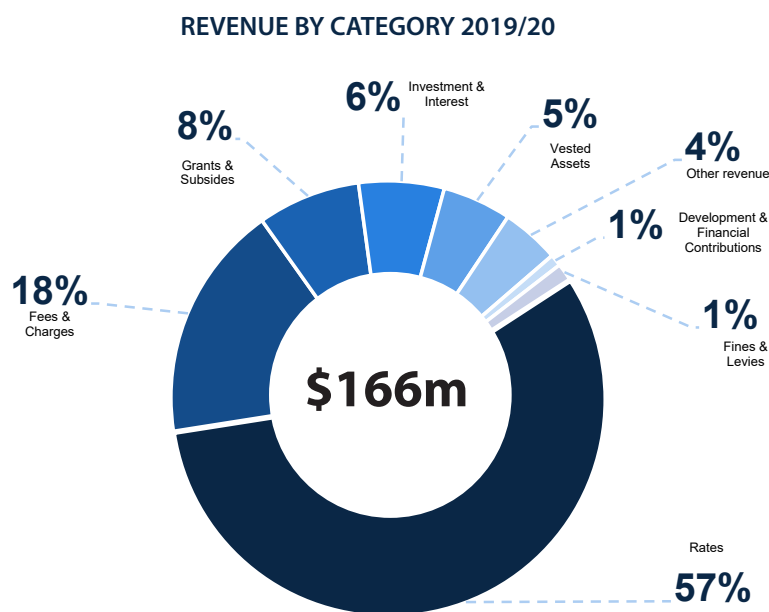
PIF investment

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

Where the money came from

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

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

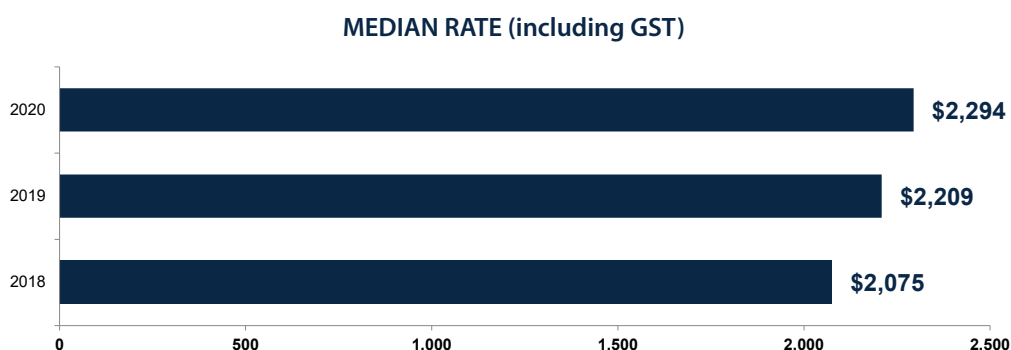


Rates collection

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

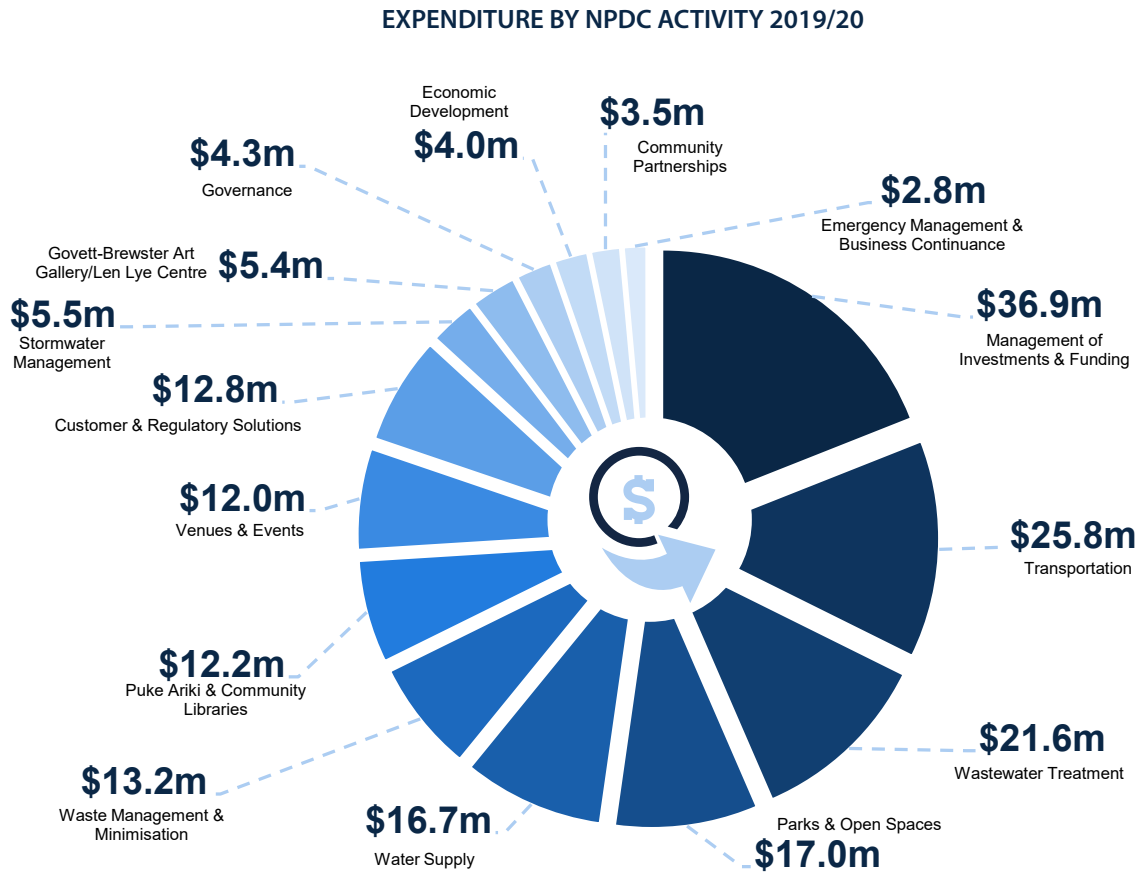
Residential median rate

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



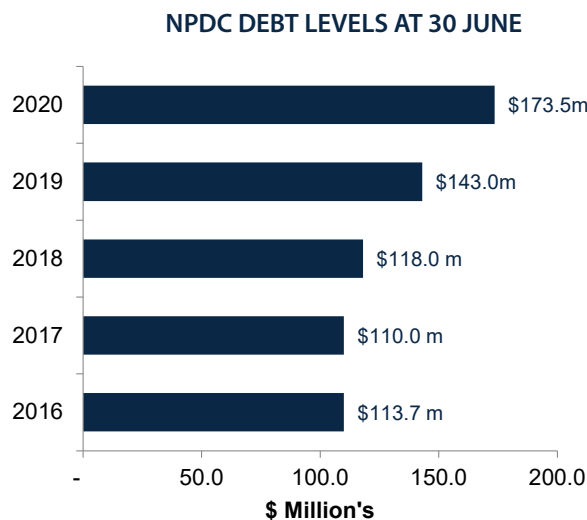
Where the money goes

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



Our liabilities and assets

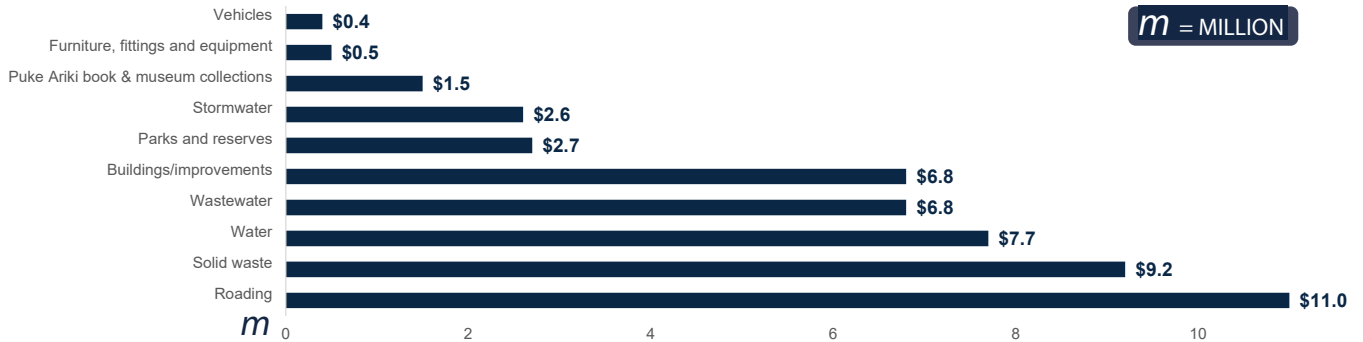
NPDC's external borrowings increased \$30.5m to \$173.5m during the year. The graph below shows NPDC's debt levels over the past five years.



Financial Summary

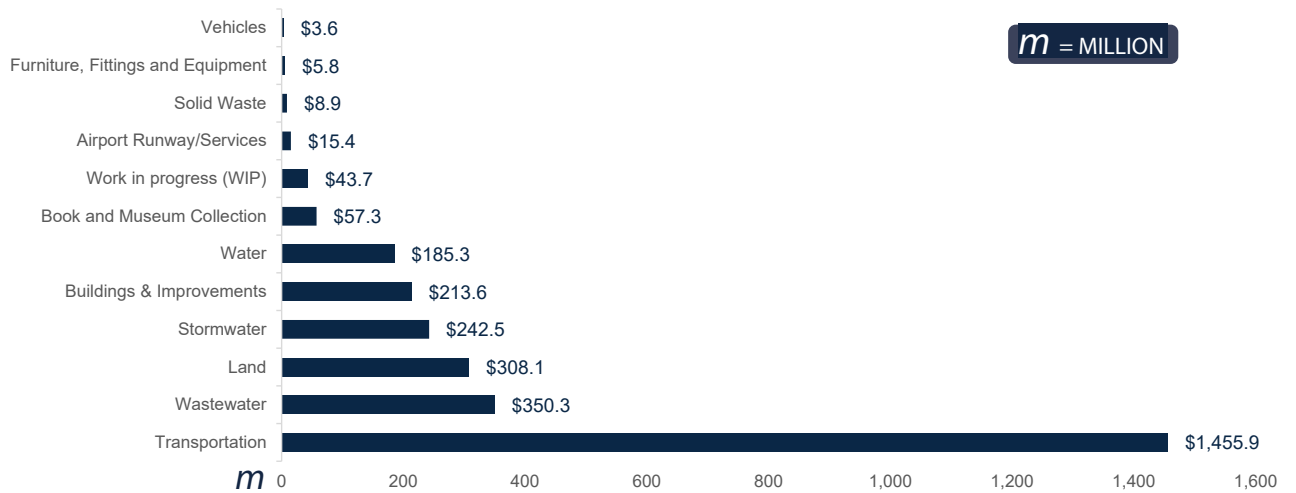
ALLOCATION OF CAPITAL WORKS SPEND 2019/20

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



ALLOCATION OF NPDC ASSETS

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



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

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

Summary Statement of Financial Position as at 30 June 2020

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

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

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

Council Services



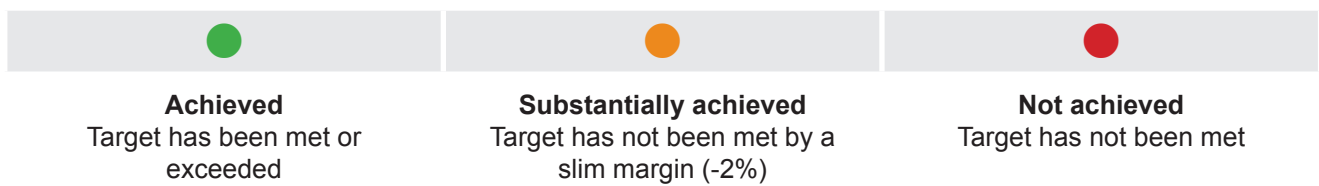
Introduction to Council Services

This part of the Annual Report covers the 16 activity groups based on the services we provide.

In the following pages you'll find information on what we deliver, why we do it, an evaluation of the effects of the activity on community well-being, significant challenges faced, how we performed against our service commitments, and cost of service statements for the 2019/20 financial year.

In addition to the 16 activity groups, NPDC also carries out internal functions, such as financial management and property maintenance, but the costs of these are allocated over the 16 activities. This is because services such as financial management are 'inputs' into NPDC activities whereas NPDC activities themselves are services actually received and used by the community.

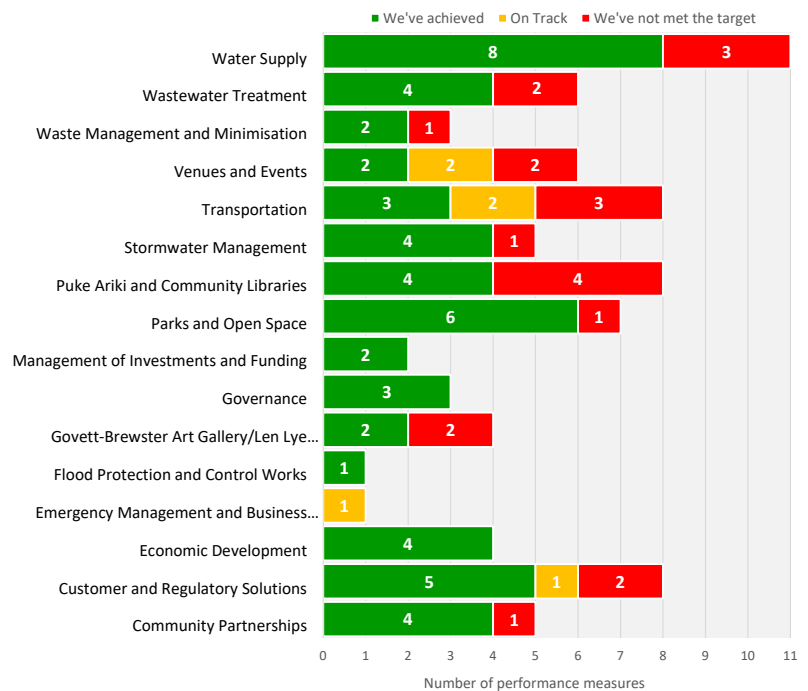
The performance measures and targets are from Year 2 (2019/20) of our LTP 2018-2028, which you can find on our website. All percentage results have been rounded to remove any decimal places. Throughout the report, we have used the following symbols to display performance measure results compared to targets.



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

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

PERFORMANCE TARGET RESULTS



NRB Information

A number of performance measures are listed as 'NRB survey'. The National Research Bureau (NRB) 'Communitrak' survey is carried out by approximately 30 local authorities throughout New Zealand. NPDC has been conducting this survey since 1994. The survey asks many of the same questions in each local authority. A random sample of at least 400 people based on the five community areas was used for the New Plymouth District. The survey is conducted in a way that provides results which have a margin of error of plus or minus five per cent, giving a 95 per cent level of confidence. This means that if 100 samples were taken, we would expect the margin error to contain the true value in all but five samples. The satisfaction levels indicated include the removal of those people who did not have a view on satisfaction or dissatisfaction or simply did not know due to not using the facility or service as specified for the NRB KPI within LTP 2018-2028. Removing the "don't knows" from the calculation enables better comparison between our activities, allowing for more informed Council decision-making.

Introduction to Council Services

The table below sets out how each of NPDC's 16 services contribute to the community outcomes. The performance framework of each activity (service) measures how well they are delivering services to help progress towards achieving the community outcomes.

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

√ indicates the activity strongly contributes to this outcome

* indicates the activity contributes to this outcome



Community Partnerships

The community partnerships service works alongside community organisations, educational institutions, iwi, and business and government agencies to build a strong and connected community.

We offer advice and support to help our partners plan for the future and respond to the changing needs of the community. We also fund some key partnerships.

Community partnerships manages the NPDC's community grants funding scheme, offering contestable funding to organisations and groups whose projects align with our strategic vision and meet funding criteria.

We also provide affordable housing for eligible elderly people in the district. As part of this service, a Council Housing Officer makes regular visits to monitor the well-being of our tenants.

WHY WE DO IT

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

The services of community and voluntary organisations are about caring for people. They contribute to safe, resilient and sustainable communities that are engaged in social, cultural, economic and political life, as well as undertaking environmental projects. These groups strongly contribute to the community well-being. There are no significant negative effects resulting from this activity.

SIGNIFICANT CHALLENGES DURING THE YEAR

As previous years, applications for community funding continue to be over-subscribed. There is an ongoing challenge in determining recipients and in managing the disappointment of unsuccessful applicants. The challenge also demonstrates a potential need for increased funding as a matter for future consideration by the Council.

Impacts of Covid-19

Covid-19 required us to work closely with community groups to achieve their funding key performance indicators. This meant helping them adapt their projects and scheduling.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We build strategic relationships that support collaboration, capability and capacity in the community sector.				
The percentage of partners satisfied with the Council's advice and involvement in community initiatives.	95%	●	86% ¹	100%
The percentage of residents satisfied with the Council's assistance and support to community groups (NRB survey).	Exceeds peer group average (84%)	●	95%	90%
We provide a 'start-up' fund to support creativity and collaboration in new community initiatives.				
The number of initiatives receiving 'start-up' financial support.	3	●	3 ²	3 ³
We provide effective funding support for community organisations and initiatives.				
The percentage of key performance indicators achieved by recipients of the Council's grants (as set out in funding contracts).	95%	●	98%	98%
We effectively coordinate and administer the housing for the elderly service.				
The percentage of tenants satisfied with the service.	90%	●	96%	100%

- ¹ While the majority of responses from partners was positive, one partner was frustrated with not having one point of contact at NPDC. The Community Partnerships Team are working on rectifying this.
- ² Rainbow Youth established in New Plymouth, Taranaki Futures digital platform showing career pathways in Taranaki and funding for an Arts Coordinator.
- ³ Sustainable Taranaki, Sports Reporting Taranaki and Social Enterprise at Manifold.

Community Partnerships

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		3.48	3.20	3.10
Targeted rates		-	-	-
Subsidies and grants for operating purposes		0.06	0.06	0.06
Fees and charges		1.12	1.06	1.02
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		4.67	4.32	4.17
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers		(3.21)	(3.31)	(3.24)
Finance costs		(0.01)	(0.03)	(0.03)
Internal charges and overheads applied		(0.71)	(0.58)	(0.56)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(3.92)	(3.92)	(3.83)
Surplus/(deficit) of operating funding (A - B)		0.74	0.40	0.34
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		-	(0.02)	(0.01)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		-	(0.02)	(0.01)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	-	-
- to replace existing assets		(0.13)	(0.10)	(0.11)
(Increase)/decrease in reserves		(0.61)	(0.27)	(0.21)
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(0.74)	(0.37)	(0.33)
Surplus/(deficit) of capital funding (C - D)		(0.74)	(0.39)	(0.34)
Funding balance (A - B) + (C - D)		-	0.01	-

Variance explanation Actual 2019/20 to LTP 2019/20

There are no material variances in this activity.

Customer and Regulatory Solutions

The first point of contact for NPDC'S regulatory services is our customer services team, who assist customers by telephone, email or in person at the Civic Centre. Customer enquiries are diverse covering all Council activities. Enquiries that cannot be resolved at first point or need further action are recorded as service requests and forwarded to the relevant teams in the organisation. The customer services team also provides case management for projects and events that require involvement of multiple NPDC teams, manages booking requests for three community halls, and the research, collation and producing of Land Information Memoranda (LIM) reports.

Our regulatory teams process building, land use and subdivision consents, food, alcohol, health and encroachment licences and issue dog licences. We monitor and enforce legislation and bylaws for all of these functions as well as parking control, and health and noise nuisances. We develop the District Plan and other policies that guide the future development of the district.

The Central City Facilitator (a role that facilitates and enables projects and policy across NPDC to ensure a coordinated and prioritized delivery of outcomes supporting a vibrant and prosperous Central Business District) was included within this service, before transitioning to the community partnerships team approximately mid-way through the financial year.

WHY WE DO IT

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

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

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

Customer and Regulatory Solutions can have a range of effects, promoting the social, cultural, economic and environmental well-being of the community.

Social well-being is promoted through protecting people from negative harms, such as through alcohol and food regulation, and animal control. Social well-being is also promoted through the District Plan and resource consents by regulating development to provide a more livable environment.

Cultural well-being is promoted through the District Plan and resource consents to protect sites of cultural importance, such as heritage buildings and wāhi tapu.

Economic well-being is promoted through building consents and resource consents being issued in a timely manner, as well as through providing the community with assurances around food and alcohol regulation to promote trust in those services. Parking regulations ensure that parking in business areas promotes sufficient parking turnover to maximise customers.

Customer and Regulatory Solutions

Environmental well-being is promoted through the District Plan and resource consents by protecting areas of native bush on private property.

Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
<p>Community satisfaction</p> <p>No single policy, piece of legislation, bylaw or regulation satisfies 100 per cent of the community. In all regulatory activities there is potential for individuals or groups to perceive negative effects.</p>	<p>The Council involves, informs and educates the community on the purpose of existing and proposed policy and regulation.</p> <p>Development of policy, consent and enforcement decisions are balanced with the rights of individuals and with the rights of the wider community.</p> <p>We aim for decisions to be fair and equitable to all parties involved.</p>
<p>Building control</p> <ul style="list-style-type: none"> Customers could experience delay and additional development costs if quality and timeliness of consent and inspection procedures are not maintained to a high standard. People are at risk if quality of building consent and inspection procedures are not maintained. 	<ul style="list-style-type: none"> Accreditation as a Building Control Authority ensures our processes are robust, and always seeking ways to improve services. Maintain accreditation and competency and conduct internal auditing.
<p>Resource consents</p> <ul style="list-style-type: none"> Can be conflicting views on outcomes of significant application decisions. Planning may not meet development demand and there may be a shortage of residential sections available. Costs of legislative changes may impact on anticipated cost recovery. Loss of cultural landscape through land development. Loss of indigenous vegetation and habitat through land development. 	<ul style="list-style-type: none"> We aim for transparent processes and clear communication to community. Teams engaged in land development work together to ensure there is an integrated and strategic approach to land supply and urban development outcomes, using urban design principles. We improve our processes whenever possible and place high importance on simple, clear communication. We monitor compliance and engage with iwi/hapū in consent processing to ensure cultural heritage is protected. We incentivise protection of vegetation.

SIGNIFICANT CHALLENGES DURING THE YEAR

Environmental Health: Managing the increase in freedom camping numbers across the district continued to be a challenge. An enhanced monitoring programme was introduced in summer 2019/20 which resulted in effective management of numbers of freedom campers and the impact on significant sites.

Planning: The building and resource consents services continue to experience high levels of growth which challenges the team to achieve the required timeframes. Work has been undertaken to develop mutually beneficial partnerships with tangata whenua that result in engagement and co-creation in relation to resource consent applications. The notification of the Proposed District Plan increased complexity in consent processing as the provisions of both plans in consent processes is addressed.

Impacts of Covid-19

Animal Control: Limited impact as this service was classed as essential and activities continued in relation to emergency situations and animals requiring care at the pound.

Environmental Health: Limited impact as no site visits were able to occur over lockdown. Staff were enabled to carry out remote checking of food businesses due for verification and were also granted additional powers under the state of emergency including enforcing the closure of non-essential food businesses and non-complying food businesses during lockdown level 4.

Parking: Significant impact on service levels as no services were able to be provided during lockdown levels 3 and 4. Staff resumed duties at level 2. There was also significant financial impact as there was no revenue collection from enforcement during lockdown.

Planning: Some impact as it was not possible to process all resource consents remotely and site visits were not possible during lockdown levels 3 and 4. There may be reduced development contributions received against projections as a result of the effects of the pandemic on the wider economy.

Building: Significant impact on day-to-day business. Activities had to pause for the duration of level 4 lockdown. The Council does not have an online consenting system but an ad hoc system was able to be constructed to facilitate the team working from home.

Customer services: Some impact as the Civic Centre was closed under lockdown levels 3 and 4. The contact centre was considered an essential service and operated throughout. Civil Defence Emergency Management (CDEM) requested 'welfare calls' be redirected to the contact centre which the team also handled. There was a significant drop in the number of LIM applications received.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
Our animal control processes contribute to a safe and healthy community.				
The percentage of animal control emergency situations* responded to within two hours.	100%	●	100%	100%
The percentage of known dogs registered.	95%	●	97%	96%
The percentage of residents satisfied with animal control activities (NRB survey).	Exceeds peer group average (76%)	●	92%	91%
We respond to formal complaints in a timely manner.				
The percentage of formal complaints that receive an interim reply or are resolved within five working days.	90%	●	90%	79% ¹
We process requests for official information within timeframes set under Local Government Official Information and Meetings Act (1987).				
The percentage of requests for official information completed within statutory timeframe.	100%	●	98% ²	100% ³

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

¹ 153 of 192 formal complaints completed on time. This result does not take into account interim replies. Procedures are being reviewed to ensure that interim replies can be accounted for in future reporting.

² Rounded up from 97.5 per cent. Of the 246 requests received, six requests were responded to outside of the statutory timeframe. There was a large amount of research needing to be done in order to provide information and answers to questions asked in two of the requests; one request was received during lockdown level 4 and information could not be accessed online; and three others were an oversight regarding the timeframe. The process for interim replies to be recorded and reported on (in regards to timeframes) has been investigated. There are limitations within the current system that prevent this from happening.

³ Rounded up from 99.5 per cent to 100 per cent being 204 of 205 requests for official information completed on time.

Customer and Regulatory Solutions

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We conduct licensing inspections in accordance with statutory requirements.				
All businesses required to be licensed are inspected in accordance with statutory requirements.	100%	●	100%	100%
We process consent applications within statutory timeframes.				
The percentage of building applications processed within statutory timeframes (consents and code compliance certificates).	100%	●	92% ⁴	97% ⁵
The percentage of non-notified resource management consents processed within statutory timeframes.	100%	●	94% ⁶	97% ⁵

- ⁴ A decrease in the level of compliance was a result of staff leaving the organisation and the time lag in sourcing new staff. Once re-staffed there is a time lag between officers being adequately trained and deemed competent. We have remedied this by initiating a graduate programme that can feed into the business unit and go some way to assist in meeting this requirement.
- ⁵ Ongoing high levels of growth will require further additional resource adjustments to meet the demands of the community.
- ⁶ Rounded down from 94.3 per cent. A decrease in the level of compliance was largely the outcome of reduced planning staff over the first half of the year. The team now has a full complement of staff following a successful recruitment process. The Proposed District Plan was notified in September 2019. The planning team are required to assess resource consents against the provisions of both the Operative and Proposed District Plans, adding further complexity into the resource consent process which in turn takes more time to process. It is likely this added complexity and time will remain for an extended period until the Proposed District Plan is deemed to have legal effect.

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		4.69	4.09	4.44
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges	1	9.74	8.44	8.28
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		0.83	0.72	0.72
Total operating funding (A)		15.26	13.25	13.44
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	2	(8.70)	(7.13)	(7.04)
Finance costs		-	(0.04)	(0.03)
Internal charges and overheads applied	3	(3.41)	(5.35)	(5.12)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(12.11)	(12.52)	(12.19)
Surplus/(deficit) of operating funding (A - B)		3.14	0.73	1.25
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		-	(0.02)	(0.01)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		-	(0.02)	(0.01)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	-	-
- to replace existing assets		(0.31)	(0.63)	(0.93)
(Increase)/decrease in reserves	3	(2.84)	(0.08)	(0.31)
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(3.14)	(0.71)	(1.24)
Surplus/(deficit) of capital funding (C - D)		(3.14)	(0.73)	(1.25)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

1. Consent income is higher than budget due to additional subdivision and building consent activity.
2. Operating expenses are higher than budget due to additional resources required for consent processing.
3. Reserves funding is higher due to lower internal charges.

Economic Development

We work collaboratively with other councils, central government and other agencies in the region to develop and improve the local economy. This includes directly funding and overseeing Venture Taranaki Trust (VTT), the council-controlled organisation responsible for economic development and tourism promotion in the district. VTT also has agreements with South Taranaki and Stratford district councils to deliver similar services in those districts.

NPDC's priorities for economic development are set out in *Tapuae Roa: Make Way for Taranaki* – the Regional Economic Development Strategy and Action Plan adopted in February 2018. Tapuae Roa takes a cross-regional approach, focusing on unlocking opportunities for economic growth in the region. Tapuae Roa's mission statement: *Taranaki, where talent becomes enterprise – Kia eke panuku*, captures the regional vision for Taranaki as a place that offers an attractive lifestyle for talented people, in a high value economy.

The Taranaki 2050 Roadmap and its associated pathway action plans also help direct the priorities for economic development in the region with a particular focus on transitioning Taranaki to a low-emissions economy.

WHY WE DO IT

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

The economic development service supports resilient, productive and sustainable communities that enjoy prosperity and success. A strong economy with decent jobs, higher incomes and opportunities for all current and future residents, alongside the protection and enhancement of the natural environment, greatly improves the community well-being. There are no significant negative effects identified from this activity.

SIGNIFICANT CHALLENGES DURING THE YEAR

Significant progress has been made on the Taranaki 2050 Roadmap which aims to support our region's transition to a low-emissions economy in a fair and equitable manner. Resourcing to maintain momentum in this area remains a challenge. In the absence of ongoing investment from central government, the future of this work programme remains uncertain.

The Covid-19 pandemic has been the single biggest challenge for the economy during the year, the impacts of which will be felt for a long time and are yet to be clear. As an unprecedented event, it is difficult to project how great the effects will be or how hard they will hit.

Impacts of Covid-19

The immediate and ongoing impact of Covid-19 on the global, national, regional and district economy cannot be underestimated. NPDC and VTT had to act quickly as many local enterprises felt the strain of alert level lockdowns and we potentially head into a period of recession.

NPDC funding was immediately pivoted to support VTT to support the regional economy. This included broadening the scope of the \$1.3m reserve from the 2018/19 surplus previously approved to support ongoing economic development to include an ability to respond to the impacts of Covid-19 and help meet the needs of the region not supported by the range of central government initiatives. The \$150,000 balance of the Council Agility Fund was added to this reserve.

Also, funding previously committed to economic development initiatives of VTT were reallocated to provide enterprise support through professional services grants.

A tactical 'return to better' recovery plan has been developed by VTT in response to the impact of Covid-19. The plan will form the economic pillar of the regional recovery plan and provides an integrated view of Tapuae Roa and Taranaki 2050 actions and also Covid-19 response and the government's eight economic shifts. The plan outlines actions and priority focus areas for the coming three years.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We promote the New Plymouth District and the Taranaki region as a vibrant and desirable place to live, work and visit.				
The number of major events attracted or retained.	4	●	10 ¹	12 ²
We facilitate, promote, and support sustainable business growth, investment and employment opportunities in Taranaki.				
The level of annual investment in regional businesses (subject to central government policy).	\$1,000,000	●	\$1,920,106 ³	\$2,318,933 ³
The annual percentage of clients satisfied with Venture Taranaki business support services.	>85%	●	96%	91%
The level of annual investment in the management capability of Taranaki's small and medium sized businesses.	\$240,000	●	\$393,920 ⁴	\$347,474 ⁴

- ¹ Events were AmeriCARna 2020; WOMAD 2020; ANBL NZ Breakers vs Sydney Kings basketball match; PSP NZ Jetsprint Championships R5; Triathlon Festival inc NZ Sprint Distance Championship, Oceania Junior Championship and Oceania mixed relay 2020; Taranaki Garden Festival 2020; Taste & Tales 2020; Reset 2020; Oxfam Trailwalker 2021.
- ² Events were AmeriCARna 2019; BDO Around the Mountain Cycle Challenge 2020; Concert at the TSB Bowl of Brooklands (Ben Harper and The Innocent Criminals); ITU New Plymouth Sprint Triathlon World Cup 2019; New Zealand Breakers vs Cairns Taipans, ANBL home game; New Zealand Sprint Distance Championships 2020; New Zealand Tattoo and Art Festival 2019; Taranaki Garden Festival 2019; Taranaki Steelformers Around the Mountain Cycle Challenge 2019; Toto and Dragon – A Summer's Day Concert at the TSB Bowl of Brooklands; Winter Fest 2019; WOMAD 2019.
- ³ Research and development and innovation funding facilitated into Taranaki businesses across 43 transactions (2018/19 across 31 transactions).
- ⁴ Capability development voucher funding, as part of the nation-wide Regional Business Partner Network, invested across 203 vouchers (2018/19: 206 vouchers).

Economic Development

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		3.79	3.85	3.81
Targeted rates		-	-	-
Subsidies and grants for operating purposes		0.02	-	-
Fees and charges		-	-	-
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		3.81	3.85	3.81
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers		(3.57)	(3.30)	(3.26)
Finance costs		-	(0.02)	(0.01)
Internal charges and overheads applied		(0.41)	(0.49)	(0.47)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(3.98)	(3.81)	(3.75)
Surplus/(deficit) of operating funding (A - B)		(0.18)	0.04	0.06
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		-	(0.01)	(0.01)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		-	(0.01)	(0.01)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	-	-
- to replace existing assets		-	-	-
(Increase)/decrease in reserves		0.18	(0.04)	(0.05)
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		0.18	(0.04)	(0.05)
Surplus/(deficit) of capital funding (C - D)		0.18	(0.05)	(0.06)
Funding balance (A - B) + (C - D)		-	(0.01)	-

Variance explanation Actual 2019/20 to LTP 2019/20

There are no material variances in this activity.

Emergency Management and Business Continuance

As a member of the Taranaki Civil Defence Emergency Management Group (CDEM), NPDC works with the other Taranaki councils, the community and other agencies to plan for and manage the regional response to major or widespread emergency events. These activities ensure that there is a strong regional response to any civil defence emergency in the region. They also ensure our communities are aware of the hazards in the region and know how to prepare and recover from emergencies associated with those hazards.

We also manage NPDC's internal crisis management response outside of Civil Defence activation. This includes planning systems and processes to ensure NPDC continues to operate as well as possible during an emergency event, both major and minor.

WHY WE DO IT

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

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

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

All of our activities are about protecting people and property in the event of an emergency or a widespread event. This promotes social, economic and cultural well-being through protecting people, businesses and community facilities from emergencies and events. There are no significant negative effects identified from this activity.

SIGNIFICANT CHALLENGES DURING THE YEAR

Reprioritisation of pre COVID-19 business-as-usual as the NPDC Emergency Management Team has a significant role in social recovery in the New Plymouth district.

Impacts of Covid-19

Covid-19 resulted in NPDC activating an Incident Management Team (IMT) to coordinate an organisational response to the pandemic. NPDC used our Pandemic Plan to guide our response, and implemented national directives in a prompt manner. The Covid-19 response served as a case study to validate the thinking around a new scalable emergency management model that can respond to any emergency, as the event involved Crisis Management principles, Business Continuity activation across Council, whilst having significant CDEM input.

Covid-19 has resulted in a new business-as-usual for the NPDC Emergency Management Team. The CDEM Lead is the local manager now leading social recovery in the New Plymouth district. This will result in a reprioritisation in the NPDC Emergency Management roadmap.

Emergency Management and Business Continuance

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We plan for emergency events.				
Emergency processes and plans are up to date.	Emergency plans are reviewed	●	Realignment underway ¹	Achieved ²

- ¹ NPDC Emergency Management Team are working to develop a new Emergency Management Framework which has been delayed by the Covid-19 pandemic. This framework will encompass all Crisis Management, Business Continuity and Civil Defence and Emergency Management responsibilities into one scalable model to manage any emergency. This framework is currently being developed and will be implemented in the 2020/21 financial year, and will result in a complete review of all crisis management and business continuity plans to ensure all plans are aligned to the new framework.
- ² Emergency plans have all been reviewed. Further refinement and development of emergency plans will continue in 2019/20. This has become part of a wider regional emergency management approach to Business Continuity Planning where we as a region are looking at a consistent approach to compliment Civil Defence Emergency Management arrangements. Exercises have been run for the Three Waters Team and the Executive Leadership Team. Similar exercises are being rolled out across the business over the 2019/20 year capturing any corrective actions.

Emergency Management and Business Continuance

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		1.04	1.12	1.29
Targeted rates		-	-	-
Subsidies and grants for operating purposes		1.00	1.19	1.12
Fees and charges	1	1.07	-	-
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		3.11	2.31	2.41
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1	(2.67)	(1.58)	(1.72)
Finance costs		(0.05)	(0.02)	(0.02)
Internal charges and overheads applied		(0.21)	(0.61)	(0.59)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(2.93)	(2.21)	(2.33)
Surplus/(deficit) of operating funding (A - B)		0.19	0.10	0.07
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		0.15	(0.04)	0.32
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		0.15	(0.04)	0.32
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		(0.22)	(0.04)	(0.37)
- to replace existing assets		-	-	-
(Increase)/decrease in reserves		(0.12)	(0.01)	(0.02)
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(0.34)	(0.05)	(0.39)
Surplus/(deficit) of capital funding (C - D)		(0.19)	(0.09)	(0.07)
Funding balance (A - B) + (C - D)		-	0.01	-

Variance explanation Actual 2019/20 to LTP 2019/20

- Income and expenses is higher for the recovery from National Emergency Management Agency of Covid-19 related expenses.

Flood Protection and Control Works

NPDC's flood protection and control works service provides flood protection systems to urban areas in the New Plymouth district. We monitor and maintain dams, three diversion tunnels, several bunded ponding areas and a weir.

WHY WE DO IT

The flood protection and control works service supports the Council's strategic vision of *Building a Lifestyle Capital - putting people first, caring for our place, and supporting a prosperous community*.

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

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

Our flood protection and control works also protect our natural environment and outdoor lifestyle opportunities, promoting *Caring for our place - manaaki whenua, manaaki tangata, haere whakamua*.

EFFECTS ON THE COMMUNITY WELL-BEING

Flood protection and control works can have a range of effects on the community. Flood protection and control works protect people and property from damage, and therefore promote the social, economic and community well-being. Potential negative effects are identified in the following table.

Effect	How the Council Intends to Mitigate the Effect
In severe storms, flood water has the potential to overwhelm flood protection infrastructure and harm people and buildings.	To reduce this risk, we take the probability of severe storm events into account when designing the capacity of the protection systems. We also identify at-risk flood areas, taking steps to manage development in these areas.
Flood protection and control works limit the natural state of controlled rivers, and may have a negative impact on environmental well-being.	There is limited ability to mitigate this effect.

SIGNIFICANT CHALLENGES DURING THE YEAR

No major rain events during the year.

Impacts of Covid-19

No major impacts.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We effectively maintain the Council's flood protection and control works.				
Major flood protection and control works are maintained, repaired and renewed in accordance with the Asset Management Plan and annual works programme.	Achieved	●	Achieved	Achieved

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		0.17	0.14	0.13
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	-	-
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		0.17	0.14	0.13
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers		(0.09)	(0.08)	(0.07)
Finance costs		(0.01)	(0.01)	(0.01)
Internal charges and overheads applied		(0.11)	(0.02)	(0.02)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(0.21)	(0.11)	(0.10)
Surplus/(deficit) of operating funding (A - B)		(0.04)	0.03	0.04
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		-	-	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		-	-	-
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	-	-
- to replace existing assets		-	(0.03)	(0.02)
(Increase)/decrease in reserves		0.05	-	-
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		0.04	(0.03)	(0.03)
Surplus/(deficit) of capital funding (C - D)		0.04	(0.03)	(0.04)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

There are no material variances in this activity.

Governance

The governance service supports the Mayor, councillors and community board members to be effective, representative and accountable decision-makers. We facilitate and administer Council, committee and community board meetings and coordinate a range of civic functions. We also manage local authority elections.

We make sure that people have easy access to the information they need to be involved in Council decision-making.

WHY WE DO IT

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

The governance service supports an engaged community that participates in the democratic process. This promotes the social well-being of the community. The Council's Te Huinga Taumatua Committee brings an iwi perspective to the governance processes and promotes cultural well-being. Effective governance can also help to promote the economic and environmental well-being through good decision-making processes. There are no negative effects associated with this service.

SIGNIFICANT CHALLENGES DURING THE YEAR

Provision of administrative support to Te Tai Pari Trust (previously The Board) established under the Waitara Lands Act.

Impacts of Covid-19

Greater use of audio-visual for council and committee meetings.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We effectively manage local elections in accordance with statutory requirements.				
Elections and polls comply with the provisions of the Local Electoral Act 2001 and are without successful petitions for inquiry into the conduct of elections.	Full compliance	●	Achieved*	No elections held
Council processes comply with statutory requirements.				
The Long-Term Plan, Annual Plan and Annual Report are each adopted within statutory timeframes.	Full compliance	●	Achieved	Achieved
Meeting agendas are available as specified by legislation.	Full compliance	●	Achieved	Achieved

*Triennial election and three community board by-elections completed.

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		4.04	4.62	4.29
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		0.15	0.01	0.01
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		4.19	4.63	4.30
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers		(2.10)	(2.29)	(2.04)
Finance costs		-	(0.01)	(0.01)
Internal charges and overheads applied		(1.73)	(2.28)	(2.21)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(3.83)	(4.58)	(4.26)
Surplus/(deficit) of operating funding (A - B)		0.36	0.05	0.04
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		-	(0.01)	-
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		-	(0.01)	-
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		-	-	-
- to replace existing assets		-	-	-
(Increase)/decrease in reserves		(0.36)	(0.03)	(0.04)
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(0.36)	(0.03)	(0.04)
Surplus/(deficit) of capital funding (C - D)		(0.36)	(0.04)	(0.04)
Funding balance (A - B) + (C - D)		-	0.01	-

Variance explanation Actual 2019/20 to LTP 2019/20

There are no material variances in this activity.

Govett-Brewster Art Gallery/Len Lye Centre

The Govett-Brewster Art Gallery is Aotearoa's leading contemporary art museum. Recognised nationally and internationally for its dedication to contemporary art and commitment to art from the Pacific, the gallery offers a wide range of dynamic exhibitions, community events and education programmes.

In 2015, the Len Lye Centre opened as an extension to the Govett-Brewster Art Gallery. New Zealand's first institution dedicated to a single artist, it is a facility of local, national and international significance. The Len Lye Centre provides a continuous, accessible and stimulating programme that explores the art and ideas of this pioneering filmmaker and kinetic sculptor.

WHY WE DO IT

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

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

Our exhibitions and community programmes are accessible and engaging for residents and visitors from diverse communities, including iwi. These programmes promote both the social and cultural well-being of the community. The Gallery also promotes economic well-being as one of the major visitor attractions in New Plymouth city. There are no significant negative effects identified from this activity.

SIGNIFICANT CHALLENGES DURING THE YEAR

Entry charges for the Gallery were introduced for out-of-the district visitors during the 2018/2019 year. 2,218 visitors entered the foyer but refused to pay to enter the gallery in response to entry charge application.

Impacts of Covid-19

The Gallery was closed for 62 days throughout lockdown levels 3 and 4, resulting in a significant period of lost visitation and revenue. Working offsite meant one exhibition suite was unable to be realised in the 2019/20 year, and exhibition changeover periods were necessarily extended to manage greater working distances required by lockdown level 2. The period for completing internal customer satisfaction surveys was also limited, resulting in a smaller sample size than 2018/2019 (307 vs. 409).

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We provide access to an engaging range of contemporary art from NZ and around the world.				
The annual number of exhibitions on offer.	7	●	9 ¹	7 ²
The annual number of visitor entries.	116,000 ³	●	52,260 ⁴	47,188 ⁵
The percentage of residents satisfied with the service (NRB survey).	Meets or exceeds peer group average (88%)	●	64% ⁶	60% ⁶
The percentage of customers satisfied with their overall experience at the Govett-Brewster Art Gallery and Len Lye Centre (in-house surveys).	82%	●	84% ⁷	67% ⁸

- ¹ Eight exhibitions were delivered across all gallery spaces in 2019/20, with one a further touring exhibition delivered in Basel, Switzerland. Delivery of a planned exhibition was delayed by Covid-19 until the next financial year.
- ² Seven exhibition suites held, comprising 17 exhibitions. Fifteen exhibitions were developed in-house and two were externally generated.
- ³ Targets reflect peak visitor numbers in 2016/17 following the opening of the Len Lye Centre.
- ⁴ The 2019/20 result reflects the impacts of Covid-19 closures (the gallery was closed for 62 days during the financial year), and the ongoing impacts of admission charges (2,218 visitors came into the foyer but refused to pay to enter the gallery). Visitor entries represent the mean of hand count (41,164) and AXIS electronic monitoring (63,357). Of these, 14,068 visitors paid admission.
- ⁵ 16,234 visitors paid admission. Following high levels of visitation after re-opening, the result is considered to reflect a combination of expected natural attrition and the introduction of the admission charge.
- ⁶ NRB result potentially reflects a combination of the introduction of door charges in August 2018 and concerns relating to gallery content.
- ⁷ In-house surveys were taken throughout the year, with 307 participants. Results reflect satisfied (26 per cent) and very satisfied (58 per cent).
- ⁸ In-house survey result potentially reflects a combination of the introduction of door charges in August 2018 and concerns relating to gallery content. Based on internal survey from 409 participants.

Govett-Brewster Art Gallery/Len Lye Centre

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		4.47	4.47	4.33
Targeted rates		-	-	-
Subsidies and grants for operating purposes		0.19	0.28	0.28
Fees and charges	1	0.45	0.71	0.67
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		5.11	5.46	5.28
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers		(3.49)	(3.70)	(3.62)
Finance costs		(0.01)	(0.02)	(0.02)
Internal charges and overheads applied		(1.36)	(1.48)	(1.40)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(4.86)	(5.20)	(5.04)
Surplus/(deficit) of operating funding (A - B)		0.25	0.26	0.24
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		0.03	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		0.04	0.03	0.04
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		0.07	0.03	0.04
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		(0.07)	(0.05)	(0.05)
- to replace existing assets		(0.14)	(0.16)	(0.16)
(Increase)/decrease in reserves		(0.11)	(0.06)	(0.07)
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(0.32)	(0.27)	(0.28)
Surplus/(deficit) of capital funding (C - D)		(0.25)	(0.24)	(0.24)
Funding balance (A - B) + (C - D)		-	0.02	-

Variance explanation Actual 2019/20 to LTP 2019/20

1. Fees and charges income down due to lower visitor numbers, partially due to Covid-19 restrictions.

Management of Investments and Funding

This service manages all council-owned investments, all income not assigned to other NPDC activities and all of NPDC's borrowing. This includes:

- The Perpetual Investment Fund (PIF), managed by the New Plymouth PIF Guardians Limited.
- One hundred per cent ownership of Papa Rererangi i Puketapu Limited (PRIP), the council-controlled trading organisation that operates the New Plymouth Airport.
- Administration of 1,500 property leases and agreements.
- Production forestry on NPDC-owned land and two joint venture forestry investments.
- Minor equity investments in Civic Financial Services Limited and the Local Government Funding Agency.

WHY WE DO IT

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

The activities of this service ensure responsible management of Council investments and borrowings. This promotes economic and social well-being through reducing the rates requirement. The activity also incorporates the administration of the Waitara Lands Act, which promotes cultural well-being through partnership with Te Kōwhatu Tū Moana, and promotes all four of the well-beings in Waitara through the Te Tai Pari Trust. The activity also promotes economic and cultural well-being through PRIP, through the operation of the airport and its relationship to Puketapu hapū. There are no significant negative effects identified from this activity.

SIGNIFICANT CHALLENGES DURING THE YEAR

As with any investment fund, a key challenge is always volatility in the markets and the resulting impact on the value of the PIF. This volatility has resulted in the monthly returns of the PIF fluctuating between negative and positive.

Impacts of Covid-19

Perpetual Investment Fund: From July 2019 to January 2020 the PIF experienced a steady increase in value, peaking at \$307.8m in January 2020. The rapid progression of the Covid-19 pandemic and the resulting impact on global investment markets saw the value of the PIF drop to \$275.5m by the end March 2020. By the end of the financial year the fund has regained a large portion of the decline, increasing to \$292.3m. The year closed on a decrease in value of the PIF of 0.93 per cent net of the release payment paid out to NPDC. The gross increase in value for the year was 2.2 per cent.

Papa Rererangi i Puketapu Limited: Due to impact of the Covid-19 on the travel industry, PRIP experienced a significant reduction in revenue from March 2020. In order for the company to continue operating, the Council resolved to convert \$22.0m of debt to equity as at 30 June 2020.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We manage the Perpetual Investment Fund (PIF) to provide sustainable Council revenue.				
The annual return from the PIF received by the Council.	3.3% + CPI + management fees and costs	●	Achieved ¹	Achieved ¹
We manage the Council's borrowing programme in accordance with the Liability Management Policy. ²				
Debt levels comply with limits set by policy.	All measures met	●	All measures met	All measures met

¹ \$8.8m of release payments received by NPDC (2018/19: \$8.6m).

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

Management of Investments and Funding

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		(9.59)	(9.70)	(9.16)
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges	1	3.65	2.36	2.25
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		14.05	12.52	11.76
Total operating funding (A)		8.11	5.18	4.86
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1	(4.39)	(1.51)	(1.49)
Finance costs		1.52	(1.26)	(1.06)
Internal charges and overheads applied		(0.49)	(0.33)	(0.32)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(3.36)	(3.10)	(2.87)
Surplus/(deficit) of operating funding (A - B)		4.76	2.08	1.99
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		(0.36)	(0.25)	(0.26)
Gross proceeds from sale of assets	2	20.51	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		20.15	(0.25)	(0.26)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service	3	(1.86)	-	-
- to replace existing assets		-	-	-
(Increase)/decrease in reserves		(19.37)	(1.84)	(1.73)
(Increase)/decrease of investments	4	(3.68)	-	-
Total applications of capital funding (D)		(24.91)	(1.84)	(1.73)
Surplus/(deficit) of capital funding (C - D)		(4.76)	(2.09)	(1.99)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

1. Recoverable works income and expenditure is higher than budget due to additional Yarrow Stadium works which were unbudgeted.
2. Proceeds from sale of assets reflect the Waitara Lands Act sales and decrease in investments is the distribution of these sales which were not budgeted in the LTP.
3. Capital expenditure to improve the level of service includes an unbudgeted property purchase of Metro Plaza at the Huatoki corridor in line with the CBD Strategy.
4. Increase in investment of Papa Rererangi i Puketapu Ltd.

Parks and Open Spaces

The New Plymouth district has a reputation for the quality of its public parks and open spaces. The places, spaces and assets we manage and maintain include:

- 1,600ha of park and reserve land.
- 82km of walkways, including 12.7km of Coastal Walkway.
- 51 playgrounds.
- Nine skate park sites.
- 24 sports parks for use by residents and visitors.
- The regional crematorium and administer 15 operational cemeteries.
- Brooklands Zoo.
- Public art and monuments.
- 47 public toilets.

WHY WE DO IT

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

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

The parks and open spaces service provides the community with quality recreation and leisure opportunities, access to nature and supports a diverse economy. This supports social, cultural and economic well-being. Many of our parks and open spaces contribute to the ecological welfare of the environment and environmental well-being. There are no significant negative effects from this service.

SIGNIFICANT CHALLENGES DURING THE YEAR

Covid-19 was the only significant challenge of the year.

Impacts of Covid-19

Covid-19 ceased regular service delivery for four and a half weeks until level 3 lockdown when regular service resumed. The effect of this was reduced spending in some areas therefore less spend in these operational budgets. Some project delivery was delayed during this time and has been postponed until next financial year as the weather then impeded this work being undertaken and operational activities taking priority.

Parks delivered essential services during lockdown within the Cemeteries, Crematoria and Brooklands Zoo. Any requested service coming from CDEM or the Police were provided.

Parks and Open Spaces

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We maintain quality district parks, reserves and open spaces.				
The percentage of residents satisfied with the quality of the district's parks and reserves, including the Coastal Walkway and Pukekura Park (NRB survey).	95%	●	98%	95%
The percentage of residents satisfied with the quality of the district's urban landscapes and streets (NRB survey).	95%	●	96%	92% ¹
The percentage of residents satisfied with the quality of the district's sports parks (NRB survey).	95%	●	89% ^{1,2}	86% ^{1,2}
The percentage of residents satisfied with the quality of the district's playgrounds (NRB survey).	95%	●	96%	93% ¹
The percentage of Brooklands Zoo visitors satisfied with the zoo (in-house survey).	90%	●	100% ³	98%
We maintain access to the district's parks, reserves and open spaces.				
The percentage of households in the district that are within 500 metres of a park, reserve or neighbourhood open space.	71%	●	84%	71%
We provide quality public toilets across the district.				
The percentage of the community satisfied with the quality of the district's public toilets (NRB survey).	80%	●	87%	80%

¹ Increasing use of our parks and open spaces from continued ongoing significant growth in both population and tourism.

² NRB result potentially influenced by closure of Yarrow Stadium.

³ 124 respondents (2018/19: 120 respondents).

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		14.38	14.63	13.76
Targeted rates		-	-	-
Subsidies and grants for operating purposes		0.01	0.01	0.01
Fees and charges		2.06	2.00	1.98
Internal charges and overheads recovered		0.16	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		16.61	16.64	15.75
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1	(10.94)	(13.54)	(10.47)
Finance costs		(0.56)	(0.71)	(0.47)
Internal charges and overheads applied		(3.08)	(2.71)	(2.54)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(14.58)	(16.96)	(13.48)
Surplus/(deficit) of operating funding (A - B)		2.03	(0.32)	2.27
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		0.59	0.72	-
Development and financial contributions		0.13	0.81	0.52
Increase/(decrease) in debt	2	1.16	3.84	1.02
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		1.89	5.37	1.54
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	(0.85)	(0.01)
- to improve the level of service	2	(1.58)	(2.32)	(1.71)
- to replace existing assets	3	(3.23)	(1.34)	(2.91)
(Increase)/decrease in reserves		0.89	(0.54)	0.83
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(3.92)	(5.05)	(3.80)
Surplus/(deficit) of capital funding (C - D)		(2.03)	0.32	(2.27)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

1. Payments to suppliers is lower than budget due to the Pukekura Park lake dredging project timeframe being impacted by Covid-19 restrictions. This project will be completed in 2020/21.
2. The level of service capital expenditure and debt funding are lower than budget primarily due to the construction of the Mangorei Road carpark completed in 2018/19.
3. The renewals capital expenditure and reserves funding are higher than budget primarily due to earthquake strengthening of the Waitara Memorial Hall and construction of Back Beach steps.

Puke Ariki and Community Libraries

Puke Ariki's central library, five community libraries, mobile library, digital library, museum and visitor information centre connect Taranaki residents and out-of-region visitors to a wealth of knowledge, exhibitions, experiences and resources. We have dynamic people-orientated facilities, protecting and promoting access to the heritage of the district and our country and providing access to print and digital resources, and experiences to meet and reflect the changing needs of our communities.

WHY WE DO IT

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

Puke Ariki provides residents and visitors learning opportunities to maximise their potential and capacity. This has a positive benefit on the social and cultural well-being of the community. Puke Ariki museum is also a visitor attraction, and thereby benefits the economic well-being of the community. Some exhibitions also promote understanding of the natural environment which may have an environment well-being impact. There are no significant negative effects identified from this activity.

SIGNIFICANT CHALLENGES DURING THE YEAR

A new management structure with three operational streams, Puke Ariki Library and Community Libraries, Museum operations and Visitor Experiences, was introduced to better reflect the needs of the evolving business.

Increasing anti-social behaviour within the vicinity of Puke Ariki has highlighted concerns for staff and visitors' security and safety.

Impacts of Covid-19

Puke Ariki closed to the public from 20 March. Library services resumed on 21 May and the Museum re-opened on 25 May. Community libraries closed from 24 March to 21 May. Regular programming across libraries resumed on 22 June.

- All education sessions, events and regular programmes were suspended. 31 school classes (694 students) cancelled from attending education programmes at the museum. In total 256 events and regular programmes were cancelled.
- A major reorganisation of the exhibition schedule occurred due to the unavailability of components, supply chain disruptions and inability for people to travel. The opening of Homework, Redecorating and Project Reef exhibitions are delayed. The Deep exhibition was cancelled and internal staff will be creating upcoming exhibitions. The new Curatorial and Collections Lead from Canada was unable to take up the position due to the border closure.
- Decrease in annual visitor numbers (19 per cent difference on 2018/19) across Puke Ariki.
- Large increase in uptake of digital resources especially in libraries. 54 per cent annual increase in lending of eBooks and eAudiobooks.
- Puke Ariki ruru scavenger hunts up 10 per cent compared to 2018/19.
- Online library memberships increased over the lockdown period from 22,912 (February) to 25,531 (June) as community members accessed online resources (eBooks and eAudiobooks).

New services created or offered remotely due to Covid-19:

- A home delivery library service (delivering physical library books using a contact free approach) was offered. Over 3,000 books were delivered to mainly older customers over the lockdown period.
- Spark Skinny Jump was offered remotely by library staff. Over 300 Taranaki families were connected to this service in order to access broadband in their homes.
- Online library preschool programming was offered working with Library and Information Association of New Zealand Aotearoa. Weekly sessions were streamed with each individual session reaching over 1,400 people.
- Post-lockdown, adapting our services to meet the changing community needs, including services for job seekers (resume writing workshops and working with partners including Work Bridge and Tui Ora).
- Grab and go bags for parents of preschoolers were introduced across all libraries post-lockdown.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We provide an accessible and informative point of contact and booking service for visitors to New Plymouth District.				
The percentage of customers satisfied with the i-SITE Visitor Information Centre (in-house survey).	95%	●	99%	98%
We provide an accessible mix of lending and reference resources that meet the changing needs of the community.				
The percentage of customers who are satisfied with the library collections (in-house surveys).	95%	●	86% ¹	95%
The number of library members.	28,500	●	25,531 ²	22,405 ² - target \$28,000
The annual number of library items loaned.	795,000	●	723,446 ³	804,950
We offer widely accessible and engaging education programmes.				
The annual number of programmed learning opportunities on offer.	1,200 programmes	●	1,506 ⁴	1,527 ⁴
The number of participants attending.	29,000	●	35,316	32,517
The percentage of participants satisfied with programmes (in-house).	95%	●	97% ⁵	97% ⁵
We provide 24/7 online access to the heritage collection.				
The number of digital heritage records created or improved annually.	11,000	●	4,962 ⁶	5,236 ⁷

- ¹ A change to library processes was implemented which resulted in a short period of negative feedback.
- ² A cull of old library records was undertaken after the LTP target was set. This number more accurately reflects active membership.
- ³ 10 per cent reduction in overall library items loaned over 2019/20 due to the impact of Covid-19. However, a one per cent increase in physical library items loaned was recorded for the period July 2019 to February 2020 compared to the same period in 2018/19. eBooks and eAudiobooks annual loans up by 54 per cent over last year.
- ⁴ This includes 1,004 facilitated school education programmes (22,308 attendees) (2018/19: 905 facilitated school education programmes) conducted throughout Puke Ariki, the Taranaki Research Centre, Discover It! and community libraries.
- ⁵ Teachers gave 100 per cent satisfaction for education programmes.
- ⁶ Responding to customer feedback and technological advances, the digital access strategy has been changed from a numbers based measure to access to collections being via digital product experiences that involve a digitisation process. The impact of this is less total objects digitised but more active engagement through digital platforms.
- ⁷ Delay in recruitment limited the time available for the new resource to undertake the work. Changes in technology and public expectations of digital databases have led to a review of the scope of the project.

Puke Ariki and Community Libraries

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		11.25	10.68	10.35
Targeted rates		-	-	-
Subsidies and grants for operating purposes		0.27	0.40	0.40
Fees and charges		0.50	0.42	0.41
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		12.02	11.51	11.17
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers		(6.30)	(5.82)	(5.78)
Finance costs		(0.07)	(0.09)	(0.07)
Internal charges and overheads applied		(3.63)	(3.64)	(3.45)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(10.01)	(9.54)	(9.30)
Surplus/(deficit) of operating funding (A - B)		2.01	1.97	1.87
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		0.05	0.23	0.14
Increase/(decrease) in debt		0.18	0.02	0.42
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		0.23	0.25	0.56
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		(0.18)	(0.29)	(0.58)
- to replace existing assets		(1.32)	(1.52)	(1.31)
(Increase)/decrease in reserves		(0.74)	(0.40)	(0.54)
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(2.24)	(2.21)	(2.43)
Surplus/(deficit) of capital funding (C - D)		(2.01)	(1.97)	(1.87)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

There are no material variances in this activity.

Stormwater Management

Stormwater is rainwater that flows from surfaces like roofs, gardens, footpaths and roads. NPDC's stormwater drainage schemes collect, manage and dispose of stormwater run-off from around 6,600 hectares of urban area in the district, covering New Plymouth, Bell Block, Waitara, Inglewood, Urenui, Ōnaero, Lepperton, Egmont Village, Ōākura and Okato.

We operate and maintain 296 kilometres of stormwater pipes, a number of detention areas and engineered wetlands to help manage stormwater in the district.

WHY WE DO IT

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

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

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

Stormwater management can have a range of effects on the community. Stormwater management protects people and property, thereby having a positive impact on economic, social and cultural well-being. Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
Heavy rain has the potential to overwhelm stormwater systems and affect community well-being. Discharge of polluted stormwater into waterways could also harm the environment.	We reduce this risk by ensuring a consistent standard of design and level of protection.

SIGNIFICANT CHALLENGES DURING THE YEAR

No major rainfall events.

Impacts of Covid-19

During lockdown we limited some activities such as inspections of pipes in private property. Beyond that Covid-19 has had no effect on service delivery for stormwater.

Stormwater Management

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We provide a stormwater management system that protects people and property.				
The number of flooding events in the district per financial year.	0	●	0	0
The number of habitable floors affected in each flooding event (per 1,000 properties connected to the Council's stormwater system)	1 or less	●	0	0
We comply with all resource consents for discharges from our stormwater system.				
The number of abatement notices, infringement notices, enforcement orders and convictions received.	0	●	6 ¹	0
We respond to service requests in a timely manner.				
The median response time to a flooding event (from the time that the Council receives notification to the time service personnel reach the site).	one hour	●	0.54 hours ²	0.35 hours ²
Customers are satisfied with the performance of our stormwater system.				
The number of complaints received about the performance of the Council's stormwater system (per 1,000 properties connected).	7 or less	●	2.55	1.96

- ¹ Six culverts have conditions which hinder fish passage (laminar flow, erosion, spat rope location or condition or perched inlets or outlets). The culverts are located at Heta Road on an unnamed tributary of the Te Henui Stream; Poplar Grove on the Mangaotuku Stream; Centennial Drive on the Herekawe Stream; Brois Street and Govett Avenue on an unnamed tributary of the Huatoki Stream; Ainslee Street on an unnamed tributary of the Te Henui Stream and a culvert in private property on Miro Street Inglewood on an unnamed tributary of the Waionganaiti Stream.
- ² The times shown for 'attendance' and 'resolution' are reported by NPDC's operation and maintenance contractor, City Care as part of their contracted responsibilities. This includes travel time. The accuracy of these have been verified by NPDC.

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		1.63	1.34	1.31
Targeted rates		-	-	-
Subsidies and grants for operating purposes		-	-	-
Fees and charges		-	0.01	0.01
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		1.63	1.35	1.32
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers		(0.66)	(0.64)	(0.63)
Finance costs		(0.16)	(0.17)	(0.15)
Internal charges and overheads applied		(0.61)	(0.16)	(0.17)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(1.42)	(0.98)	(0.95)
Surplus/(deficit) of operating funding (A - B)		0.21	0.37	0.36
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		0.14	0.32	0.20
Increase/(decrease) in debt	1	2.26	0.19	(0.21)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		2.41	0.51	(0.01)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		0.01	(0.07)	(0.05)
- to improve the level of service	1	(2.27)	(0.55)	(0.05)
- to replace existing assets		(0.32)	(0.22)	(0.21)
(Increase)/decrease in reserves		(0.03)	(0.05)	(0.04)
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(2.61)	(0.89)	(0.36)
Surplus/(deficit) of capital funding (C - D)		(0.21)	(0.37)	(0.36)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

1. Capital expenditure to improve the level of service and Increase in debt due to additional projects approved at Maranui Street and London Terrace.

Transportation

NPDC’s transportation service manages a safe and efficient transport network that enables effective movement of people, goods and services around the district. We operate and maintain the district’s transport network and plan for the future growth and development of the network.

Transportation activities are influenced by a complex mix of policy, legislation, and national and regional strategies. We work within this framework to develop, maintain and renew assets in the network and conduct traffic management on all roads except state highways. Our service covers:

- 1,278km of roads.
- 272 bridges.
- 8,039 street lights.
- 11,178 traffic signs.
- Five tunnels.

WHY WE DO IT

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

Transportation can have a range of effects on the community. Transportation is important to the movement of goods and people, and therefore promotes economic well-being. A connected and active community promotes social well-being. Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
Roadworks and construction can have negative environmental and social effects on the community, including congestion, delays and noise and air pollution. Delays can have economic impacts and road construction can have cultural effects if significant sites are disturbed during activity.	The Council seeks to minimise these effects through robust planning and contractual conditions.
Users of the network are exposed to the risks of crashes and injuries from mistakes, poor infrastructure, inappropriate speeds and risk taking.	We provide high quality infrastructure that users can easily understand and respond to with appropriate user behaviour. We provide education programmes and implement speed and intersection controls that reduce the risk of crashes. We promote respect, tolerance and understanding between user groups and their respective needs and vulnerabilities.

SIGNIFICANT CHALLENGES DURING THE YEAR

Since 2018, most activities have been maintained at their pre-existing levels of service, and resident satisfaction has remained high. There are signs that existing investment levels are no longer sustainable in order to maintain existing levels of service. Areas experiencing an investment challenge are the deteriorating condition of our arterial roads, the management of aging structures (bridges and retaining walls), the increasing impact of forestry activity on rural low volume roads and the increasing trend of the number of fatal and serious injury crashes.

On a positive note our delivery of services through a collaborative (but commercially tensioned) supply chain contract has enabled the Council to be more agile and front foot these significant challenges.

Impacts of Covid-19

The main impact of Covid-19 was in preventing the Council from completing its road reseals programme, and advancing on its pre-seal repairs for next year's reseals. There was also an increasing environmental issue towards the end of the lockdown period of people dumping waste material in the rural areas.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We provide a local roading network that is safe for all road users.				
The change from the previous financial year ¹ in the number of fatalities and serious injury crashes on the district's local roading network, expressed as a number.	Reducing	●	-4 ^{2,3}	+13 ^{2,3}
We provide good quality district roads.				
The average quality of ride on the district's sealed local road network, as measured by smooth travel exposure.	88%	●	85% ⁴	88%
The percentage of residents satisfied with the overall quality of the district's roads (NRB survey).	85%	●	81% ⁵	79% ⁵

¹ Measured for the period 1 July to 30 June.

² Results extracted from Crash Analysis System in July 2020, but data reliability dependent on input timeliness in data processing.

	2019/20		2018/19		2017/18	
	Change	Actual	Change	Actual	Change	Actual
Fatal crashes	-2	1	+1	3	+2	2
Serious injury crashes	-2	24	+13	28	-9	14

Numbers in table above for 2018/19 updated in July 2020 to reflect updated data.

We were fortunate in achieving reduced fatality and serious injury crashes due to Covid-19 lockdown and consequent low crash numbers for a number of months.

⁴ Highly affected by the deteriorating condition of our arterial roads (where one per cent of our road network carries 20 per cent of all traffic movements). Consequently our 2021-2031 programme is focused on rehabilitating these roads, while maintaining the rest at current levels.

⁵ Reason for NRB result not meeting this performance measure is due to poor condition, poor quality of work and need for maintenance.

Transportation

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We appropriately maintain the district's sealed roads.				
The percentage of the sealed local road network that is resurfaced (target based on reseal cycle of 16.5 years) ⁶ .	5.7%	●	4.0% ⁷	5.7%
We provide a high quality and safe footpath network.				
The percentage of footpaths that meet the levels of service and service standards in current condition surveys, as set out in the Transportation Asset Management Plan ⁶ .	>90%	●	88% ⁸	88% ⁸
Footpath length recorded as failed.	<1%	●	0.3%	0.3%
We respond to service requests in a timely manner.				
The percentage of roading and footpath related customer service requests responded to within target timeframes. ⁹	95%	●	98%	95%
We provide a quality and safe cycle network.				
The percentage of residents satisfied with the quality and safety of the district's cycle network (NRB Survey).	85%	●	84% ¹⁰	83% ¹⁰

⁶ International Infrastructure Management Manual condition grading of 1 to 2 are considered in excellent and good condition.

⁷ Road resurfacing is a seasonal activity (November-April) and its delivery was affected by Covid-19 lockdown. The missed 2019/20 sites have been deferred and reprioritised to the start of the next resurfacing season.

⁸ Of the footpath length surveyed, 88 per cent in excellent and good condition, 99 per cent in excellent, good and fair condition.

⁹ Service request timeframes:

- one day for an electrical fault with traffic signals, flooding, diesel spills, chemical spills or a slip to be cleared;
- three days for street lighting faults and potholes;
- five days for traffic counts, bus shelter repairs, road marking enquiries, culvert maintenance, rubbish bins, reinstatement of footpaths and debris in the roadside channel;
- ten days for road surface faults, kerb and channel repairs, new kerb and channel, missing road signs and vegetation clearing.

¹⁰ Reason for NRB result not meeting this performance measure is due to poor condition, poor quality of work and need for maintenance.

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		9.63	9.63	9.15
Targeted rates		4.24	4.23	3.94
Subsidies and grants for operating purposes	1	4.64	3.87	3.84
Fees and charges		0.60	0.35	0.34
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		0.58	0.53	0.53
Total operating funding (A)		19.68	18.60	17.81
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1	(10.52)	(9.04)	(9.02)
Finance costs		(1.20)	(1.08)	(1.14)
Internal charges and overheads applied		(2.27)	(2.41)	(2.41)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(13.99)	(12.53)	(12.56)
Surplus/(deficit) of operating funding (A - B)		5.70	6.08	5.25
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	2	5.63	5.94	6.04
Development and financial contributions		0.24	0.46	0.29
Increase/(decrease) in debt	3	1.94	1.02	1.75
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		7.80	7.41	8.08
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	3	(0.48)	(0.42)	(0.46)
- to improve the level of service	3	(3.44)	(3.12)	(3.61)
- to replace existing assets	2	(8.38)	(10.17)	(9.59)
(Increase)/decrease in reserves	2	(1.20)	0.22	0.33
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(13.50)	(13.49)	(13.33)
Surplus/(deficit) of capital funding (C - D)		(5.70)	(6.08)	(5.25)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

1. Subsidies and grants for operating purposes and payments to staff and suppliers are higher due to bringing planning works forward from 2020/21.
2. Capital expenditure to replace existing assets were impacted by Covid-19 restrictions. This programme will be rescheduled for 2020/21 and funded from reserves and NZTA subsidies.
3. Capital expenditure is higher primarily due to the early purchase of land for the Airport Drive realignment, partially offset by the Waitara Walkway project expenditure being delayed resulting in higher debt.

Venues and Events

The venues and events service comprises a broad group of activities, including attracting and managing a diverse programme of events at the TSB Bowl of Brooklands, TSB Showplace, TSB Stadium and Yarrow Stadium.

Our events include the annual TSB Festival of Lights, the Home and Lifestyle Expo, local Waitangi Day celebrations and other civic events. We also support other local events such as WOMAD.

The Todd Energy Aquatic Centre (TEAC) caters for a range of ages and activities, including learn to swim and fitness classes. The district's four community pools operate seasonally, over the summer months. NPDC provides financial support to the Bell Block Community Pool Society Incorporated for the Bell Block Community Pool.

WHY WE DO IT

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

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

Venues and events service can have a range of effects on the community. Our events promote both social and cultural well-being, and can also be visitor attractions and thereby promote economic well-being. Venues such as the TSB Bowl of Brooklands, TSB Showplace, TSB Stadium and Yarrow Stadium provide opportunities for both community and commercial events of scale, promoting both social and economic well-being. TEAC and other pools promote social well-being through a safe environment to swim and, in particular providing opportunities for learning to swim. Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
Staging of events can create noise, traffic congestion, and inconvenience caused by road closures.	All events are managed within existing resource consent conditions. All major event planning includes provision for traffic management plans. All road closures are approved by the Council after the community has been notified and consulted.
There is a risk of inappropriate behaviour associated with patrons of events such as vandalism or other behaviour related incidents.	The Council works closely with the district police and the contracted security providers to ensure appropriate security arrangements are in place via the undertaking of risk assessments and planning for major events.
Events can generate additional waste.	A zero waste policy is developed for major events, and recycling receptacles are provided at all Council event venues to minimise the residual waste.
At district pools there are risks associated with water safety and hygiene.	We maintain water safety and quality at the district pools by achieving Poolsafe accreditation and ensuring staff are appropriately trained.

SIGNIFICANT CHALLENGES DURING THE YEAR

Yarrow Stadium operations were restricted to the availability of the west stand hospitality suites and outer training fields only. At other venues the continued challenge of managing competing demands from events and user groups has been ever present. Aquatic operations have continued to be successful overall but require regular maintenance to ensure the facilities remain fit for purpose. Securing external funding to support events and programmes remains challenging.

Impacts of Covid-19

During the lockdown period the venues and aquatics facilities were closed to the public. The aquatics closure period from 20 March to 10 June allowed the completion of a comprehensive maintenance programme mostly undertaken by the staff. During the same period in 2018/19, 67,108 customers attended the aquatics centre compared to none in 2019/20.

The annual Home and Lifestyle Expo scheduled for April was cancelled resulting in a loss of revenue. Based on previous year's figures this amounted to approximately \$110,000.

The impact on numbers of events and numbers of attendees at all of the Council's venues for the financial year can be seen in the table below.

	2018/19	2019/20	Difference
Venues			
Events	1,203	998	(205)
Attendees	284,789	241,246	(43,543)
Aquatics*			
Attendees	355,872	290,420	(65,452)

* Refers to TEAC, as seasonal pools were only closed one week earlier than normal.

A number of staff were able to work from home during the lockdown period providing services related to ticketing and refunds, postponing, cancelling and re-booking events, as well as maintaining key business relationships with clients and promoters. Staff were also seconded into the response effort.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We provide high quality community pools that encourage community participation in aquatic activities.				
The percentage of residents satisfied with the Council's swimming facilities (NRB survey).	94%	●	97%	93% ¹
The number of pool patrons per year.	390,000	●	325,520 ²	409,271
We provide a range of appealing events at high quality venues.				
The percentage of residents satisfied with Council's events (NRB survey).	95%	●	95%	94% ³
The percentage of residents satisfied with the Council's events venues (NRB survey).	95%	●	93% ³	91% ³
We provide a network of high quality venues that create opportunities for the community to attend arts, cultural, sporting and recreation activities.				
The number of attendees and events/bookings across all venues. ⁴	280,000 attendees	●	241,246 ²	284,789
	1,000 events	●	998 ²	1,203

¹ NRB result may reflect age of the facilities, particularly the TEAC, and that the upgrade/redevelopment of TEAC, originally planned to be initiated in 2017/18 in LTP 2012 now remains outside of the 10 year LTP window.

² Impacted by Covid-19 as detailed in the section above.

³ NRB result potentially influenced by closure of Yarrow Stadium.

⁴ NPDC has reduced the expected number of attendees and events/bookings as a result of the closure of Yarrow Stadium's east and west stands.

Venues and Events

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		8.79	8.76	8.43
Targeted rates		-	-	-
Subsidies and grants for operating purposes		0.70	0.76	0.79
Fees and charges		3.06	3.24	3.14
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		12.55	12.76	12.35
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers		(7.51)	(7.94)	(7.76)
Finance costs		(0.09)	(0.10)	(0.09)
Internal charges and overheads applied		(3.14)	(3.11)	(2.97)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(10.73)	(11.15)	(10.82)
Surplus/(deficit) of operating funding (A - B)		1.81	1.61	1.53
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		0.01	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		0.08	-	0.82
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		0.09	-	0.82
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service		(0.09)	(0.06)	(0.85)
- to replace existing assets		(0.87)	(1.44)	(1.71)
(Increase)/decrease in reserves		(0.94)	(0.11)	0.20
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(1.90)	(1.61)	(2.35)
Surplus/(deficit) of capital funding (C - D)		(1.81)	(1.61)	(1.53)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

There are no material variances in this activity.

Waste Management and Minimisation

The waste management and minimisation service includes waste and recycling collection from households and schools within defined areas of the district. Our kerbside collection includes mixed recyclables, glass, food and landfill waste. We also operate four transfer stations, the Colson Road Special Waste Landfill and the New Plymouth Resource Recovery Facility (which includes The Junction Zero Waste Hub and a transfer station run by a private operator).

The service collects around 6,500 tonnes of landfill waste, 6,000 tonnes of recyclable materials and 1,600 tonnes of food scraps from more than 29,300 residential premises each year. Our transfer stations and the Resource Recovery Facility handle non-hazardous solid waste, including around 500 tonnes of green waste, 1,000 tonnes of recyclable materials and 16,700 tonnes of solid waste per year. The Resource Recovery Facility also accepts 2,500 tonnes of recycling from the Stratford and South Taranaki districts.

The Colson Road Regional landfill closed to general waste early this year and has operated as a special waste only facility since August 2019, disposing of it to an environmentally acceptable standard. We also promote Zero Waste, delivering educational programmes and initiatives to communities, businesses and schools across the district.

WHY WE DO IT

The waste management and minimisation service is designed to work towards Zero Waste and supports the Council's strategic vision *Building a Lifestyle Capital – caring for our place, putting people first, and supporting a prosperous community* by ensuring household and business waste is collected, valuable resources are separated and recycled, with the remaining landfill waste disposed of without significant impact on the environment and public health.

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

Our waste management and minimisation service, particularly our kerbside collection service, is also about *putting people first - aroha ki te tangata* as it provides an easy and convenient service which enables our community to divert waste from landfill.

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

EFFECTS ON THE COMMUNITY WELL-BEING

Waste management and minimisation can have a range of effects on the community. The safe collection of waste minimises potential community health issues and therefore promotes social well-being. The focus on reducing waste is also promoting environmental health. The Council also provides services to promote economic well-being through regulating waste streams and providing opportunities to partner with businesses to reduce waste. Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
The disposal of solid waste in landfills has the potential to release substances including greenhouse gases and leachate, causing harm to the environment and community.	Firstly we aim to divert materials from landfill. When landfilled we minimise such negative effects through the use of robust practices such as compacting and covering of landfill waste daily and ensuring the landfill is lined to capture and treat leachate.

SIGNIFICANT CHALLENGES DURING THE YEAR

The year started with the closure of the Colson Road Regional landfill to the acceptance of general waste in August 2019. Waste is now transported out of the Taranaki region to the Bonny Glen landfill in Marton, which accepts waste from around the lower North Island. The Colson Road landfill began to accept special waste only from August 2019 on a trial basis to ensure a cost effective option for these difficult to handle wastes was available to the commercial sector.

Waste Management and Minimisation

There was also a significant change to the kerbside recycling and rubbish collection service with the roll out of a food scraps collection, and the change from weekly collection of rubbish bags to the fortnightly collection of landfill waste in 140L bins. This has been a significant step in our journey towards Zero Waste, with the diversion of 150 tonnes per month of food scraps to a commercial composting facility and a subsequent decrease in the amount of waste disposed to landfill. Electric trucks were incorporated as part of the collection fleet, reducing our carbon footprint. In addition the kerbside collection area was extended between September and December to include rural areas between Okato and New Plymouth, Carrington and Mangorei roads, SH3 through to rural Inglewood, Bell Block, and up to Urenui, adding another 750 households to the service.

The Junction Zero Waste Hub opened between August 2019 and March 2020. This was stage two of the Resource Recovery Facility development. This reuse shop and education service aims to divert reusable and upcyclable items as well as engage the community in Zero Waste through education tours and workshops.

Impacts of Covid-19

While the waste management and minimisation service was identified as an essential service during the lockdown period, there were significant changes to the level of service provided during the different alert levels. During level 4 kerbside collection was restricted to the collection of landfill bins only at an increased frequency (weekly). The transfer stations remained open for essential waste disposal only. Under level 3 all services resumed a normal collection frequency. However, the recycling processing plant remained closed with the collected mixed recycling being landfilled. This has impacted on the performance targets around waste diversion from landfill. Glass and food scraps were able to be recycled and composted during level 3. By level 2 all services were operating as normal. The level of contamination (non-recyclable items) in the mixed recycling bins was high. The volumes of kerbside waste collected in level 1, while steadily decreasing, remain higher compared to the months prior to the lockdown. The large volumes of waste, coupled with the temporary restriction to recycling services and subsequent high quantities of recycling contamination between April and June resulted in only a four per cent reduction in household waste disposed to landfill, which has resulted in the target of a 10 per cent reduction in waste not being achieved.

Despite the changes, there was very little impact on the cost of the services, with savings from not providing recycling collection offset by the increased cost of landfill collection and disposal.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We encourage district wide waste minimisation.				
The reduction in landfill waste generated per household (measured as a year on year percentage).	10%	●	4% ¹	4% decrease ¹ - target 1%
We comply with all resource consents related to solid waste collection and management.				
The number of abatement notices, infringement notices, enforcement orders, and convictions received.	0	●	0	1 ²
Customers are satisfied with our solid waste collection and management service.				
The number of complaints about the Council's solid waste service received (per 1,000 customers).	3 or less	●	1.92	0.63

¹ 253kg per household (2018/19: 252kg) impacted by level 4 lockdown as explained above.

² One abatement notice for non-compliance in relation to Colson Road Landfill cap depth. Works to rectify were completed by mid-March 2020. Planning to complete works is underway and an extension has been granted to March 2021.

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		2.69	3.54	2.43
Targeted rates		4.64	5.06	3.77
Subsidies and grants for operating purposes		-	-	-
Fees and charges	1	3.61	6.13	6.20
Internal charges and overheads recovered		0.07	0.60	0.75
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		11.01	15.33	13.15
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1	(10.53)	(11.70)	(9.92)
Finance costs		(0.06)	(0.07)	(0.06)
Internal charges and overheads applied		(2.04)	(2.52)	(2.51)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(12.63)	(14.29)	(12.49)
Surplus/(deficit) of operating funding (A - B)		(1.62)	1.03	0.65
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		-	-	-
Increase/(decrease) in debt		0.11	(0.04)	(0.03)
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		0.11	(0.04)	(0.03)
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand		-	-	-
- to improve the level of service	2	(3.71)	-	-
- to replace existing assets		(0.09)	(1.06)	(12.56)
(Increase)/decrease in reserves		5.31	0.08	11.94
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		1.50	(0.98)	(0.62)
Surplus/(deficit) of capital funding (C - D)		1.62	(1.03)	(0.65)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

1. Fees and charges, and payments to staff are lower due to the LTP being based on the operation of the Central Landfill. The Council has made savings by resolving to contract out landfill services.
2. Additional capital expenditure and reserve funding of customer reuse and recycling centre project (The Junction) brought forward from previous years and the purchase of bins for the kerbside collection service.

Wastewater Treatment

The wastewater treatment service provides a network of infrastructure to manage domestic and industrial wastewater in the district. We collect and treat sewage from the urban areas of New Plymouth, Bell Block, Waitara, Inglewood and Ōākura and return clean water to the environment.

Our activities include operating and maintaining a centralised treatment plant, 37 pump stations and 737 kilometres of sewer network. We also monitor the flow of trade waste into the network. On average, we handle 25 million litres of wastewater each day, servicing around 26,000 properties.

WHY WE DO IT

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

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

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

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

EFFECTS ON COMMUNITY WELL-BEING

Wastewater treatment can have a range of effects on the community. Wastewater promotes the health of our community and waterways, benefiting social, cultural and environmental well-being. Wastewater also promotes economic activity. Potential negative effects are identified in the following table.

Effect	How NPDC intends to mitigate the effect
Managing wastewater comes with the risk of system overflows into rivers and streams, which can affect the environmental and social well-being of the community.	We minimise the likelihood of such overflows through regular inspections of equipment, maintenance programmes, renewal and lining of old and/or leaky pipes. We also use sound design, construction and operations practices.

SIGNIFICANT CHALLENGES DURING THE YEAR

The thermal dryer at the New Plymouth Wastewater Treatment Plant (WWTP) which processes our biological sludge, had to be taken off line for major unplanned maintenance. This was brought about as maintenance had been postponed in anticipation of a new thermal dryer being built, which has been delayed. The Council has also largely completed a major upgrade of the inlet works to the WWTP. The final tests for completion are currently underway.

Impacts of Covid-19

The lockdown resulted in some activities being limited, such as sewer flushing of pipes located on private property and a delay in completing maintenance on the thermal dryer - leading to higher landfill costs.

Rebuilding of a blower at the WWTP has been delayed until specialist engineers from Australia are able to travel to New Zealand. This has resulted in the blower operating less efficiently and higher electricity use.

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We provide an effective wastewater treatment and disposal system.				
The number of dry weather sewerage overflows per 1,000 connections to the wastewater system.	1 or less	●	1.07 ¹	0.77
We comply with all resource consents for wastewater discharge from our system.				
The number of abatement notices, infringement notices, enforcement orders, and convictions received.	0	●	3 ²	4 ³
We respond to customer and maintenance requests in a timely manner.				
The median response time to sewerage overflow callouts (from the time the Council receives notification to the time that service personnel reach the site).	1 hour or less	●	0.64 ⁴	0.65 ⁴
The median resolution time for sewerage overflow callouts (from the time the Council receives notification to the time that service personnel confirm resolution of the fault or interruption).	4 hours or less for sewers < 250 dia	●	2.33 ⁴	2.26 ⁴
	8 hours or less for sewers ≥ 250 dia	●	No callouts ⁴	No callouts ⁴
Customers are satisfied with the wastewater treatment and disposal service.				
The total number of complaints received about sewage odour; system faults or blockages, or the Council's response to issues with the sewerage system (per 1,000 connected properties).	13 or less	●	6.52	7.99

¹ There were 13 unauthorised discharges into a water body (2018/19: 8) and 19 unauthorised discharges on to land (2018/19: 15).

² Abatement notice for objectionable odour noted at Te Rewa Rewa Bridge. Works being undertaken at the WWTP as per RC 9984-1 were occurring at time. Breach of Special Condition 14 of RC 9984-1 and RMA Section 15(1)(c). Abatement notice for Onaero Beach Campground, treated septic tank sewage effluent discharged to groundwater in excess of 17m³ per day. Abatement notice for Urenui Beach Campground, treated septic tank effluent discharge to groundwater in excess of 85m³ per day.

³ Abatement notice for objectionable odour from the application of the Council's bioboost fertiliser to the Council leased grazing area within Hickford Park. Constraints with the distributor's storage resulted in excess bioboost fertiliser at the WWTP requiring disposal. The Council established an agreement to spread the excess on the leased grazing area within Hickford Park. However, poor application from the lessee resulted to odours to the nearby residential area. Abatement notice for objectionable odour from the Area Q sewer pump station. The pump station biofilter that was not operating effectively to remove odours was subsequently remediated to work effectively. Abatement notice for discharge of sewage into the Mangati Stream from the Mangati pump station initially arising from an electrical fault and subsequently continuing for over nine hours through the night following human error. Procedures are being reviewed and updated to remove (or at least minimise) the potential for a repeat of the error. Abatement notice for sewage from the soakage trench migrating to the surface and flowing overland at the Urenui Campground from an increase of influent into the septic tank from previous summers. With two of four effluent lines in service at any one time the change over time was decreased from six to three-monthly and compliance was confirmed on 26 February 2019.

⁴ The times shown for 'attendance' and 'resolution' are reported by NPDC's operation and maintenance contractor, City Care, as part of their contracted responsibilities. This includes travel time. The accuracy of these times have been verified by NPDC.

Wastewater Treatment

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates		14.28	14.26	14.21
Subsidies and grants for operating purposes		-	-	-
Fees and charges		2.50	2.10	2.06
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		16.78	16.36	16.27
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers		(5.79)	(5.49)	(5.27)
Finance costs		(3.02)	(2.85)	(2.77)
Internal charges and overheads applied		(3.67)	(3.29)	(3.23)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(12.49)	(11.63)	(11.27)
Surplus/(deficit) of operating funding (A - B)		4.29	4.73	5.00
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		0.80	1.05	0.67
Increase/(decrease) in debt		(0.92)	0.55	0.45
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		(0.12)	1.60	1.12
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	1	(0.40)	(2.60)	(1.47)
- to improve the level of service		(0.93)	(1.35)	(1.80)
- to replace existing assets		(5.16)	(5.75)	(3.40)
(Increase)/decrease in reserves		2.32	3.37	0.55
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(4.17)	(6.33)	(6.12)
Surplus/(deficit) of capital funding (C - D)		(4.29)	(4.73)	(5.00)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

1. Savings in capital expenditure due to the thermal dryer being partially renewed rather than replaced.

Water Supply

NPDC's water supply service treats and distributes water that we source from groundwater bores and rivers in the district. We develop, operate and maintain water treatment plants to meet water quality standards. We also manage pump stations, pipe networks and storage facilities, such as reservoirs, to ensure our community has a reliable and sustainable supply of fresh water.

There are four separate water supplies in the district: New Plymouth (includes Ōmata, Bell Block, Waitara and Urenui), Inglewood, Ōākura and Ōkato. Combined, these facilities supply approximately 28 million litres of water per day to just over 28,000 households and businesses in defined urban and rural areas.

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

WHY WE DO IT

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

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

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

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

EFFECTS ON THE COMMUNITY WELL-BEING

Water supply can have a range of effects on the community. A safe drinking water supply network promotes both economic and social well-being. Potential negative effects are identified in the following table.

Effect	How the Council intends to mitigate the effect
Extracting water from streams and underground aquifers can reduce the amount of water available for future use and therefore negatively impacts on environmental and cultural well-being.	We minimise the amount of water we extract by operating demand management measures such as water restrictions during dry periods, by reducing pressure to minimise leakage and consumption, by promoting efficient water use, and by regular inspection and maintenance of pipework.

SIGNIFICANT CHALLENGES DURING THE YEAR

We are continuing to install backflow preventers on properties with swimming pools identified following Ex-cyclone Gita water incident. Due to lack of local resources and expertise and level 4 lockdown we have not installed the target number this year.

The water take consent for Okato was approved this year.

We have drilled a new bore for Ōākura to replace an existing bore which had to be taken off line due to possible integrity issues. The new bore is currently being commissioned.

Impacts of Covid-19

During lockdown we limited some activities such as meter reading and installation of backflow preventers. The lockdown also lead to delays with some projects. For example, the new bore at Ōākura was delayed as no work was undertaken during level 4 lockdown.

Water Supply

HOW WE PERFORMED

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
We provide water that is safe to drink.				
Our level of compliance with Part 4 of the Drinking-water Standards (bacteria compliance criteria).	Full compliance	●	Full compliance ¹	Full compliance ¹
Our level of compliance with Part 5 of the Drinking-water Standards (protozoal compliance criteria).	Full compliance	●	Full compliance ¹	Full compliance ¹
We maintain the reticulated water network in good condition.				
The percentage of real water loss from the Council's networked reticulation system. ²	25% or less	●	16.3%	15.7%
We respond to faults and unplanned interruptions to the water supply network in a timely manner.				
The median response time to urgent callouts (from the time that the Council receives notification to the time that service personnel reach the site).	1 hour or less	●	0.52	0.43 ³
The median resolution time for urgent callouts (from the time the Council receives notification, to the time that service personnel confirm resolution of the fault or interruption).	4 hours or less for mains < 250 dia	●	1.82	1.71 ³
	8 hours or less for mains ≥ 250 dia	●	No callouts ³	No callouts ³
The median response time to non-urgent callouts (from the time the Council receives notification to the time that service personnel reach the site).	24 hours or less	●	49.55 ^{4,5}	47.20 ⁵
The median resolution time for non-urgent callouts (from the time the Council receives notification to the time that service personnel confirm resolution of the fault or interruption).	48 hours or less	●	89.65 ^{4,6}	76.70 ⁶

¹ Verbal confirmation received from water assessor (2019/20: 22 July 2020) with the regulator to subsequently provide written report.

² We calculate water loss following the method contained within Water New Zealand's Benching of Water Losses in New Zealand Manual.

³ The times shown for 'attendance' and 'resolution' are reported by NPDC's operation and maintenance contractor, City Care, as part of their contracted responsibilities. This includes travel time. The accuracy of these times have been verified by NPDC.

⁴ The targets for both the non-urgent callout KPIs could not be met because:

- these targets were set for callouts which have short contractual response time requirements, i.e. Priority 2s; and
- callouts which have much longer contractual response time requirements, i.e. Priority 3s and 4s, are now also being measured against these targets.

⁵ Priorities 2, 3 & 4. Priority 2 only: 6.96 (2018/19: 17.92).

⁶ Priorities 2, 3 & 4. Priority 2 only 24.71 (2018/19: 26.32).

Performance Measure	Target 2019/20	Rating	Results/Comments 2019/20	Results/Comments 2018/19
Customers are satisfied with our water supply service.				
The total number of complaints (per 1,000 connections) received about any of the following: <ul style="list-style-type: none"> drinking water clarity, taste, or odour; drinking water pressure or flow; continuity of supply; and the Council's response to any of these issues. 	10 or less	●	13.01 ⁷	7.87
We manage demand to minimise the impact of water supply activities on the environment.				
The average consumption of drinking water per day per resident within New Plymouth district.	315 litres per day	●	284	292
The number of abatement notices, infringement notices enforcement orders, and convictions received.	0	●	0	2 ⁸

⁷ High number of complaints due to discoloured water events in Inglewood. We have a program of work to address this issue. We have been using a new system for recording complaints to ensure compliance with Department of Internal Affairs guidance.

⁸ Abatement notice to stop taking water from the Ōākura water supply bore (following discovery of defects during a CCTV inspection of the bore) until an investigation is completed and well integrity is of a standard to ensure that there is no contravention of the Resource Management Act.

Abatement notice issued to undertake investigation of the Ōākura water supply bore. The investigation found that while the bore was not viable long term there was also no clear evidence that the bore casing was leaking. A project has now been launched to decommission this bore and drill a new one to replace it.

Water Supply

FUNDING IMPACT STATEMENT for the year ended 30 June 2020

	Notes	Actual 2019/20 (\$m)	LTP 2019/20 (\$m)	LTP 2018/19 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties		-	-	-
Targeted rates		11.94	12.34	11.59
Subsidies and grants for operating purposes		-	-	-
Fees and charges		0.32	0.23	0.23
Internal charges and overheads recovered		-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts		-	-	-
Total operating funding (A)		12.26	12.57	11.81
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	1	(5.26)	(4.15)	(3.91)
Finance costs		(1.59)	(1.92)	(1.67)
Internal charges and overheads applied		(3.24)	(2.80)	(2.74)
Other operating funding applications		-	-	-
Total applications of operating funding (B)		(10.09)	(8.88)	(8.33)
Surplus/(deficit) of operating funding (A - B)		2.17	3.69	3.48
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure		-	-	-
Development and financial contributions		0.79	0.46	0.29
Increase/(decrease) in debt		7.02	6.65	6.17
Gross proceeds from sale of assets		-	-	-
Lump sum contributions		-	-	-
Other dedicated capital funding		-	-	-
Total sources of capital funding (C)		7.81	7.11	6.46
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	2	(2.54)	(3.86)	(4.00)
- to improve the level of service	3	(5.60)	(4.65)	(3.68)
- to replace existing assets	4	(5.19)	(3.45)	(3.26)
(Increase)/decrease in reserves		3.35	1.16	0.99
(Increase)/decrease of investments		-	-	-
Total applications of capital funding (D)		(9.99)	(10.80)	(9.94)
Surplus/(deficit) of capital funding (C - D)		(2.17)	(3.69)	(3.48)
Funding balance (A - B) + (C - D)		-	-	-

Variance explanation Actual 2019/20 to LTP 2019/20

1. Payments to suppliers due to additional maintenance and planning required on the network.
2. Capital expenditure is down primarily due to Mountain and Henwood reservoir projects underway with funding carried over to 2020/21.
3. Capital expenditure to improve the level of service is higher primarily due to the Ōākura Water Treatment Plant and bores.
4. Capital expenditure for renewals includes replacement of the Inglewood water main.

Funding from External Sponsors

NPDC would like to gratefully acknowledge and thank the following funders.

Funder	Description	Amount
Creative New Zealand	Artist residencies, internships and symposium support (Govett-Brewster Art Gallery/Len Lye Centre)	\$63,340
George Mason Charitable Trust	Curatorial intern (Puke Ariki and Community Libraries)	\$5,000
	Scholarship (Puke Ariki and Community Libraries)	\$7,500
Govett-Brewster Foundation	Programme and acquisition support (Govett-Brewster Art Gallery/Len Lye Centre)	\$95,832
Govett Quilliam The Lawyers	Programme and acquisition support (Govett-Brewster Art Gallery/Len Lye Centre)	\$10,000
Japan Foundation	Support for exhibition programme (Govett-Brewster Art Gallery/Len Lye Centre)	\$5,400
LEOTC (Ministry of Education)	Funding for Puke Ariki and Aotea Utanganui museum education programme (Puke Ariki and Community Libraries)	\$60,800
	Education programme support (Govett-Brewster Art Gallery/Len Lye Centre)	\$44,200
Lion Foundation	Festival of Lights - LED movie screens (Venues and Events)	\$20,000
Ministry for Culture and Heritage	Waitangi Day (Venues and Events)	\$3,000
New Zealand Community Trust	Festival of Lights - technical costs (Venues and Events)	\$15,000
Puke Ariki Trust	Library Design Lab (Puke Ariki and Community Libraries)	\$8,407
Southern Trust	Festival of Lights - security services (Venues and Events)	\$10,000
Taranaki Regional Council	Project Reef – Taranaki Naturally Gallery (refresh) and marketing campaign for Taranaki Naturally Gallery (Puke Ariki and Community Libraries)	\$125,000
TSB Community Trust	Community Reuse and Recycle Centre fit-out (Waste Management and Minimisation)	\$150,000
	TSB Showplace/TSB Bowl of Brooklands - various performances; Six60 concert; Ben Harper concert (Venues and Events)	\$100,000
		\$5,000
	TSB Stadium – Sky Sport Breakers community engagement programme (Venues and Events)	\$110,000
	Festival of Lights - on stage programme and provision of regional buses (Venue and Events)	\$49,000
	Temporary exhibition programme - <i>Mechanical Circus</i> (Puke Ariki and Community Libraries)	\$8,853
	School transport project (Puke Ariki and Govett-Brewster Art Gallery/Len Lye Centre)	\$5,500
	Waitangi Day (Venues and Events)	

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Financial Statements

NEW PLYMOUTH DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the year ended 30 June 2020

	NOTES	COUNCIL			GROUP	
		2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
OPERATING REVENUE						
Rates	2(b)	94,300	94,245	90,333	94,209	90,245
Subsidies and grants	2(c)	12,760	12,170	12,616	15,909	14,848
Development and financial contributions	2(a)	2,151	3,325	1,947	2,151	1,947
Other revenue	2(d), 9	46,035	29,502	36,575	50,100	41,102
Interest revenue	2(e)	2,382	2,187	2,297	1,384	1,888
Investment revenue	2(f)	8,227	15,010	18,858	8,227	19,375
Total operating revenue		165,855	156,439	162,626	171,980	169,405
OPERATING EXPENDITURE						
Personnel costs	3	43,616	45,480	39,456	46,886	42,169
Other expenses	4, 9	80,760	64,720	82,098	83,702	84,434
Waitara Lands Act distributions	9, 12	21,563	-	5,569	21,563	5,569
Depreciation and amortisation expenses	5(d)	41,938	36,742	33,003	43,414	34,488
Interest expense	16	5,723	7,432	5,872	5,725	5,895
Total operating expenditure		193,600	154,374	165,998	201,290	172,555
Share of joint ventures surplus/(deficit)	9	339	-	145	339	145
(Deficit)/surplus before taxation		(27,406)	2,065	(3,227)	(28,971)	(3,005)
Income tax refund/(expense)	19	-	-	-	264	(344)
(DEFICIT)/SURPLUS AFTER TAXATION		(27,406)	2,065	(3,227)	(28,707)	(3,349)
OTHER COMPREHENSIVE REVENUE AND EXPENSE						
Gain on property, plant and equipment and equipment revaluations	20	6,196	-	696,921	11,113	696,921
Financial assets at fair value through other comprehensive revenue and expense	20	23	-	-	23	-
Total other comprehensive revenue and expense		6,219	-	696,921	11,136	696,921
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(21,187)	2,065	693,694	(17,571)	693,572

The accompanying notes form part of these financial statements. Explanations of major variances against budget are included in note 1.

NEW PLYMOUTH DISTRICT COUNCIL
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
for the year ended 30 June 2020

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

The accompanying notes form part of these financial statements. Explanations of major variances against budget are included in note 1.

Financial Statements

NEW PLYMOUTH DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2020

	NOTES	COUNCIL			GROUP	
		2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
NON-CURRENT ASSETS						
Property, plant and equipment	5	2,875,212	2,334,350	2,868,904	2,937,946	2,914,640
Intangible assets	7	2,728	5,670	3,097	2,743	3,152
Forestry assets	8, 9	4,097	3,570	4,155	4,097	4,155
Investment property	6	1,300	-	-	1,300	-
Equity accounted investments	9	1,257	-	906	1,257	906
Investment in CCOs and other similar entities	11	58,939	10,000	43,317	727	704
Other financial assets	11	62,143	25,300	56,314	62,570	56,313
Deferred tax asset	19	-	-	-	320	68
Derivative financial instruments	21(c)	800	640	761	800	761
Total non-current assets		3,006,476	2,379,530	2,977,454	3,011,760	2,980,699
CURRENT ASSETS						
Cash and cash equivalents	13	34,706	5,030	10,793	38,163	13,872
Debtors and other receivables	14	15,847	15,750	16,061	16,450	17,135
Tax receivable	19	-	-	-	175	-
Non-current assets held for sale	10	-	1,260	88	-	88
Investment in CCOs and other similar entities	11	3,049	-	3,650	-	-
Other financial assets	11	261,550	327,510	279,071	261,550	279,071
Intangible assets	7	9	620	625	9	625
Inventory		151	140	150	151	150
Total current assets		315,312	350,310	310,438	316,498	310,941
TOTAL ASSETS		3,321,788	2,729,840	3,287,892	3,328,258	3,291,640
NON-CURRENT LIABILITIES						
Borrowings	16	129,500	158,870	104,000	129,500	104,000
Derivative financial instruments	21(c)	21,631	5,910	15,179	21,631	15,179
Provisions	17	3,139	1,730	1,735	3,139	1,735
Employee entitlements	18	462	630	518	462	518
Total non-current liabilities		154,732	167,140	121,432	154,732	121,432
CURRENT LIABILITIES						
Creditors and other payables	9, 15	19,693	16,520	20,405	22,136	23,777
Waitara Lands Act liability	9, 12	20,041	-	3,029	20,041	3,029
Borrowings	16	44,000	11,400	39,000	44,000	39,000
Provisions	17	837	790	1,017	837	1,017
Employee entitlements	18	4,209	3,540	3,589	4,411	3,713
Derivative financial instruments	21(c)	338	200	295	338	295
Provision for tax	19	-	-	-	-	43
Total current liabilities		89,118	32,450	67,335	91,763	70,874
TOTAL LIABILITIES		243,850	199,590	188,767	246,495	192,306
NET ASSETS		3,077,938	2,530,250	3,099,125	3,081,763	3,099,334
EQUITY						
Accumulated funds	20	1,556,947	1,539,050	1,566,086	1,545,315	1,555,890
Other reserves	20	1,520,991	991,200	1,533,039	1,536,448	1,543,444
TOTAL EQUITY		3,077,938	2,530,250	3,099,125	3,081,763	3,099,334

The accompanying notes form part of these financial statements. Explanations of major variances against budget are included in note 1.

NEW PLYMOUTH DISTRICT COUNCIL
STATEMENT OF CASH FLOWS
for the year ended 30 June 2020

	NOTES	COUNCIL			GROUP	
		2019/20 Actual \$'000	2019/20 Budget \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from rates revenue		93,708	94,250	89,843	93,617	89,755
Interest received		2,625	2,190	2,401	1,759	1,992
Dividends received		370	-	-	370	-
Other revenue received		46,711	32,088	47,580	54,540	54,180
Payments to suppliers and employees		(113,112)	(110,200)	(107,403)	(120,402)	(110,282)
Waitara Lands Act disbursements	12	(4,551)	-	(2,540)	(4,551)	(2,540)
Goods and services tax (net) paid		135	-	(10)	521	(397)
Income tax paid		-	-	-	(206)	(603)
Interest paid		(5,664)	(7,430)	(5,669)	(5,666)	(5,692)
Net cash flows from operating activities		20,222	10,898	24,202	19,982	26,413
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts from sale of property, plant and equipment		21,621	12,730	635	21,185	635
PIF release to Council		9,023	8,782	8,601	9,023	8,601
Borrowings advanced to Papa Rererangi i Puketapu Ltd		(15,400)	-	(9,850)	-	-
Receipts from sale of other financial assets		38,647	10,140	39,203	38,647	39,203
Purchase of property, plant and equipment		(50,646)	(51,310)	(43,988)	(64,972)	(56,148)
Purchase of intangible assets		(361)	-	(660)	(381)	(660)
Purchase of other financial assets		(29,693)	(10,630)	(38,847)	(29,693)	(38,847)
Net cash flows from investing activities		(26,809)	(30,288)	(44,906)	(26,191)	(47,216)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings		52,500	24,690	40,000	52,500	40,000
Repayment of borrowings		(22,000)	(8,720)	(15,000)	(22,000)	(15,000)
Net cash flows from financing activities		30,500	15,970	25,000	30,500	25,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		23,913	(3,420)	4,296	24,291	4,197
Cash and cash equivalents at 1 July		10,793	8,450	6,497	13,872	9,675
CASH AND CASH EQUIVALENTS AT 30 JUNE	13	34,706	5,030	10,793	38,163	13,872

Financial Statements

NEW PLYMOUTH DISTRICT COUNCIL STATEMENT OF CASH FLOWS (CONTINUED) for the year ended 30 June 2020

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

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Surplus after taxation	(27,406)	(3,227)	(28,707)	(3,349)
<i>Non-cash items:</i>				
Depreciation and amortisation expense	41,938	33,003	43,414	34,488
Vested assets revenue	(8,526)	(3,835)	(8,526)	(3,835)
Property, plant and equipment impairment	116	187	116	187
Loss on disposal of assets	(4,481)	6,144	(4,045)	6,143
Net loss on derivative financial instruments	6,457	7,683	6,457	7,683
Net gain on forestry assets	58	(87)	58	(87)
Net gain on sales included in investing activities	(4,887)	(16,007)	(5,140)	(16,524)
	30,675	27,088	32,334	28,055
<i>Add/(less) Movements in other working capital items:</i>				
Change in debtors and other receivables	214	(989)	685	(1,511)
Change in creditors and other payables	16,300	1,064	15,371	3,207
Change in inventory	(1)	-	(1)	-
Change in provisions	(180)	93	(180)	93
Change in tax payable	-	-	(218)	(259)
Change in employee entitlements	620	173	698	177
	16,953	341	16,355	1,707
NET CASH FLOW FROM OPERATING ACTIVITIES	20,222	24,202	19,982	26,413

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the financial position and performance of the New Plymouth District Council. Information is considered relevant and material if:

- The amount is significant due to its size or nature.
- The amount is important to understanding the financial statements.
- It helps to explain the impact of significant changes in how the Council operates.
- It relates to an aspect of the Council's operations that is important to the community.

BASIS OF PREPARATION

This section sets out the significant accounting policies that relate to these financial statements as a whole. Significant accounting policies have also been included in the related note disclosures.

Reporting Entity

New Plymouth District Council is a territorial authority, domiciled in New Zealand. It is governed by the following legislation:

- Local Government Act 2002 (LGA)
- The Local Government (Rating) Act 2002 (LG(R)A)

The financial statements presented are those of the New Plymouth District Council (the Council) together with its Council Controlled Organisations (CCOs) and joint ventures (the Group). The group consists of:

- Papa Rererangi i Puketapu Limited – 100% owned (Council-controlled trading organisation).
- New Plymouth PIF Guardians Limited – 100% owned.
- Venture Taranaki Trust – 100% owned.
- Tasmanian Land Company Limited – 100% owned.
- McKay Family Joint Venture – 56.50% owned.
- Duthie Joint Venture – 54.82% owned.
- Tarata Ngatimaru Pukehou Joint Venture – 60% owned (wound up 31 October 2018).

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

The financial statements are for the year ended 30 June 2020. The Council authorised them for issue on 15 December 2020.

Statement of compliance

The financial statements have been prepared:

- In line with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the LGA, the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R) and comply with PBE Accounting Standards.
- On a historical cost basis, except for financial instruments which have been measured at fair value (note 21) and certain classes of property, plant and equipment (note 5) which have been subsequently measured at fair value.
- On the going concern basis and the accounting policies have been applied consistently throughout the period.
- In New Zealand dollars (functional and reporting currency), rounded to the nearest thousand (\$000), unless stated otherwise.

Refer note 24 for accounting standards issued and not yet effective and not early adopted.

Notes to the Financial Statements

Basis of consolidation

The group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses on a line-by-line basis. Significant transactions and balances between the Council and its CCOs are eliminated in preparing the group financial statements.

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

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.

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.

Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Cost allocation

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

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

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

Budget figures

The budget figures are those approved by the Council in its Annual Plan (AP) 2019/20 and have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

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 exchange 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.

Critical accounting estimates and assumptions

Financial statement preparation requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from those estimates.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations or future events that are considered reasonable under the circumstances.

The significant estimates and assumptions that have the greatest risk of causing a material adjustment to the reported amounts are:

- Estimating the fair value of infrastructural assets – refer note 5.
- Estimating the fair value of land and buildings – refer note 5.
- Estimating the value of forestry assets – refer note 8.
- Estimating the landfill aftercare provision – refer note 17.

Notes to the Financial Statements

1. MAJOR BUDGET VARIATIONS

Explanations for major budget variances from the Council budget figures in the Annual Plan 2019/20 are as follows.

Statement of comprehensive revenue and expense

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

Statement of financial position

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

2. OPERATING REVENUE

Accounting policy

Exchange and non-exchange revenue

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

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

Rates

- General rates and uniform annual general charges (UAC) are recognised at the start of the financial year to which the Council rates resolution relates. They are recognised at the amounts due. The Council considers 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 the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Taranaki Regional Council (TRC) are not recognised in the financial statements as the Council is acting as an agent for TRC.

New Zealand Transport Agency (NZTA) roading subsidies

The Council receives funding assistance from the 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

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 in revenue in advance (refer note 15) and recognised as revenue when conditions of the grant are satisfied.

User fees and charges

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 revenue in advance (refer note 15).

Fines and levies

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

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

Notes to the Financial Statements

For long lived assets that must be used for a specific purpose (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue.

Sales of goods

Revenue from the sales of goods is recognised when the product is delivered to the customer and title has passed.

Landfill fees

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

Development/financial contributions

Development/financial/contributions are recognised as revenue when received. If the service for which the contribution is charged was 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.

Interest revenue

Interest revenue is recognised using the effective interest method.

Dividends

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

a) Revenue classified as exchange or non-exchange transactions

	NOTES	COUNCIL		GROUP	
		2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
REVENUE FROM EXCHANGE TRANSACTIONS					
Interest revenue		2,382	2,297	1,384	1,888
Investment revenue		8,227	18,858	8,227	19,375
Water - targeted metered rates		4,008	3,950	4,008	3,950
Other revenue	9	36,043	31,473	40,108	36,000
Total revenue from exchange transactions		50,660	56,578	53,727	61,213
REVENUE FROM NON-EXCHANGE TRANSACTIONS					
Rates, excluding water - targeted metered rates		90,292	86,383	90,201	86,295
Subsidies and grants		12,760	12,616	15,909	14,848
Development/ financial contributions		2,151	1,947	2,151	1,947
Fines and levies		1,466	1,267	1,466	1,267
Vested assets		8,526	3,835	8,526	3,835
Total revenue from non-exchange transactions		115,195	106,048	118,253	108,192
TOTAL OPERATING REVENUE		165,855	162,626	171,980	169,405

Notes to the Financial Statements

b) Breakdown of rates revenue

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
General rates	59,591	57,288	59,515	57,216
Sewerage - UAC	14,276	14,162	14,276	14,162
Water - UAC	7,538	7,282	7,523	7,266
Water - targeted metered rates	4,008	3,950	4,008	3,950
Refuse collection - UAC	4,645	3,689	4,645	3,689
Roading - UAC	4,242	3,962	4,242	3,962
TOTAL RATES REVENUE	94,300	90,333	94,209	90,245

In 2019/20, the Council allowed rate remissions of \$710,008 excluding GST (2018/19: \$648,000).

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

As at 30 June 2019	Rateable	Non-rateable
Number of rating units	37,592	1,682
Total capital value of rating units (\$m)	20,419	1,228
Total land value of rating units (\$m)	10,581	687

c) Breakdown of subsidies and grants

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Operating subsidies and grants - NZTA	4,637	3,866	4,637	3,866
Operating subsidies and grants - Other	1,865	2,051	5,014	4,283
Capital NZTA – roads	5,407	5,749	5,407	5,749
Capital - other	851	950	851	950
TOTAL SUBSIDIES AND GRANTS	12,760	12,616	15,909	14,848

d) Breakdown of other revenue

	NOTES	COUNCIL		GROUP	
		2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
User fees and charges		9,018	14,237	12,673	18,296
Regulatory revenue		6,160	5,390	6,160	5,390
Fines, levies and rebates		1,466	1,267	1,466	1,267
Property rent and charges		4,825	4,484	5,325	5,023
Vested assets		8,526	3,835	8,526	3,835
Waitara Lands Act - gain on sale		6,582	-	6,582	-
Council venue hire		647	812	647	814
Other revenue	9	8,707	6,550	8,617	6,477
Rental revenue from investment properties		73	-	73	-
Insurance recoveries		31	-	31	-
TOTAL OTHER REVENUE		46,035	36,575	50,100	41,102

Notes to the Financial Statements

Operating leases as a lessor

The Council and Group leases out land, buildings and office space. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Within one year	2,082	2,230	2,784	2,531
Later than one year and not later than five years	7,457	7,126	9,963	7,946
Later than five years	14,497	16,916	21,149	19,322
TOTAL MINIMUM LEASE REVENUE	24,036	26,272	33,896	29,799
Average lease term (years)	10	9	9	9
Number of leases	752	923	787	958

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

Covid-19 pandemic response

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

e) Breakdown of interest revenue

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Term deposits	950	1,811	1,001	1,888
Loan – Papa Rererangi i Puketapu Ltd	1,049	486	-	-
Other	383	-	383	-
TOTAL INTEREST REVENUE	2,382	2,297	1,384	1,888

f) Breakdown of investment revenue

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Net gains/(losses) on investments	7,857	18,858	7,857	19,375
Dividends	370	-	370	-
TOTAL INVESTMENT REVENUE	8,227	18,858	8,227	19,375

3. PERSONNEL COSTS

a) Personnel costs

Accounting policy

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

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Salaries and wages and related entitlements	42,485	38,440	45,739	41,137
Defined contribution plan employer contributions	1,131	1,016	1,147	1,032
TOTAL PERSONNEL COSTS	43,616	39,456	46,886	42,169

b) Chief executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$368,196 (2018/19: \$354,671).

c) Key management personnel

	2019/20 Actual	2018/19 Actual
Councillors including the mayor:		
Remuneration (\$'000)	892	802
Full-time equivalent members (as at 30 June)	15	15
Senior management team including the Chief Executive:		
Remuneration (\$'000)	1,656	1,593
Full-time equivalent members (as at 30 June)	7	7
Total key management personnel compensation (\$'000)	2,548	2,395
Total full-time equivalent personnel (as at 30 June)	22	22

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

Notes to the Financial Statements

d) Elected representatives

	2019/20 Actual \$	2018/19 Actual \$
Neil Holdom (Mayor)	145,797	142,271
Tony Bedford	33,976	-
Sam Bennett	33,976	-
Shaun Biesiek	14,764	44,280
Gordon Brown	59,192	55,349
David Publitz	33,976	-
Anneka Carlson	33,976	-
Murray Chong	48,740	44,280
Amanda Clinton-Gohdes	33,976	-
Harry Duynhoven	55,502	44,280
Richard Handley	55,502	44,280
Stacey Hitchcock	58,883	44,280
Colin Johnston	48,740	44,280
Richard Jordan	74,931	61,991
John McLeod	14,764	44,280
Alan Melody	14,764	44,280
Mike Merrick	14,764	44,280
Dinnie Moeahu	33,976	-
Marie Pearce	48,740	44,280
Roy Weaver	18,455	55,349
John Williams	14,764	44,280
TOTAL ELECTED REPRESENTATIVES REMUNERATION	892,158	802,040
Full-time equivalents (as at 30 June)	15	15

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

	2019/20 \$	2018/19 \$
Neil Holdom (Mayor)	3,617	3,141
Tony Bedford	2,910	-
Sam Bennett	2,941	-
Shaun Biesiek	-	425
Gordon Brown	2,060	2,825
David Publitz	1,920	-
Anneka Carlson	3,241	-
Murray Chong	1,289	2,507
Amanda Clinton-Gohdes	3,241	-
Harry Duynhoven	1,807	425
Richard Handley	2,360	3,860
Stacey Hitchcock	2,798	379
Colin Johnston	2,060	-
Richard Jordan	3,620	3,933
Dinnie Moeahu	2,735	-
Marie Pearce	1,289	425
TOTAL ELECTED REPRESENTATIVES PROFESSIONAL DEVELOPMENT	37,888	17,920

In addition, during 2018/19 all Councillors attended a Local Government New Zealand workshop at a total cost of \$319.

Notes to the Financial Statements

e) Staff employed full-time equivalent

At balance date the Council employed 419 full time employees (2018/19: 403) with the balance of staff representing 139 full-time equivalent employees (2018/19: 155). A full-time employee is determined on the basis of a 40-hour working week.

f) Individuals receiving total remuneration

2019/20	2019/20
< \$60,000	359
\$60k - \$79,999	172
\$80k - \$99,999	104
\$100k - \$119,999	47
\$120k - \$139,999	10
\$140k - \$159,999	6
\$160k - \$239,999	5
\$240k - \$339,999	5
TOTAL HEAD COUNT	708

2018/19	2018/19
< \$60,000	354
\$60k - \$79,999	166
\$80k - \$99,999	98
\$100k - \$119,999	39
\$120k - \$139,999	10
\$140k - \$179,999	7
\$180k - \$379,999	7
TOTAL HEAD COUNT	681

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

g) Severance payments

For the year ended 30 June 2020, the Council made one (2018/19: two) severance payment to employees. The value of the severance payment was \$30,000 (2018/19: two payments \$6,550 and \$3,500).

Notes to the Financial Statements

4. OTHER EXPENSES

Accounting policy

Grant expenditure

The Council's grants awarded have no substantive conditions attached.

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application 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 (refer note 21(c)).

a) Breakdown of other expenses

	NOTES	COUNCIL		GROUP	
		2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Audit fees – Annual financial statements		202	199	236	270
Audit fees - Long-Term Plan 2018-2028		-	31	-	31
Audit fees - Debenture Trust Deed		5	5	5	5
TOTAL PAYMENTS TO AUDIT NEW ZEALAND		207	235	241	306
General operating expenses	9	18,843	18,344	20,519	20,355
Direct cost of activities and materials		42,081	38,123	40,317	36,689
Consultants and legal fees		8,720	9,797	10,738	10,960
Insurance premiums		1,503	1,350	1,609	1,424
Impairment of receivables		200	47	200	47
Operating lease costs		296	275	323	306
Directors fees		-	-	409	421
Net (gain)/loss on sale of assets		2,101	728	2,537	727
Write-off of Central Landfill costs		-	5,416	-	5,416
Property, plant and equipment impairment		116	187	116	187
Net loss on derivative financial instruments		6,457	7,683	6,457	7,683
Net loss of property, plant and equipment revaluation		178	-	178	-
Net gain/(loss) on forestry assets	9	58	(87)	58	(87)
TOTAL OTHER EXPENSES		80,760	82,098	83,702	84,434

b) Operating leases as lessee

The Council and the Group lease buildings, and plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Within one year	19	17	220	44
Later than one year and not later than five years	26	41	481	44
Later than five years	-	-	-	-
TOTAL MINIMUM LEASE PAYMENTS	45	58	701	88

5. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Asset categories

Operational assets: These are land, buildings (including any improvements), vehicles, furniture, fittings and equipment and library books. Land 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: These are land and buildings that are subject to restrictions on use, disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977) or other restrictions (such as bequest land or buildings or donation that restricts the purpose for which the assets can be used). These assets are measured at fair value.

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

Revaluation

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

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

The 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 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.

Notes to the Financial Statements

Additions

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

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

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

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

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

Disposals

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

Depreciation

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

	Years	Depreciation
Infrastructural assets		
Roading	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 to 100 years	1% - 5%
Vehicles	3 to 20 years	5% - 33.3%
Furniture, fittings and equipment	3 to 10 years	10% - 33.3%
Puke Ariki book collection (general in-use)	2 to 15 years	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

Critical accounting estimates and assumptions

Estimating fair value

Infrastructural assets

All infrastructural assets, excluding New Plymouth Airport runway/services and work in progress, were independently valued at depreciated replacement cost at 30 June 2019. The valuation was performed by independent registered valuer Alun James of WSP Opus.

There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction. Unit rates can vary based on asset location, topography and ground conditions.
- Contracts in the region for similar assets.
- Roads include derived values for land not held on title (road reserve). The average value of the road reserve is the current average land value calculated for each government roll number. The following factors have been applied:
 - unformed roads 80% of average value
 - formed roads (urban) 70% of average value
 - formed roads (rural) 50% of average value
- Estimates are made when determining the remaining useful life over which the assets will be depreciated. These estimates can be affected by local conditions, for example, weather patterns, and traffic growth.

If useful lives do not reflect the consumption of the benefits of the asset, then Council could be under or over estimating the annual depreciation charge recognised as an expense in the Statement of comprehensive revenue and expense. To minimise this risk Council has determined the infrastructural asset useful lives with reference to NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition modelling are also carried out regularly as part of Councils' asset management planning activities, which gives Council further assurance over its useful life estimates.

- The physical deterioration and condition of the assets. For example, the Council could be carrying an asset at an amount that does not reflect its physical condition. This is particularly relevant for those assets which are not visible such as stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a number of physical inspections and condition modelling assessments of assets.

Impact of Covid-19 pandemic on infrastructure asset values

The Covid-19 pandemic has not impacted the value of the Council's infrastructure assets. The Council operates an Infrastructure Term Service Contract (the contract), which was used as the basis of the 30 June 2019 valuation. The contract, which commenced 1 July 2019, is for ten years and covers a significant proportion of the Council's core infrastructure renewals. The contract pricing are adjusted by inflation each year based on NZTA indices. The 1.9 per cent increase for the year ended 30 June 2020 is not considered a material movement to the fair value of the Council's infrastructure assets.

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

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

Operational land is valued as at 30 June 2019 at fair value with reference to highest and best use.

Adjustments have been made to the "unencumbered" land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which rely on the valuer's judgement.

Notes to the Financial Statements

Waitara Lands Act Land (restricted assets)

The land subject to the New Plymouth District Council (Waitara Lands) Act 2018 was revalued to fair value at 30 June 2019 by Mike Drew, Director (BBS (VPM) ANZIV, MPINZ), Telfer Young Limited. Fair value was determined by using a discounted cash flow over a ten-year investment horizon. A number of assumptions were used for the valuation including a 25% freeholding take-up in the first year, 15% take-up in the second year, reducing quickly after that and having a total of 70% take-up over the ten year period. The take up rates used have been adopted based on other leasehold portfolios in New Plymouth that have offered freeholding. The overall value of the net present value of the cash flow, plus the remaining leasehold portfolio, has been prorated over the 780 properties. Other key assumptions used are presented in the following table:

Input	Assumption
Average section value	\$111,000
Legal fees per section	\$1,500
Valuation fees per section	\$650
Discount rate	10%
Inflation rate	0%

Buildings (operational)

These assets were independently valued by Mike Drew, Director (BBS (VPM) ANZIV, MPINZ), Telfer Young Limited (registered valuers), at 30 June 2019.

The majority of NPDC buildings were considered to be specialised buildings where no sales market data is available to value such buildings. Fair value was estimated using the depreciated replacement cost method. Depreciated replacement cost is determined using several significant assumptions, including:

- The replacement asset is based on the replacement with modern equivalent assets using modern construction methods, technology materials, and compliance.
- The replacement cost is derived from recent construction contracts of similar assets, published construction cost data and QV Costbuilder cost information.
- Base lives vary by component and are based on the NAMS Building Component guidelines, IIMM valuation manual or on experience.
- Remaining useful lives are assessed mainly as the difference between the base life and the age of the asset, but may be extended as a result of asset condition inspections.
- Straight-line depreciation has been deducted to reflect physical condition, all relevant forms of obsolescence and optimisation.

Commercial properties have been valued on the basis of actual and/or potential net income earning capacity, capitalised at returns analysed from sales of similar commercial properties in New Plymouth.

New Plymouth Airport buildings and runway/services

These assets were independently valued by Mike Drew, Director (BBS (VPM) ANZIV, MPINZ), Telfer Young Limited (registered valuers), at 30 June 2020.

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

Due to the severe market disruption and lack of transactional data as a result of the Covid-19 pandemic, a greater degree of uncertainty is attached to Telfer Young's valuation. Additionally, the valuation assumes that the Airport is operational and not adversely affected by the Covid-19 pandemic.

Notes to the Financial Statements

Puke Ariki book and museum collections (restricted assets)

Library collections are valued at depreciated replacement cost. Museum collections are valued at optimised replacement cost. The most recent valuation was undertaken by the Council as at 30 June 2020 and reviewed by Kees Beentjes BSc, BE(Hons) and Chris Jenkins BE(Hons), MIPENZ, MInstD of SPM Assets Ltd. The economic impact of the Covid-19 pandemic is unlikely to significantly alter the previously used lives.

Govett-Brewster Art Gallery/Len Lye Centre collection

The most recent valuation of these assets was performed by Ben Plumbly BA, First Class Honors, Director of Art, Art + Object, the 21st Century Auction House. The last revaluation was effective as at 30 June 2020.

This collection is valued at fair value using various methods as follows:

- Reference to observable prices in an active market. Where that market exists for the same or similar asset the market prices are deemed to be fair value. The values ascribed are primarily based on observable prices in both the primary retail market and the secondary auction market.
- If there is no active market, fair value is determined by other market based evidence adjudged by the valuers as active and knowledgeable participants in the market.

Notes to the Financial Statements

	Cost/ revaluation 1 July 2019 \$'000	Accumulated depreciation & impairment charges \$'000	Carrying amount 1 July 2019 \$'000	Current year additions & transfers from WIP \$'000	Current year vested \$'000	Current year disposals \$'000
COUNCIL 2019/20						
Infrastructural assets:						
Roading	1,452,468	-	1,452,468	10,952	4,297	-
Laboratory	116	-	116	74	-	-
Solid waste	7,296	-	7,296	2,053	-	-
Stormwater	224,479	-	224,479	1,276	785	-
Flood protection	19,407	-	19,407	372	-	-
Water	188,307	-	188,307	2,819	598	-
Wastewater	354,894	-	354,894	3,866	420	-
Work in progress	28,303	-	28,303	51,365	-	(35,955)
Operational assets:						
Land	74,282	153	74,129	256	1,162	-
Buildings/improvements	214,246	481	213,765	6,700	-	-
Vehicles	5,746	1,856	3,890	386	-	(375)
Furniture, fittings and equipment	25,088	18,274	6,814	1,110	-	-
Puke Ariki book collection	6,627	822	5,805	778	-	-
Restricted assets:						
Parks and reserves	191,439	-	191,439	2,429	85	(2,120)
Waitara Lands Act land	54,596	-	54,596	-	-	(13,915)
Puke Ariki museum collection	26,812	-	26,812	719	1,179	-
Govett-Brewster/Len Lye Centre collection	16,384	-	16,384	-	-	-
TOTAL COUNCIL	2,890,490	21,586	2,868,904	85,155	8,526	(52,365)
GROUP 2019/20						
Infrastructural assets:						
Roading	1,452,468	-	1,452,468	10,952	4,297	-
Laboratory	116	-	116	74	-	-
Solid waste	7,296	-	7,296	2,053	-	-
Stormwater	224,479	-	224,479	1,276	785	-
Flood protection	19,407	-	19,407	372	-	-
Water	188,307	-	188,307	2,819	598	-
Wastewater	354,894	-	354,894	3,866	420	-
Work in progress	46,161	-	46,161	65,982	-	(68,366)
New Plymouth Airport runway/services	12,513	1,069	11,444	3,269	-	(122)
Operational assets:						
Land	88,420	153	88,267	256	1,162	-
Buildings/improvements	217,553	1,977	215,576	34,479	-	(2,032)
Vehicles	6,022	2,054	3,968	386	-	(375)
Furniture, fittings and equipment	25,946	18,725	7,221	2,790	-	(250)
Puke Ariki book collection	6,627	822	5,805	778	-	-
Restricted assets:						
Parks and reserves	191,439	-	191,439	2,429	85	(2,120)
Waitara Lands Act land	54,596	-	54,596	-	-	(13,915)
Puke Ariki museum collection	26,812	-	26,812	719	1,179	-
Govett-Brewster/Len Lye Centre collection	16,384	-	16,384	-	-	-
TOTAL COUNCIL	2,939,440	24,800	2,914,640	132,500	8,526	(87,180)

Notes to the Financial Statements

Current year impairments	Current year depreciation	Accumulated depreciation disposed/revalued	Transfer non-current assets held for sale	Revaluation surplus/(deficit)	Cost transfers/adjustments	Depreciation transfers/adjustments	Cost revaluation 30 June 2020	Accumulated depreciation & impairment 30 June 2020	Carrying amount 30 June 2020
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	11,801	-	-	-	-	-	1,467,717	11,801	1,455,916
-	35	-	-	-	-	-	190	35	155
-	428	-	-	-	-	-	9,349	428	8,921
-	3,644	-	-	-	-	-	226,540	3,644	222,896
-	182	-	-	-	-	-	19,779	182	19,597
-	6,468	-	-	-	-	-	191,724	6,468	185,256
-	8,856	-	-	-	-	-	359,180	8,856	350,324
-	-	-	-	-	-	-	43,713	-	43,713
-	-	-	-	-	-	-	75,700	153	75,547
118	6,814	-	88	-	-	-	221,034	7,413	213,621
-	493	(213)	-	-	-	-	5,757	2,136	3,621
-	2,076	-	-	-	-	-	26,198	20,350	5,848
-	411	(1,233)	-	(1,408)	-	-	5,997	-	5,997
-	-	-	-	-	-	-	191,833	-	191,833
-	-	-	-	-	-	-	40,681	-	40,681
-	-	-	-	2,612	-	-	31,322	-	31,322
-	-	-	-	3,580	-	-	19,964	-	19,964
118	41,208	(1,446)	88	4,784	-	-	2,936,678	61,466	2,875,212

-	11,801	-	-	-	-	-	1,467,717	11,801	1,455,916
-	35	-	-	-	-	-	190	35	155
-	428	-	-	-	-	-	9,349	428	8,921
-	3,644	-	-	-	-	-	226,540	3,644	222,896
-	182	-	-	-	-	-	19,779	182	19,597
-	6,468	-	-	-	-	-	191,724	6,468	185,256
-	8,856	-	-	-	-	-	359,180	8,856	350,324
-	-	-	-	-	-	-	43,777	-	43,777
-	583	(1,651)	-	(231)	-	-	15,429	1	15,428
-	-	-	-	2,070	-	-	91,908	153	91,755
118	7,482	(2,045)	88	(43)	-	-	250,045	7,532	242,513
-	522	(213)	-	-	-	-	6,033	2,363	3,670
-	2,212	(235)	-	157	-	-	28,643	20,702	7,941
-	411	(1,233)	-	(1,408)	-	-	5,997	-	5,997
-	-	-	-	-	-	-	191,833	-	191,833
-	-	-	-	-	-	-	40,681	-	40,681
-	-	-	-	2,612	-	-	31,322	-	31,322
-	-	-	-	3,580	-	-	19,964	-	19,964
118	42,624	(5,377)	88	6,737	-	-	3,000,111	62,165	2,937,946

Notes to the Financial Statements

	Cost/ revaluation 1 July 2018 \$'000	Accumulated depreciation & impairment charges \$'000	Carrying amount 1 July 2018 \$'000	Current year additions & transfers from WIP \$'000	Current year vested \$'000	Current year disposals \$'000
COUNCIL 2018/19						
Infrastructural assets:						
Roading	1,097,963	22,718	1,075,245	11,769	2,246	-
Laboratory	111	34	77	-	-	-
Solid waste	6,837	642	6,195	934	-	-
Stormwater	157,157	4,868	152,289	1,093	520	(265)
Flood protection	13,898	233	13,665	-	-	-
Water	158,420	8,178	150,242	3,364	289	(221)
Wastewater	230,110	10,280	219,830	22,738	349	(42)
Work in progress	38,624	-	38,624	46,716	-	(57,037)
Operational assets:						
Land	71,658	153	71,505	-	-	-
Buildings/improvements	200,344	12,845	187,499	6,074	-	(115)
Vehicles	5,422	1,834	3,588	1,161	-	(837)
Furniture, fittings and equipment	22,767	16,464	6,303	2,321	-	-
Puke Ariki book collection	5,933	411	5,522	694	-	-
Restricted assets:						
Parks and reserves	188,000	-	188,000	-	431	-
Waitara Lands Act land	-	-	-	-	-	-
Puke Ariki museum collection	26,812	-	26,812	-	-	-
Govett-Brewster/Len Lye Centre collection	16,384	-	16,384	-	-	-
TOTAL COUNCIL	2,240,440	78,660	2,161,780	96,864	3,835	(58,517)
GROUP 2018/19						
Infrastructural assets:						
Roading	1,097,963	22,718	1,075,245	11,769	2,246	-
Laboratory	111	34	77	-	-	-
Solid waste	6,837	642	6,195	934	-	-
Stormwater	157,157	4,868	152,289	1,093	520	(265)
Flood protection	13,898	233	13,665	-	-	-
Water	158,420	8,178	150,242	3,364	289	(221)
Wastewater	230,110	10,280	219,830	22,738	349	(42)
Work in progress	45,264	-	45,264	57,934	-	(57,037)
New Plymouth Airport runway/services	12,357	526	11,831	156	-	-
Operational assets:						
Land	85,796	153	85,643	-	-	-
Buildings/improvements	203,252	13,610	189,642	6,473	-	(115)
Vehicles	5,672	2,004	3,668	1,195	-	(845)
Furniture, fittings and equipment	23,403	16,795	6,609	2,543	-	-
Puke Ariki book collection	5,933	411	5,522	694	-	-
Restricted assets:						
Parks and reserves	188,000	-	188,000	-	431	-
Waitara Lands Act land	-	-	-	-	-	-
Puke Ariki museum collection	26,812	-	26,812	-	-	-
Govett-Brewster/Len Lye Centre collection	16,384	-	16,384	-	-	-
TOTAL COUNCIL	2,277,370	80,452	2,196,918	108,893	3,835	(58,525)

Notes to the Financial Statements

Current year impairments	Current year depreciation	Accumulated depreciation disposed/ revalued	Transfer non-current assets held for sale	Revaluation surplus/ (deficit)	Cost transfers/ adjustments	Depreciation transfers/ adjustments	Cost revaluation 30 June 2019	Accumulated depreciation & impairment 30 June 2019	Carrying amount 30 June 2019
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	11,271	(33,989)	-	340,490	-	-	1,452,468	-	1,452,468
-	13	(47)	-	5	-	-	116	-	116
-	271	(913)	-	(475)	-	-	7,296	-	7,296
-	2,497	(7,365)	-	65,974	-	-	224,479	-	224,479
-	116	(349)	-	5,509	-	-	19,407	-	19,407
-	3,820	(11,998)	-	26,455	-	-	188,307	-	188,307
-	5,097	(15,377)	-	101,739	-	-	354,894	-	354,894
-	-	-	-	-	-	-	28,303	-	28,303
-	-	-	-	11,553	(8,929)	-	74,282	153	74,129
-	6,311	(18,675)	-	7,943	-	-	214,246	481	213,765
-	493	(471)	-	-	-	-	5,746	1,856	3,890
-	1,810	-	-	-	-	-	25,088	18,274	6,814
-	411	-	-	-	-	-	6,627	822	5,805
-	-	-	-	23,052	(20,044)	-	191,439	-	191,439
-	-	-	-	25,623	28,973	-	54,596	-	54,596
-	-	-	-	-	-	-	26,812	-	26,812
-	-	-	-	-	-	-	16,384	-	16,384
-	32,110	(89,184)	-	607,868	-	-	2,890,490	21,586	2,868,904

-	11,271	(33,989)	-	340,490	-	-	1,452,468	-	1,452,468
-	13	(47)	-	5	-	-	116	-	116
-	271	(913)	-	(475)	-	-	7,296	-	7,296
-	2,497	(7,365)	-	65,974	-	-	224,479	-	224,479
-	116	(349)	-	5,509	-	-	19,407	-	19,407
-	3,820	(11,998)	-	26,455	-	-	188,307	-	188,307
-	5,097	(15,377)	-	101,739	-	-	354,894	-	354,894
-	-	-	-	-	-	-	46,161	-	46,161
-	543	-	-	-	-	-	12,513	1,069	11,444
-	-	-	-	11,553	(8,929)	-	88,420	153	88,267
-	7,041	(18,674)	-	7,943	-	-	217,553	1,977	215,576
-	521	(471)	-	-	-	-	6,022	2,054	3,968
-	1,930	-	-	-	-	-	25,946	18,725	7,221
-	411	-	-	-	-	-	6,627	822	5,805
-	-	-	-	23,052	(20,044)	-	191,439	-	191,439
-	-	-	-	25,623	28,973	-	54,596	-	54,596
-	-	-	-	-	-	-	26,812	-	26,812
-	-	-	-	-	-	-	16,384	-	16,384
-	33,531	(89,183)	-	607,868	-	-	2,939,440	24,800	2,914,640

Notes to the Financial Statements

c) Core infrastructure asset disclosures

	Closing book value \$'000	Additions		Estimated replacement cost \$'000
		Assets constructed by the Council \$'000	Assets transferred to the Council \$'000	
2020 INFRASTRUCTURAL ASSETS				
Water treatment plant and facilities	41,764	-	-	74,970
Other water assets	143,492	2,819	598	259,977
Wastewater treatment plant and facilities	79,572	184	-	137,428
Other wastewater assets	270,752	3,682	420	513,047
Stormwater drainage	222,896	1,276	785	352,044
Flood protection	19,597	372	-	21,696
Roading	1,455,916	10,952	4,297	1,013,999
TOTAL 2020 INFRASTRUCTURAL ASSETS	2,233,989	19,285	6,100	2,373,161
2019 INFRASTRUCTURAL ASSETS				
Water treatment plant and facilities	41,764	27	-	74,970
Other water assets	146,543	3,337	289	260,046
Wastewater treatment plant and facilities	79,388	14,301	-	137,244
Other wastewater assets	275,506	8,437	349	512,767
Stormwater drainage	224,479	1,093	520	350,144
Flood protection	19,407	-	-	21,324
Roading	1,452,468	11,769	2,246	1,004,889
TOTAL 2019 INFRASTRUCTURAL ASSETS	2,239,555	38,964	3,404	2,361,384

d) Depreciation and amortisation by group of activities

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Parks and Open Spaces	2,624	2,265	2,624	2,265
Transportation	11,812	11,295	11,812	11,295
Stormwater Management	3,644	2,497	3,644	2,497
Flood Protection and Control Works	182	116	182	116
Waste Management and Minimisation	607	443	607	443
Water Supply	6,638	3,907	6,638	3,907
Wastewater Treatment	9,064	5,286	9,064	5,286
Emergency Management and Business Continuance	34	14	34	14
Community Partnerships	219	204	219	204
Govett-Brewster Art Gallery/Len Lye Centre	550	468	550	468
Puke Ariki and Community Libraries	2,147	2,099	2,147	2,099
Venues and Events	1,264	1,432	1,264	1,432
Customer and Regulatory Solutions	528	262	528	262
Support Services	2,625	2,715	2,625	2,717
Council-controlled Organisations	-	-	1,476	1,483
TOTAL DEPRECIATION AND AMORTISATION	41,938	33,003	43,414	34,488

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

Notes to the Financial Statements

e) Work in progress

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

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Wastewater	7,437	4,570	7,437	4,570
Solid waste	8,338	1,209	8,338	1,209
Water	14,620	9,710	14,620	9,710
Stormwater	2,027	1,015	2,027	1,015
Flood protection	14	30	14	30
Buildings/improvements	9,967	9,883	9,967	9,883
Roading	1,238	1,208	1,238	1,208
New Plymouth Airport runway/services	-	-	64	17,858
Furniture, fittings and equipment	72	678	72	678
TOTAL WORK IN PROGRESS	43,713	28,303	43,777	46,161

f) Significant capital projects

Significant work in progress for 2019/20 as follows:

	Total budget \$'000	Total expenditure \$'000	Variance \$'000	Comments
The Junction	-	1,717	(1,717)	The Junction was opened to the public on 6 March 2020. The \$1,359k project budget was carried forward from the 2015-2025 Long-Term Plan. The \$358k overspend resulted from unforeseen service clashes on this brownfield site.
New reservoirs – Henwood and Mountain roads	3,468	5,163	(1,695)	Work commenced on site in December 2019. The project is expected to be completed during the first half of 2020/21. Additional budget was approved by Council in February 2020.
Wai Taatari projects – New Plymouth Wastewater Treatment Plant upgrade	-	1,272	(1,272)	This project is complete. It represents the end of the first phase of upgrades at the New Plymouth Waste Water Treatment Plant. The next phase will be the Thermal Drier renewal. The first phase of the project has cost \$28m over nine years.
Thermal Drier renewal	5,139	552	4,587	During the second half of 2018/19, this project was put on hold in order to reassess its viability. On 1 July 2020, the government announced that it would invest \$37m in a thermal dryer that runs on a hydrogen/natural gas blend. As a result, this project will be re-initiated in due course expected 2020/21.
Water reticulation renewals	2,593	1,388	1,205	This is an ongoing programme of works to renew water mains. Over 8km of the Inglewood network has been replaced to date, of which 5km was completed during 2019/20.

Notes to the Financial Statements

g) Capital commitments

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

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Building/improvements	227	613	227	10,989
Roading	27	636	27	636
Waste management and minimisation	10	300	10	300
Wastewater	1,892	1,790	1,892	1,790
Water	10,449	9,028	10,449	9,028
Stormwater	40	11	40	11
New Plymouth Airport runway/services	-	-	-	124
	12,645	12,378	12,645	22,878

h) Insurance cover

	Cover	Sum insured \$'000
Total value of all assets covered by insurance contracts	Material damage and forestry	641,135
Total value of all assets covered by financial risk sharing arrangements	Local Authority Protection Programme	1,636,626
Total value of all assets that are self-insured	Self-insurance	1,000

As guardians of community assets with a gross current replacement cost of \$3.9 billion¹ the Council is responsible for ensuring that it is adequately protected from a range of perils so critical assets can be repaired or replaced as soon as possible after an event and service delivery is disrupted as little as possible. Those perils include volcanic, earthquake, flood, storm, fire and tsunami hazards.

¹ The optimised depreciated replacement cost of those assets is \$2.9 billion. Of that amount, around half is not insured as it is the roading network. The recovery from widespread damage to the network is expected to be assisted by central government.

6. INVESTMENT PROPERTY

Accounting policy

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

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

During the year, Council purchased the Metro Plaza building, located in New Plymouth's central business district. It is being held as investment property until such time that the land can be redeveloped.

a) Breakdown of investment property and further information

	COUNCIL AND GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Balance at 1 July	-	-
Additions from acquisitions	1,555	-
Additions arising from work in progress	-	-
Fair value gains/(losses) on valuation	(255)	-
Balance at 30 June	1,300	-

b) Revenue and expenses in relation to investment properties

	COUNCIL AND GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Rental income	73	-
Direct operating expenses from investment property generating income	39	-
Direct operating expenses from investment property not generating revenue	-	-
Contractual obligations for capital expenditure	-	-
Contractual obligations for operating expenditure	40	-

c) Valuation

Independent registered valuers, Telfer Young have valued investment property as at 30 June 2020.

The fair value of investment properties has been determined using the capitalisation of net revenue and discounted cash flow models. These methods are based on assumptions including the following:

- \$/m² of rentable floor area \$1,122
- Discount rate 12.36%.

The Covid-19 pandemic has had a major impact on the New Zealand economy. Due to the severe market disruption and lack of transactional data in the local market, there is a greater degree of uncertainty attached to the valuation provided by Telfer Young.

Notes to the Financial Statements

7. INTANGIBLE ASSETS

Accounting policy

Intangible assets are defined as identifiable non-monetary assets without physical form. Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life.

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

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

Carbon credits

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date the asset is derecognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of computer software, the major class of intangible assets, is three to five years (20% - 33.3%).

	COUNCIL			GROUP		
	Carbon credits \$'000	Computer software \$'000	Total \$'000	Carbon credits \$'000	Computer software \$'000	Total \$'000
NET BOOK VALUE AT 30 JUNE 2018	1,527	3,517	5,044	1,527	3,449	4,976
Additions	-	1,747	1,747	-	1,747	1,747
Work in progress	-	(1,087)	(1,087)	-	(1,087)	(1,087)
Disposals	(902)	(187)	(1,089)	(902)	-	(902)
Amortisation	-	(893)	(893)	-	(957)	(957)
NET BOOK VALUE AT 30 JUNE 2019	625	3,097	3,722	625	3,152	3,777
Additions	-	45	45	-	65	65
Work in progress	-	316	316	-	316	316
Disposals	(616)	-	(616)	(616)	-	(616)
Amortisation	-	(730)	(730)	-	(790)	(790)
NET BOOK VALUE AT 30 JUNE 2020	9	2,728	2,737	9	2,743	2,752
Cost or valuation at 30 June 2020	9	11,757	11,766	9	12,133	12,142
Accumulated amortisation	-	(9,029)	(9,029)	-	(9,390)	(9,390)
CLOSING NET BOOK VALUE AT 30 JUNE 2020	9	2,728	2,737	9	2,743	2,752
Cost or valuation at 30 June 2019	625	11,396	12,021	625	11,752	12,377
Accumulated amortisation	-	(8,299)	(8,299)	-	(8,600)	(8,600)
CLOSING NET BOOK VALUE AT 30 JUNE 2019	625	3,097	3,722	625	3,152	3,777

Notes to the Financial Statements

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
CURRENT - carbon credits	9	625	9	625
NON-CURRENT - computer software	2,728	3,097	2,743	3,152

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

There are no intangible asset capital commitments (2018/19: nil).

Carbon credits are expected to be fully utilised in satisfying carbon obligations from its landfill. As such, no impairment has been recognised (2018/19: nil).

8. FORESTRY ASSETS

Accounting policy

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

	NOTES	COUNCIL AND GROUP	
		2019/20 Actual \$'000	2018/19 Actual \$'000
Balance as at 1 July		4,155	3,897
Gains arising from changes in fair value less estimated point of sale costs attributable to price changes		(196)	621
Decrease due to harvest		-	(404)
Other changes		138	41
BALANCE AS AT 30 JUNE	9	4,097	4,155

The Council owns 250.6 ha (2018/19: 230.4 ha) of pinus radiata forest which are at varying stages of maturity ranging from one to 40 years. In addition, the Council is involved in two joint ventures (refer note 9) comprising 95.7 ha (2018/19: 93.3 ha) at varying stages of maturity ranging from 21 to 25 years. There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

Notes to the Financial Statements

a) Valuation

Independent registered valuers, PF Olsen Limited have valued forestry assets as at 30 June 2019 based on methodology recommended by the New Zealand Institute of Forestry. For the valuation a discount rate of 7%, applied to pre-tax cash flows, has been used (2018/19: 7%). No allowance for inflation has been provided. The sensitivity of crop value to discount rate is shown below:

As at 30 June 2020	6%	7% (as used)	8%
Tree crop value (\$m)	4.2	4.1	4.0

Log prices are based on a three-year historical rolling average. Costs are current average costs and no allowance has been made for cost improvements in future operations. The sensitivity of crop value to changes in log prices and production costs is shown below:

As at 30 June 2020	+10%	Base (as used)	-10%
Tree crop value (\$m)	4.2	4.1	4.0

Key financial risks arise from increase in costs associated with logging/loads and cartage harvesting costs. Also there is a risk in sale price for forestry. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

9. JOINT VENTURES

Accounting policy

The Council has adopted the new group standards, PBE IPSAS 34 to 38, in preparing these financial statements. Adoption of the new standards has meant that Council has updated its accounting policies for its investments in subsidiaries (refer note 11) and joint ventures. Disclosures have also been updated for the new PBE IPSAS 38 disclosure requirements.

Refer to note 9(b) for further information about the initial adoption of these standards.

Joint arrangements

The Council 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. The Council classifies its interests in joint arrangements as either:

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

In assessing the classification of interests in joint arrangements, the Council 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 the Council must assess the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Council 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 the Council must consider include:

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

Upon consideration of these factors, the Council 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.

a) Breakdown of investment in joint venture and further information

As at 30 June 2020, the Council is involved in two forestry joint venture agreements (2018/19: two forestry joint ventures): Duthie Joint Venture (Council share 54.8%) and McKay Joint Venture (Council share 56.5%). Both joint ventures are domiciled in New Zealand. Harvesting of the Tarata Ngatimaru Pukehou Forestry Joint Venture was completed in September 2018 and the Joint Venture was wound up on 31 October 2018.

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

Notes to the Financial Statements

	DUTHIE JV		MCKAY JV		TARATA JV		TOTAL Council & Group	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Investment (at cost)	192	192	568	568	-	-	760	760
Summarised financial information of joint ventures:								
Non-current assets: Forestry	464	415	1,785	1,205	-	-	2,249	1,620
Current liabilities: Creditors and other payables	3	2	2	2	-	-	5	4
Income from harvesting	-	-	-	-	-	530	-	530
Gain/(loss) on forestry assets	49	63	580	196	-	-	629	259
Operating expenditure	5	5	10	7	-	510	15	522
Net surplus/(deficit)	43	58	570	189	-	20	613	267
Total comprehensive revenue and expense	43	58	570	189	-	20	613	267
Reconciliation to equity accounted carrying amount								
Joint ventures net assets (\$'000)	461	413	1,782	1,202	-	-	2,243	1,615
Council and Group's share	54.82%	54.82%	56.50%	56.50%	60.00%	60.00%	-	-
Equity accounted carrying amount (\$'000)	252	226	1,006	679	-	-	1,257	906
Risks associated with the Council's investment in joint ventures								
Shareholder funding commitments for next three years	21	21	23	24	-	-	44	45

b) Adoption of PBE IPSAS 34 to PBE IPSAS 38

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

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

The opening equity accounted balance as at 1 July 2018 has been determined by aggregating into a single balance the previously proportionally consolidated asset and liability balances as at 30 June 2018.

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

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

Notes to the Financial Statements

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

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

10. NON-CURRENT ASSETS HELD FOR SALE

Accounting policy

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.

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.

	COUNCIL AND GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000
Land	-	88
Buildings	-	-
Roading	-	-
TOTAL NON-CURRENT ASSETS HELD FOR SALE	-	88

Recognised at 30 June 2019 is one block of land no longer required for council purposes. This was subsequently transferred back to property, plant and equipment after a decision was made by management not to sell it.

Notes to the Financial Statements

11. OTHER FINANCIAL ASSETS

Accounting policy

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

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

- fair value through surplus or deficit, or
- loans and receivables, 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 included in current assets. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

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

Loans and receivables

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 financial assets in this category 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. The Council's loans and receivables comprise debtors and other receivables, 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.

Financial assets in this category 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 expense is reclassified from equity to the surplus or deficit.

The Council includes in this category:

- investments that it intends to hold long term but which may be realised before maturity; and
- bonds and shareholdings in NZ Local Government Funding Agency (NZ 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 the Council will not be able to collect amounts due according to the original terms of the debt. The Council has no impairment for the year ended 30 June 2020 (2018/19: Nil).

Notes to the Financial Statements

Subsidiaries

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

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

The Council's 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.

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

	NOTES	COUNCIL		GROUP	
		2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
CURRENT ASSETS					
<i>Other financial assets</i>					
Term deposits with maturities of 4-12 months		22,985	37,439	22,985	37,439
Waitara Perpetual Community Fund - Term Deposit	12	5,725	1,008	5,725	1,008
Bonds, shares and other investments (PIF)	11(d)	232,840	240,624	232,840	240,624
Total other financial assets		261,550	279,071	261,550	279,071
<i>Investment in CCOs and similar entities</i>					
Loan to Papa Rererangi i Puketapu Limited		3,049	3,650	-	-
Total investment in CCOs and similar entities		3,049	3,650	-	-
NON-CURRENT ASSETS					
<i>Other financial assets</i>					
Term deposits		280	480	284	480
Community and other loans		1,992	1,607	2,415	1,607
Bonds, shares and other investments (PIF)	11(d)	57,839	52,843	57,839	52,842
LGFA borrower notes		2,032	1,384	2,032	1,384
Total other financial assets		62,143	56,314	62,570	56,313
<i>Investment in CCOs and similar entities</i>					
Unlisted shares in Civic Financial Services Ltd and the LGFA		727	704	727	704
Unlisted shares in Papa Rererangi i Puketapu Limited		49,138	27,138	-	-
Loan to Papa Rererangi i Puketapu Limited		7,500	13,499	-	-
Unlisted shares in Tasmanian Land Company Limited	11(d)	1,574	1,976	-	-
Total investment in CCOs and similar entities		58,939	43,317	727	704

a) Breakdown of Council's investment in subsidiaries

Investment In	Principal Activity	2019/20 Actual \$'000	2018/19 Actual \$'000
Papa Rererangi i Puketapu Limited	Operates the New Plymouth Airport	59,687	44,287
New Plymouth PIF Guardians Limited	Oversees the Council's Perpetual Investment Fund	-	-
Venture Taranaki Trust	Taranaki's regional development agency	-	-
Tasmanian Land Company Limited	In voluntary liquidation	1,574	1,976
TOTAL INVESTMENT		61,261	46,263

Notes to the Financial Statements

b) Unlisted shares in subsidiaries (investment in CCOs)

Papa Rererangi i Puketapu Limited (PRIP)

The Council's unlisted shares in PRIP of \$49.1m (2018/19: \$27.1m) includes a \$14.1m 99-year finance lease for land. Under a finance lease, substantially all the risks and rewards incidental to legal ownership are transferred by the Council to PRIP. The substance of the transaction is that the Council has made a contribution to PRIP reflective of the difference between the fair value of the land (\$14.1m) and the present value of the minimum lease payments (\$99).

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

Covid-19 pandemic response

As a result of the Covid-19 pandemic, PRIP's revenue from both landing and parking fees significantly reduced to such an extent that the company would be unable to meet future debt obligations. In order to stabilise the financial structure of the company, the Council resolved to recapitalise PRIP via a \$22m debt to equity swap, effective as at 30 June 2020.

Tasmanian Land Company

The business operations of TLC were sold on 31 March 2016. As at 30 June 2019, TLC remained a Council-controlled organisation. On 21 June 2018, TLC was placed into members' voluntary liquidation. The balance remaining with TLC will be transferred to Mercer in the future, once all the companies in the group have been wound up. As at 30 June 2020 and 30 June 2019, the Council held 100 per cent of the 88,459,358 issued shares of TLC.

c) Loans to Papa Rererangi i Puketapu Limited

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

The interest rate on the non-current loan has been set at the Council's cost of funds plus 0.75 per cent per annum, currently 4.11 per cent (2018/19: 4.33 per cent). The interest rate on the current loan has been set at the Council's cost of funds plus 0.25 per cent per annum, currently 3.69 per cent (2018/19: 3.83%).

d) Bonds, shares and other investments (PIF)

The PIF is recorded at fair value and has been independently valued by Mercer. Gains or losses on re-measurement are recognised in the surplus or deficit. The Council's \$1.6m (2018/19 \$2.0m) investment in TLC is included in the cash allocation balance. The Group balance excludes the investment in TLC.

	COUNCIL	
	2019/20 Actual \$'000	2018/19 Actual \$'000
OPENING BALANCE	295,443	287,674
Revenue and gains:		
Currency gains	1	1
Net unrealised gains	8,111	18,858
Total revenue and gains	8,112	18,859
Less direct expenses	2,279	2,489
NET SURPLUS FOR THE YEAR	5,833	16,370
Transfers in/(out) of the fund:		
Reimbursement of costs to the Council	(249)	(190)
Release to the Council (including interest)	(8,774)	(8,411)
Total transfers in/(out) of the fund	(9,023)	(8,601)
Net change in PIF investment	(3,190)	7,769
CLOSING BALANCE	292,253	295,443
Portfolio asset allocation:		
Alternative assets	53,571	51,993
Private equity	41,235	34,993
Developed market global equities	127,990	133,842
Emerging markets	14,554	19,343
Fixed revenue	37,991	33,062
Cash	16,912	22,210
	292,253	295,443

Through the PIF, the Council has commitments to subscribe to a number of private equity funds. At 30 June 2020 \$41.9m (2018/19: \$48.9m) of this commitment was yet to be called up.

12. WAITARA LANDS ACT

The New Plymouth District Council (Waitara Lands) Act 2018 (the Act) was passed by Parliament and became effective from 17 March 2019. The Act allows leaseholders of 780 identified properties to purchase freehold their leased land at market value and allows for other land parcels amounting to 118 hectares to be gifted and/or purchased by hapū.

The land is recognised under restricted assets (refer note 5) as a result of the Act which enforces restrictions on the ownership and disposal of the land by the Council.

On 17 March 2020 \$2.1m of land previously held by Council vested in Te Kāwhatu Tū Moana Trust.

Notes to the Financial Statements

Freehold sales

As at 30 June 2020, 183 properties have been purchased freehold since the Act came into effect. Proceeds from the sales amount to \$20.5m. An additional 34 sales were awaiting settlement at balance date, proceeds from these sales will be \$4.0m.

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

	COUNCIL AND GROUP			
	2018/19 Actual Total \$'000	2019/20 Share of sales proceeds from former Borough and portfolio land \$'000	2019/20 Share of sales proceeds from other land \$'000	2019/20 Actual Total \$'000
Waitara Perpetual Community Fund ¹	(36)	3,929	3,073	7,001
Hapū Land Fund ²	(36)	3,929	3,073	7,001
Taranaki Regional Council (River Fund) ³	(71)	-	6,145	6,145
NPDC (reimburse costs)	142	-	349	349
Total freehold sales	-	7,858	12,639	20,497

Leasehold income

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

	COUNCIL AND GROUP			
	2018/19 Actual Total \$'000	2019/20 Share of proceeds from former Borough and portfolio land \$'000	2019/20 Share of proceeds from other land \$'000	2019/20 Actual Total \$'000
Waitara Perpetual Community Fund ¹	1,131	345	165	510
Hapū Land Fund ²	1,848	345	165	510
Taranaki Regional Council (River Fund) ³	2,733	-	330	330
NPDC (reimburse costs)	329	8	418	425
Total leasehold income	6,041	697	1,078	1,775

Distributions

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

	COUNCIL AND GROUP				
	2018/19 Actual Total \$'000	2019/20 Share of freehold sales \$'000	2019/20 Share of leasehold income \$'000	2019/20 Interest earned \$'000	2019/20 Actual Total \$'000
Waitara Perpetual Community Fund ¹	1,095	7,001	510	46	7,557
Hapū Land Fund ²	1,812	7,001	510	20	7,531
Taranaki Regional Council (River Fund) ³	2,662	6,145	330	-	6,475
TOTAL WAITARA LANDS ACT DISTRIBUTION EXPENSE	5,569	20,148	1,349	66	21,563

In 2018/19, Waitara Lands Act distributions were included in other expenses. Due to the significance balance in 2019/20 it has been reclassified and disclosed separately. Refer to note 9 for impact of reclassification.

Notes to the Financial Statements

Waitara Lands Act liability

The Council recognises a liability for funds held on behalf the Waitara Perpetual Community Fund, the Hapū Land Fund and The Taranaki Regional Council (River Fund) until such time that the funds can be remitted.

	COUNCIL AND GROUP				
	Balance at 1 July 2019	Waitara Lands Liability	Share of distributions	Payments made	Balance at 30 June 2020
Waitara Perpetual Community Fund ¹	1,008	88	7,557	-	8,652
Hapū Land Fund ²	1,632	180	7,531	(250)	9,093
Taranaki Regional Council (River Fund) ³	-	122	6,475	(4,301)	2,296
Waitara Lands Liability	389	(389)	-	-	-
TOTAL WAITARA LANDS ACT LIABILITY	3,029	-	21,563	(4,551)	20,041

¹ The Council holds funds in term deposit on behalf of the Te Tai Pari Trust for the establishment of Waitara Perpetual Community Fund (refer note 11). This cash will be held on deposit until such time that the Fund's investment strategies, policies and processes have been approved by the Council. At 30 June 2020, the balance of the account was \$5.7m (2018/19: \$1.0m). There was \$2.8m yet to be transferred by Council to the bank account. At 30 June 2020, \$5,725k was held on term deposit at an interest rate of 1.41% (2018/19: \$1,008k at 3.09%).

² The Council holds funds in a separate bank account held for the establishment of the Hapū Land Fund (refer note 13). As at 30 June, \$250k had been paid to Te Kāwhatu Tū Moana Trust. At 30 June 2020, the balance of the account was \$6.1m (2018/19: \$1.6m). There was \$2.0m yet to be transferred by Council to the bank account.

³ During the year, cash distributions totalling \$4.3m were made to the Taranaki Regional Council (River Fund) (2018/19: \$2,540k). At 30 June 2020 there was \$2.3m yet to be distributed (2018/19: \$0.0m).

13. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments, net of bank overdrafts classified under current liabilities. The carrying value of cash at bank and short-term deposits with original maturities less than three months approximates their fair value.

	NOTES	COUNCIL		GROUP	
		2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Cash at bank and on hand	12	34,706	10,793	38,163	13,872
TOTAL CASH AND CASH EQUIVALENTS		34,706	10,793	38,163	13,872

a) Funds subject to restrictions

The Council holds unspent funds, included in cash and cash equivalents and other financial assets (refer note 11), of which \$34.7m (2018/19: \$39.9m) are subject to restrictions. These unspent funds relate to trusts and bequests received (refer note 20), lump sum contributions and other funds received with restrictions where the spending of the funds is separately monitored. The restrictions generally specify how the funds are required to be spent.

Notes to the Financial Statements

14. DEBTORS AND OTHER RECEIVABLES

Accounting policy

Short-term receivables are recorded at the amount due less any provision for uncollectability.

Fair value: receivables are generally short-term and non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of receivables approximates their fair value.

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Trade receivables	8,719	5,275	9,395	5,873
Rates receivables	3,194	2,602	3,194	2,602
Accrued revenue	1,667	4,693	1,608	4,677
Prepayments	518	621	535	626
GST receivable	1,276	1,411	1,484	2,005
Sundry receivables	1,103	1,889	864	1,782
Gross receivables and prepayments	16,477	16,491	17,080	17,565
Less provision for uncollectability	630	430	630	430
TOTAL RECEIVABLES AND PREPAYMENTS	15,847	16,061	16,450	17,135
Total receivables comprise:				
Receivables from non-exchange transactions ¹	3,690	3,729	3,690	3,729
Receivables from exchange transactions ²	12,157	12,332	12,760	13,406
	15,847	16,061	16,450	17,135

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

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

a) Provision of uncollectability

Accounting policy

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

A receivable is considered to be uncollectable when there is evidence the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

The Council does not provide for any provision for uncollectability on rates receivable as it has various powers under the LG(R)A to recover any outstanding debts.

The provision for uncollectability of other receivables has been calculated based on a review of specific overdue receivables.

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

Notes to the Financial Statements

Ageing profile of total receivables	2019/20			2018/19		
	Gross \$'000	Impairment \$'000	Net \$'000	Gross \$'000	Impairment \$'000	Net \$'000
COUNCIL						
Not past due	11,579	-	11,579	13,411	-	13,411
Past due 1-30 days	465	-	465	436	-	436
Past due 31-60 days	522	-	522	330	-	330
Past due 61-90 days	126	-	126	61	-	61
Past due >90 days	3,785	630	3,155	2,253	430	1,823
	16,477	630	15,847	16,491	430	16,061
GROUP						
Not past due	12,095	-	12,095	14,312	-	14,312
Past due 1-30 days	496	-	496	558	-	558
Past due 31-60 days	536	-	536	334	-	334
Past due 61-90 days	126	-	126	70	-	70
Past due >90 days	3,827	630	3,197	2,291	430	1,861
	17,080	630	16,450	17,565	430	17,135

Movements in the provision for debts that are not considered collectable as follows:

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
At 1 July	430	383	430	383
Additional provisions made during the year	200	47	200	47
Receivables written off during the year	-	-	-	-
TOTAL PROVISION FOR UNCOLLECTABILITY	630	430	630	430

Covid-19 pandemic response

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

1. No late penalties applicable on unpaid rates from the fourth instalment for 2019/20 that would have been applied on 27 May 2020. Total penalties that would have applied was \$209k.
2. No late penalties applicable on unpaid rates until 1 July 2021 when a ratepayer provides evidence of difficulty or hardship due to Covid-19 pandemic and agrees to a payment plan.
3. Subject to meeting specific conditions, a ratepayer can defer paying rates for up to six months if their cash flow has been impacted by Covid-19. Interest will be charged at a rate 1 per cent less than the Council's average borrowing rate, currently 3.3 per cent. Interest can be waived where the administrative costs outweigh the interest that would be received by the Council. As at 30 June 2020, 20 deferral applications had been received and six had been approved. The total value of rates deferred at 30 June 2020 was \$24k.
4. Where a ratepayer can demonstrate significant financial hardship as a result of the Covid-19 pandemic, rates can be postponed. This applies to the fourth quarter of 2019/20 and all of 2020/21. The postponed rates remain as a charge against the property and must be paid in full either at the end of the three years from receiving the postponement or when the property is sold. Interest will be charged during the postponement at the Council's average borrowing rate. As at 30 June 2020, no postponement applications had been received or approved.

Notes to the Financial Statements

15. CREDITORS AND OTHER PAYABLES

Accounting policy

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

	NOTES	COUNCIL		GROUP	
		2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Trade payables		12,416	10,149	14,174	13,265
Revenue in advance		3,769	4,051	4,442	4,074
Central Landfill Joint Committee liability		-	2,641	-	2,641
Deposits and bonds		1,294	1,009	1,294	1,009
Contract retentions		608	1,160	809	1,361
Accrued interest		854	795	854	795
Other payables		752	600	563	632
TOTAL TRADE AND OTHER PAYABLES		19,693	20,405	22,136	23,777

a) Central Landfill Joint Committee

During 2017/18 the Council agreed with the South Taranaki District Council (STDC) and the Stratford District Council (SDC) to form a Joint Committee tasked with developing a new landfill and operating it following the closure of the Colson Road Landfill.

In November 2018, the Joint Committee made the decision to suspend further development of the Central Landfill. Waste is being disposed of at Bonny Glen under a 35 year contract with Midwest Disposals Ltd who operate the landfill. All capital costs incurred were written off to surplus or deficit in 2018/19. As at 30 June 2020 all unspent contributions have been refunded.

16. BORROWINGS

Accounting policy

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

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

	COUNCIL AND GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000
CURRENT		
Debenture stock	29,000	39,000
Local Government Funding Agency	15,000	-
TOTAL CURRENT BORROWINGS	44,000	39,000
NON-CURRENT		
Debenture stock	5,000	5,000
Local Government Funding Agency	124,500	99,000
TOTAL NON-CURRENT BORROWINGS	129,500	104,000

Notes to the Financial Statements

Interest terms

The Council has \$54.5m of its total debt of \$173.5m issued at fixed rates of interest (2018/19: \$30.0m of \$143.0m). The remainder of the Council's loans are issued at floating interest rates. For floating rate debt, the interest rate is reset quarterly based on the 90-day bank bill rate plus a margin for credit risk.

Interest rates range from 0.3% to 5.5% (2018/19: 1.7% to 5.5%) – weighted average rate of 3.3% (2018/19: 4.1%). Total interest costs were \$5,723k (2018/19: \$5,872k).

The Council has a number of interest rate swaps and forward interest rates swaps in place to fix and manage interest payments (refer note 21).

Security

The Council's loans have been issued in accordance with the LGA. The loans are secured through the debenture trust deed over all rates. As at 30 June 2020, the Council has issued to its bankers security certificates totalling \$12.7b (2018/19: \$9.8b) to secure the various bank loan facilities, bank overdraft and guarantees issued on behalf of the Council.

Fair values

Due to interest rates on debt resetting to the market rate every three months, the carrying amounts of the majority of secured loans approximates their fair value. There are \$54.5m of secured loans that have been issued at fixed rate and have greater than 12 months to maturity. The fair value of these loans is \$57.8m (2018/19: \$32.1m). Fair value has been determined using contractual cash flows discounted using a rate based on market borrowing rates at balance date of 2.82% (2018/19: 3.89%).

17. PROVISIONS

Accounting policy

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

	COUNCIL AND GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000
CURRENT PROVISIONS		
Weathertightness claims	30	100
Landfill aftercare provision	332	123
Emission trading scheme	-	554
Other	475	240
TOTAL CURRENT PROVISIONS	837	1,017
NON-CURRENT PROVISIONS		
Landfill aftercare provision	3,139	1,735
TOTAL NON-CURRENT PROVISIONS	3,139	1,735

Notes to the Financial Statements

	Weather-tightness claims	Landfill aftercare	Carbon credits	Other	Council and Group
BALANCE AT 30 JUNE 2019	100	1,858	554	240	2,752
Additional provisions made	-	1,613	92	235	1,940
Unused amounts reversed	(70)	-	-	-	(70)
Amounts used	-	-	(646)	-	(646)
BALANCE AT 30 JUNE 2020	30	3,471	-	475	3,976

a) Weathertightness claims

No new claims have been lodged with the Weathertight Homes Resolution Service (WHRS) in the year to 30 June 2020 (2018/19: Nil). The Council is subject to one claim (2018/19: one claim) relating to weathertightness of buildings. The claim was lodged under the Weathertight Home Resolution Service.

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

b) Emission Trading Scheme

The provision recognises \$646,290 (2018/19: \$901,384) for the Emission Trading Scheme unit costs for landfill used in the year to 30 June 2020.

c) Landfill closure and aftercare liability

The long-term nature of these liabilities means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and known changes to legal requirements, an inflation factor of 1.5% (2018/19: 0%) and a discount rate of 1.6% (2018/19: 6.0%).

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

18. EMPLOYEE ENTITLEMENTS

Accounting policy

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

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

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

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

Notes to the Financial Statements

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
CURRENT EMPLOYEE ENTITLEMENTS				
Accrued pay and sick leave	1,067	950	1,067	950
Annual leave	3,142	2,639	3,344	2,763
TOTAL CURRENT EMPLOYEE ENTITLEMENTS	4,209	3,589	4,411	3,713
NON-CURRENT EMPLOYEE ENTITLEMENTS				
Long service leave	87	90	87	90
Retirement gratuities	375	428	375	428
TOTAL NON-CURRENT EMPLOYEE ENTITLEMENTS	462	518	462	518

19. TAX

Accounting policy

Income tax

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

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.

a) Components of tax expense

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Current tax	-	-	(5)	412
Deferred tax	-	-	(259)	(68)
TOTAL INCOME TAX (REFUND)/EXPENSE	-	-	(264)	344

Notes to the Financial Statements

b) Relationship between tax expense and accounting profit

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Deficit/(surplus) before tax	(27,406)	(3,227)	(28,971)	(3,005)
Tax at 28% (2017/18: 28%)	(7,674)	(904)	(8,112)	(841)
Plus/(less) tax effect of non-assessable revenue	7,674	904	7,848	1,185
TOTAL INCOME TAX (REFUND)/EXPENSE	-	-	(264)	344

c) Current tax asset/(liability)

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
TAX (PAYABLE)/RECEIVABLE	-	-	175	(43)

The Council has \$981,374 (2018/19: \$1,224,335) unrecognised tax losses available to carry-forward.

d) Group deferred tax asset/(liability)

	Property, plant and equipment \$'000	Other provisions \$'000	Total \$'000
BALANCE AT 30 JUNE 2018	28	-	28
Charged to surplus/(deficit)	40	-	40
BALANCE AT 30 JUNE 2019	68	-	68
Charged to surplus/(deficit)	196	56	252
BALANCE AT 30 JUNE 2020	264	56	320

20. EQUITY AND CAPITAL MANAGEMENT

Accounting policy

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

- accumulated funds
- ordinary reserves
- restricted reserves
- property 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 and deducted from the fund. Ordinary reserves are reserves created by Council decision. The Council may alter the purpose of a reserve without reference to a third party or the Courts. Transfers to and from these reserves is at the discretion of the Council.

Restricted reserves

Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfer from these reserves can be made 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.

Notes to the Financial Statements

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
ACCUMULATED FUNDS				
Balance at 1 July	1,566,086	1,563,016	1,555,890	1,552,744
Transfers (to)/from restricted and council created reserves	6,652	728	6,652	728
Transfer from property revaluation reserve on disposal	11,615	-	11,615	-
Waitara Lands Act reserve transfer	-	5,569	-	5,569
Decrease due to currency fluctuation	-	-	(135)	198
Surplus for the year	(27,406)	(3,227)	(28,707)	(3,349)
Total accumulated funds at 30 June	1,556,947	1,566,086	1,545,315	1,555,890
RESTRICTED AND COUNCIL CREATED RESERVES				
Balance at 1 July	76,570	82,867	76,626	82,923
Transfers from accumulated funds	26,749	27,114	26,749	27,114
Transfers to accumulated funds	(33,401)	(27,842)	(33,401)	(27,842)
Waitara Lands Act Reserve transfer	-	(5,569)	-	(5,569)
Total restricted and council created reserves at 30 June	69,918	76,570	69,974	76,626
REVALUATION RESERVE				
Balance at 1 July	1,456,469	759,548	1,466,911	769,990
Revaluation gains/(losses) – property, plant and equipment	6,196	696,921	11,113	696,921
Transfer to accumulated funds on disposal of assets	(11,615)	-	(11,615)	-
Impairment	-	-	-	-
Total revaluation reserve at 30 June	1,451,050	1,456,469	1,466,409	1,466,911
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE				
Balance at 1 July	-	-	-	-
Net change in fair value	23	-	23	-
Total fair value through other comprehensive revenue and expense reserve at 30 June	23	-	23	-
CURRENCY FLUCTUATION RESERVE				
Balance at 1 July	-	-	(93)	105
Increase/(decrease) due to currency fluctuation	-	-	135	(198)
Total currency fluctuation reserve at 30 June	-	-	42	(93)
Total reserves at 30 June	1,520,991	1,533,039	1,536,448	1,543,444
TOTAL EQUITY AT 30 JUNE	3,077,938	3,099,125	3,081,763	3,099,334

Notes to the Financial Statements

a) Ordinary and restricted reserves

	Balance at 1 July \$'000	Transfers into fund \$'000	Transfers out of fund \$'000	Balance at 30 June \$'000
2019/20 - COUNCIL AND GROUP				
Renewal and disaster funds	37,593	18,597	(22,436)	33,754
Restricted reserves, Trust and bequest funds ¹	21,441	1,953	(4,211)	19,183
Operating reserve funds	14,414	3,988	(4,543)	13,859
Smoothing reserve funds	1,845	60	(60)	1,845
Development funds	1,333	2,151	(2,151)	1,333
TOTAL ORDINARY AND RESTRICTED RESERVES	76,626	26,749	(33,401)	69,974
2018/19 - COUNCIL AND GROUP				
Renewal and disaster funds	41,020	19,413	(22,840)	37,593
Restricted reserves, Trust and bequest funds ¹	25,996	2,348	(6,903)	21,441
Operating reserve funds	12,780	3,327	(1,693)	14,414
Smoothing reserve funds	1,875	-	(30)	1,845
Development funds	1,252	2,026	(1,945)	1,333
TOTAL ORDINARY AND RESTRICTED RESERVES	82,923	27,114	(33,411)	76,626

¹ The opening balance of the Council only balance for restricted reserves, Trust and bequest funds is \$21,385k (2018/19: \$25,940k), which differs from the Group value. Transfers in and out of the fund are the same for both Council and Group.

b) Purpose of each reserve

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

Renewal and disaster funds

The Council sets aside funding to meet the renewal of its infrastructural and operating assets to ensure the continued ability to provide services. The renewal funds are applied to all activities throughout Council. The Council maintains a disaster fund as part of its insurance strategies, which can be made available for specific unforeseen events. This reserve is built up annually from general rates and can only be used with Council approval.

Restricted reserves, Trust and bequest funds

These reserves have been created for funds which are restricted for a particular purpose such as bequests or operations in trust under specific Acts. Changing the use of the funds would need court or third party approval. Transfers from these reserves can be made only for certain specified purposes, or when specified conditions are met. Deductions are made where the funds have been used and Interest is added to these reserves where applicable. Restricted reserves include the heritage funds, proceeds from sale of Junction Road leases, Ngāmotu Masonic Lodge Bursary Fund and certain bequest funds: Monica Brewster, Molly Morpeth Canaday and JT Gibson. These funds are applied to infrastructural asset activities and Puke Ariki and Len Lye Centre/Govett-Brewster Art Gallery activities.

Other reserves

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

- Operating reserve funds
These are set aside to fund short-term operational matters such as holding short-term surpluses arising from Water Supply and Wastewater treatment operations and some internal services.
- Smoothing reserve funds
These fund significant costs incurred generally every three years. An annual general charge is made to level out the impacts of these costs on rates. These include asset revaluations, Long-Term Plan audit fee, Council elections and orthophotography. These funds are applied to infrastructural services, some internal services and civic and democracy services.

Notes to the Financial Statements

- Development funds

These arise from development and financial contributions levied by the Council for capital works and are intended to contribute to the growth related capital expenditure in the infrastructural asset activities of Roads, Water Supply, Wastewater, Stormwater, Flood Protection, Parks, Recreation and Events, Puke Ariki and Govett-Brewster Art Gallery/ Len Lye Centre. These reserves also include the waste management and minimisation fund which was set up for capital, renewal and emergency maintenance works associated with the District's solid waste disposal systems.

c) Property revaluation reserve

Property revaluation reserves for each asset class consist of:

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Infrastructure	1,235,636	1,235,636	1,236,984	1,235,636
Operational land	44,419	44,419	57,976	54,861
Operational buildings	56,361	56,361	56,815	56,361
Restricted land	103,697	115,312	103,697	115,312
Operational library	(401)	(404)	(401)	(404)
Restricted art/museum	11,338	5,145	11,338	5,145
	1,451,050	1,456,469	1,466,409	1,466,911

d) Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets. Refer to note 20(b) for information about the Council's reserves.

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

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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

Notes to the Financial Statements

21. FINANCIAL RISK MANAGEMENT

Accounting policy

Derivative financial instruments

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

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

The Council does not designate any derivatives as hedging instruments.

a) Financial instrument categories

Financial Assets	Financial Liabilities
FAIR VALUE THROUGH SURPLUS OR DEFICIT	FAIR VALUE THROUGH SURPLUS OR DEFICIT
Interest rate swaps - refer note 21(c)	Interest rate swaps - refer note 21(c)
Bonds, shares and other investments (PIF) – refer note 11	
LOANS AND RECEIVABLES	LOANS AND RECEIVABLES
Cash and cash equivalents – refer note 13	Creditors and other payables – refer note 15
Debtors and other receivables – refer note 14	Borrowings – refer note 16
Other financial assets – refer note 11	- Debenture stock
- Term deposits	- Local Government Funding Agency
- Loan to Papa Rererangi i Puketapu Ltd	
- Community loans	
- Local Government Funding Agency borrower notes	
FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND EXPENSE	
Other financial assets – refer note 11	
- Local Government Funding Agency	
- Civic Financial Services Ltd	

The carrying amount is the approximate fair value for each of these classes of financial instruments, as shown in the Statement of financial position.

b) Fair value hierarchy disclosures

For those instruments recognised at fair value in the Statement of financial position, fair values are determined according to the following hierarchy:

Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets.

Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable.

Notes to the Financial Statements

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of financial position.

	VALUATION TECHNIQUE			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$'000	\$'000	\$'000	\$'000
30 JUNE 2020 - COUNCIL				
Financial assets				
Bonds, shares and other investments (PIF)	292,253	234,415	16,603	41,235
Shares in Civic Financial Services Ltd and the LGFA	2,759	-	2,759	-
Derivative financial instruments	800	-	800	-
Financial liabilities				
Derivative financial instruments	21,969	-	21,969	-
30 JUNE 2020 - GROUP				
Financial assets				
Bonds, shares and other investments (PIF)	290,679	234,203	16,603	39,873
Shares in Civic Financial Services Ltd and the LGFA	2,759	-	2,759	-
Derivative financial instruments	800	-	800	-
Financial liabilities				
Derivative financial instruments	21,969	-	21,969	-
30 JUNE 2019 - COUNCIL				
Financial assets				
Bonds, shares and other investments (PIF)	295,443	242,600	17,850	34,993
Shares in Civic Financial Services Ltd and the LGFA	2,088	-	2,088	-
Derivative financial instruments	761	-	761	-
Financial liabilities				
Derivative financial instruments	15,474	-	15,474	-
30 JUNE 2019 - GROUP				
Financial assets				
Bonds, shares and other investments (PIF)	293,466	242,600	17,850	33,016
Shares in Civic Financial Services Ltd and the LGFA	2,088	-	2,088	-
Derivative financial instruments	761	-	761	-
Financial liabilities				
Derivative financial instruments	15,474	-	15,474	-

There were no transfers between the different levels of the fair value hierarchy.

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
Balance at 1 July	34,993	29,959	33,016	27,359
Purchases	8,020	8,673	8,020	8,673
Sales	(5,813)	(5,755)	(5,813)	(5,755)
Gains/(losses) recognised in the surplus or deficit	4,035	2,116	4,650	2,739
BALANCE AT 30 JUNE	41,235	34,993	39,873	33,016

Notes to the Financial Statements

c) Financial instrument risks

(i) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk.

The Council is exposed to credit risk as a guarantor of all of New Zealand Local Government Funding Agency's (LGFA) borrowings. Information about this exposure is explained in note 23.

The PIF invests in a variety of investments; equities, bonds and private equity funds. Credit risk is managed by diversification of the investment portfolio in accordance with advice from NPG, which includes limits set on individual investments in any one financial institution or organisation.

The Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover debt from ratepayers.

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

The Council's Treasury Management Policy limits the amount of credit exposure to any one financial institution or organisation. The Council's maximum credit exposure for each class of financial instrument is as follows:

	COUNCIL		GROUP	
	2019/20 Actual \$'000	2018/19 Actual \$'000	2019/20 Actual \$'000	2018/19 Actual \$'000
MAXIMUM EXPOSURE TO CREDIT RISK				
Cash at bank and term deposits	63,546	49,720	67,003	52,799
Debtors and other receivables	15,329	15,440	15,915	16,509
Community and related party loans	12,541	18,756	2,415	1,607
LGFA borrower notes	2,032	1,384	2,032	1,384
Bonds, shares and other investments (PIF)	292,253	295,443	290,679	293,466
	385,701	380,743	378,044	365,765
CREDIT QUALITY OF FINANCIAL ASSETS				
Counterparties with credit ratings - cash at bank and term deposits; LGFA borrower notes				
AA- or higher	54,863	48,684	58,170	51,763
A-	10,865	1,760	10,865	1,760
A	-	660	-	660
	65,728	51,104	69,035	54,183

(ii) Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping credit lines available.

The Council manages its borrowings in accordance with its funding and financial policies, which includes a Treasury Management Policy.

The Council has a maximum amount that can be drawn down against call facilities at two separate banks totalling \$24m (2018/19: \$24m). There are no restrictions on the use of the facilities. At balance date no amount had been drawn down on these facilities (2018/19: Nil).

Notes to the Financial Statements

The Council is exposed to liquidity risk as a guarantor of all of LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 23.

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

The following tables analyse the Council's financial liabilities (excluding derivative financial instruments) into maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
FINANCIAL LIABILITIES					
Council 2020					
Creditors and other payables	15,924	15,924	15,924	-	-
Borrowings	173,500	187,661	46,409	70,498	70,754
TOTAL	189,424	203,585	62,333	70,498	70,754
Group 2020					
Creditors and other payables	17,694	17,694	17,694	-	-
Borrowings	173,500	187,661	46,409	70,498	70,754
TOTAL	191,194	205,355	64,103	70,498	70,754
Council 2019					
Creditors and other payables	13,713	13,713	13,713	-	-
Borrowings	143,000	160,546	57,383	37,406	65,757
TOTAL	156,713	174,259	71,096	37,406	65,757
Group 2019					
Creditors and other payables	17,062	17,062	17,062	-	-
Borrowings	143,000	160,546	57,383	37,406	65,757
TOTAL	160,062	177,608	74,445	37,406	65,757

The following table analyses the Council's financial assets (excluding derivative financial instruments) into maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
FINANCIAL ASSETS					
Council 2020					
Cash and cash equivalents	34,706	34,706	34,706	-	-
Debtors and other receivables	15,329	15,329	15,329	-	-
Term deposits	23,265	23,344	23,060	284	-
Community and related party loans	12,541	18,221	3,856	2,577	11,788
LGFA borrower notes	2,032	2,581	291	1,098	1,192
TOTAL	87,873	94,181	77,242	3,959	12,980
Group 2020					
Cash and cash equivalents	38,163	38,163	38,163	-	-
Debtors and other receivables	15,915	15,915	15,915	-	-
Term deposits	23,269	23,344	23,060	284	-
Community and related party loans	2,415	2,239	387	1,344	508
LGFA borrower notes	2,032	2,581	291	1,098	1,192
TOTAL	81,794	82,242	77,816	2,726	1,700

Notes to the Financial Statements

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
Council 2019					
Cash and cash equivalents	10,793	10,793	10,793	-	-
Debtors and other receivables	15,440	15,440	15,440	-	-
Term deposits	37,919	38,091	37,594	497	-
Community and related party loans	18,756	32,905	4,754	6,309	21,842
LGFA borrower notes	1,384	1,936	290	793	853
TOTAL	84,292	99,165	68,871	7,599	22,695
Group 2019					
Cash and cash equivalents	13,872	13,872	13,872	-	-
Debtors and other receivables	16,509	16,509	16,509	-	-
Term deposits	37,919	38,091	37,594	497	-
Community and related party loans	1,607	2,527	380	1,412	735
LGFA borrower notes	1,384	1,936	290	793	853
TOTAL	71,291	72,935	68,645	2,702	1,588

(iv) Sensitivity analysis

The tables below illustrate the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

	2019/20 \$'000				2018/19 \$'000			
	-100bps		+100bps		-100bps		+100bps	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
COUNCIL								
Financial assets								
Cash at bank and term deposits	-	-	-	-	(57)	-	57	-
LGFA borrower notes	(60)	-	58	-	(45)	-	64	-
Derivative financial instruments	165	-	(159)	-	213	-	(203)	-
Financial liabilities								
Borrowings – secured loans	7,307	-	(7,308)	-	3,432	-	(3,433)	-
Derivative financial instruments	(7,925)	-	7,204	-	(8,100)	-	7,327	-
TOTAL SENSITIVITY	(513)	-	(205)	-	(4,557)	-	3,812	-
GROUP								
Financial assets								
Cash at bank and term deposits	-	-	-	-	(57)	-	57	-
LGFA borrower notes	(60)	-	58	-	(45)	-	64	-
Derivative financial instruments	165	-	(159)	-	213	-	(203)	-
Financial liabilities								
Borrowings – secured loans	7,307	-	(7,308)	-	3,432	-	(3,433)	-
Derivative financial instruments	(7,925)	-	7,204	-	(8,100)	-	7,327	-
TOTAL SENSITIVITY	(513)	-	(205)	-	(4,557)	-	3,812	-

(v) Market risk

Interest rate risk

Interest rate risk is the risk that the Council may be affected by changes in the general level of interest rates. The Council is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of interest rate swaps contracts (derivative financial instruments).

Under interest rate swap contracts the Council agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Council to mitigate the risk of changing interest rates on debt held.

The fair values of interest rate swaps are measured against the prevailing market conditions at balance date. The Council's interest rate swaps have been independently valued using Hedgebook software, which uses daily rate feeds of floating rate references such as BKBM (Bank Bill Market Rate) and BBSW (Bank Bill Swap Rate) from industry benchmark sources. The fair value of interest rate swaps are disclosed below.

The following table discloses the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Council and Group	Average contract fixed interest rate		Notional principal amount		Fair value	
	2019/20 %	2018/19 %	2019/20	2018/19	2019/20	2018/19
Outstanding fixed for floating						
Less than one year	4.24	4.86	13,000	18,000	(338)	(295)
1 to 5 years	4.21	4.25	58,000	55,000	(5,136)	(3,020)
Greater than 5 years	3.68	3.77	84,000	95,000	(15,695)	(11,398)
	3.93	4.04	155,000	168,000	(21,169)	(14,713)

The amounts disclosed are contractual undiscounted cash flows. The average interest rate is based on the outstanding balances at the start of the financial year.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that cash flows from an instrument will vary due to fluctuations in interest rates. A balance is achieved through having variable terms that spreads the risk of fluctuating interest rates.

	COUNCIL AND GROUP	
	2019/20 Actual	2018/19 Actual
DERIVATIVE FINANCIAL INSTRUMENTS		
Non-current asset portion	800	761
Current liability portion	(338)	(295)
Non-current liability portion	(21,631)	(15,179)
TOTAL DERIVATIVE FINANCIAL INSTRUMENTS	(21,169)	(14,713)

Foreign exchange and equity price risk

- Price risk: is the risk that fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to equity securities price risk on its investments arising from market movements in listed securities.
- Currency risk: is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is exposed to currency risk on its investments as some are denominated in various foreign currencies.

Both price and currency risks are managed by diversifying the Council's investment portfolio in accordance with the Treasury Management Policy and advice from NPG.

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

Notes to the Financial Statements

Council and Group	2019/20 \$'000				2018/19 \$'000			
	-100pbs		+100bps		-100pbs		+100bps	
	Surplus	Equity	Surplus	Equity	Surplus	Equity	Surplus	Equity
PIF INVESTMENTS								
Foreign exchange risk	7,935	-	(7,935)	-	2,135	-	(2,135)	-
Equity price risk	(15,413)	-	15,413	-	(16,135)	-	16,135	-
TOTAL SENSITIVITY	(7,478)	-	7,478	-	(14,000)	-	14,000	-

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

22. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the results and assets and liabilities of Council and other entities in which Council has a controlling interest. Any related party disclosures also have been made for transactions with entities within the Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that is it reasonable to expect Council and Group would have adopted in dealing with the party at arms-length in the same circumstances.

During the year councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, purchase of rubbish bags etc.). These goods and services were supplied on normal commercial terms.

No provision has been required, nor any expense recognised, for impairment of receivables for any loans or other receivables to related parties (2018/19: Nil).

Refer to note 3 for key management personnel disclosures.

23. CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities

Legal claim

In January 2019 there was an unauthorised discharge from the Mangati pump station into the Mangati Stream. The Council's Incident Response Plan was implemented when the discharge was discovered and an investigation has since been conducted. Improvement actions were identified and progress towards completing them continues. The Taranaki Regional Council has commenced proceedings against the Council under the Resource Management Act 1991. As at 30 June 2020, there was insufficient information to conclude on potential liability.

There are three claims against the Council for building consents. The amounts of the claims are uncertain as they are subject to either court or remediation decision. The maximum exposure is estimated to be \$177k.

Emissions Trading Scheme (ETS)

The Council has 235.9ha (2018/19: 235.9ha) of pre-1990 forest land determined under the Climate Change Response Act 2002 (CCR). Under the ETS, the Council will incur financial penalties should the land be deforested as defined by CCR. At year end approximately 0.4ha (2018/19: 0.4ha) had been harvested but not yet replanted. There is a four year stand- down period allowed between harvest and replanting. The Council intends to replant and/or let that portion naturally regenerate and has not given notice of intention to deforest. The Council does not consider it has a contingent liability.

Local Government Funding Agency (LGFA)

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

The Council is one of 31 Local Authority shareholders and 52 Local Authority guarantors of the LGFA. The aggregate amount of uncalled shareholder capital is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of LGFA's borrowings. This is based on Council's rates as a proportion of the total rates for all guaranteeing Local Authorities. At 30 June 2020 LGFA had borrowings totalling \$11.9b (2018/19: \$9.5b).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that the Council is not aware of any local authority debt default events in New Zealand and local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

RiskPool

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the board may make a call on members for the fund year. The Council has been asked to make calls in the past for fund years as a result of deficits incurred due to the leaky building issue.

A call for \$100k was made by the board of Civic Liability RiskPool during the year to 30 June 2019. The board have indicated that another final call is likely to be made in 2022 or 2023. It is expected that the amount of the call will be less than \$100k. No call was made during the year to 30 June 2020.

Weathertightness claims

In 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. The MOE's claim against CHH is for 833 school buildings, nine of which are located within the New Plymouth district. In 2016, CHH commenced proceedings against 48 councils, including NPDC, alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. At 30 June 2020 and 30 June 2019, there was insufficient information to conclude on potential liability and claim quantum, if any. On 3 September 2020, the High Court issued a notice of discontinuance which has removed the uncertainty that existed at the end of the current and preceding periods. The Council is no longer subject to this legal proceeding.

Refer to note 17(a) for details on weathertightness claims.

Alleged illegal dumping of PRIP's sub-contractor

In June 2020 PRIP were notified by Taranaki Regional Council that an investigation into alleged illegal dumping of asbestos materials by a sub-contractor to the main terminal redevelopment contractor was underway. As at balance sheet date no legal fees, fines or other associated costs has been incurred by PRIP. At the time of signing these financial statements, there was no indication that PRIP was responsible for the alleged sub-contractors actions, and as such no indication of fines or penalties that may be incurred.

There are no other known material contingent liabilities (2018/19: Nil).

Contingent assets

There are no other known contingent assets (2018/19: Nil).

Notes to the Financial Statements

24. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

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

2018 Omnibus amendments to PBE Standards

The XRB have issued an omnibus of amendments to a number of PBE standards. The amendments are applicable for annual periods beginning on or after 1 January 2019, except for the amendments to PBE IPSAS 2, which are applicable for annual periods beginning on or after 1 January 2021. The changes most relevant to the Council and Group are:

- PBE IPSAS 2 Cash Flow Statements: the amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021.
- PBE IPSAS 37 Joint Arrangements: the amendment clarifies that when an entity obtains control of a business that is a joint operation, then it does not premeasure previously held interest in that business.
- PBE IFRS 3 Business Combinations: the amendments clarify that when an entity obtains control of a business that is a joint operation, it premeasures previously held interests in that business.

Financial instruments

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

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

Service performance reporting

The New Zealand Accounting Standards Board (NZASB) has issued PBE FRS 48 Service Performance Reporting effective for periods beginning on or after 1 January 2021, with early application permitted.

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

25. SUBSEQUENT EVENTS AFTER 30 JUNE 2020

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

Funding Impact Statement

NEW PLYMOUTH DISTRICT COUNCIL FUNDING IMPACT STATEMENT FOR WHOLE OF COUNCIL for the year ended 30 June 2020

	Annual Plan 2018/19 (\$m)	Annual Report 2018/19 (\$m)	Annual Plan 2019/20 (\$m)	Actual 2019/20 (\$m)
SOURCES OF OPERATING FUNDING				
General rates, uniform annual charges, rates penalties	56.39	57.29	59.31	59.59
Targeted rates	33.51	33.04	34.95	34.71
Subsidies and grants for operating purposes	6.04	5.92	6.06	6.50
Fees and charges	26.62	31.57	23.91	29.91
Interest and dividends from investments	11.84	12.00	12.08	14.05
Local authorities fuel tax, fines, infringement fees, and other receipts	1.48	1.36	1.47	1.41
Total operating funding (A)	135.88	141.18	137.78	146.17
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	(102.63)	(114.16)	(110.32)	(115.12)
Finance costs	(7.65)	(5.87)	(7.43)	(5.72)
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	(110.28)	(120.03)	(117.75)	(120.85)
Surplus/(deficit) of operating funding (A - B)	25.60	21.15	20.03	25.32
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	6.04	6.70	6.11	6.26
Development and financial contributions	2.11	2.03	3.33	2.15
Increase/(decrease) in debt	33.78	25.00	15.98	30.50
Gross proceeds from sale of assets	1.47	0.29	20.63	20.51
Lump sum contributions	-	-	(7.90)	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	43.40	34.02	38.15	59.42
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	(6.00)	(2.41)	(6.56)	(3.42)
- to improve the level of service	(16.15)	(14.37)	(16.86)	(20.54)
- to replace existing assets	(39.11)	(28.50)	(27.88)	(27.09)
(Increase)/decrease in reserves	(7.74)	(9.88)	3.78	(30.01)
(Increase)/decrease of investments	-	-	(10.63)	(3.68)
Total applications of capital funding (D)	(69.00)	(55.16)	(58.15)	(84.74)
Surplus/(deficit) of capital funding (C - D)	(25.60)	(21.14)	(20.00)	(25.32)
Funding balance (A - B) + (C - D)	-	-	-	-

Other information to be provided

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

DEPRECIATION AND AMORTISATION EXPENSE

Depreciation expense	34.18	33.19	36.74	41.94
less deferred/unfunded	(14.92)	(13.75)	(18.30)	(23.48)
Net funding transferred to renewals reserves	19.26	19.44	18.44	18.46

Disclosure Statement

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

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

Rates affordability benchmark

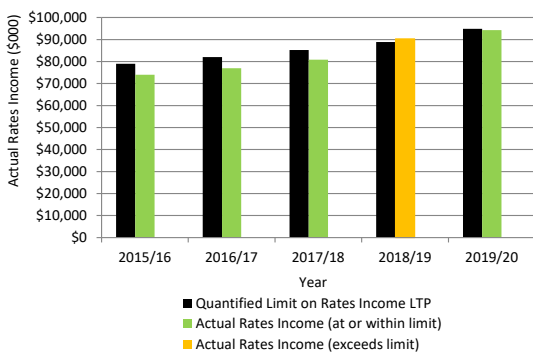
The Council meets the rates affordability benchmark if:

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

Rates (income) affordability

The following graph compares the Council's actual rates income in actual dollars, compared to the quantified limit on rates contained in the Financial Strategy included in the Council's LTP 2018-2028. The quantified limit in dollar terms is set at the prior year rates income plus five per cent.

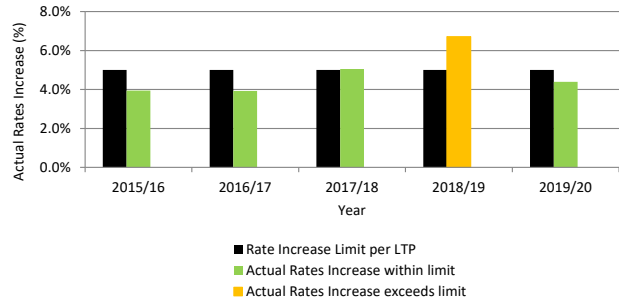
In the LTP 2018-2028, the Council resolved to exceed the 2018/19 rates limit to achieve outcomes proposed in the LTP.



Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases contained in the Financial Strategy included in the Council's LTP 2018-2028. The quantified limit is set at the prior year rates income plus five per cent.

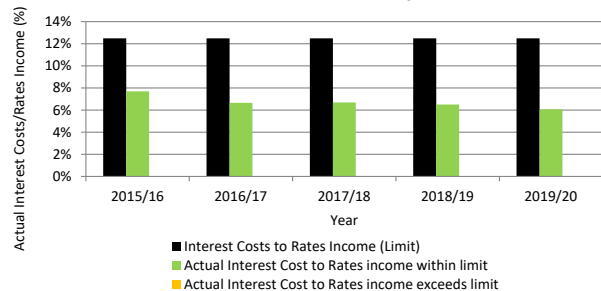
In the LTP 2018-2028, the Council resolved to exceed the 2018/19 rates limit to achieve outcomes proposed in the LTP.



Debt affordability benchmark

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

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's LTP 2018-2028. The quantified limit is that interest costs on external debt should be less than 12.5 per cent of annual rates revenue.



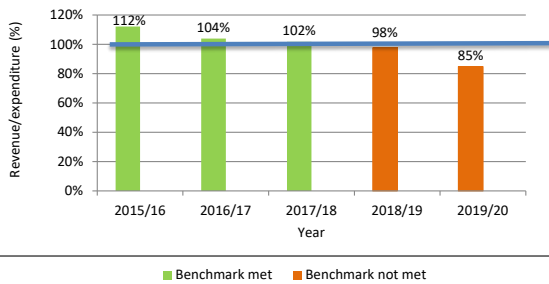
Balanced budget benchmark

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

In 2018/19 the benchmark has not been met due to the introduction of the Waitara Lands Act requiring the cumulative recognition of the net income from Waitara lease lands to be distributed.

In 2019/20 the benchmark has not been met due to increased depreciation on long-life assets, as a result of the 30 June 2019 revaluation, not being funded by current ratepayers.

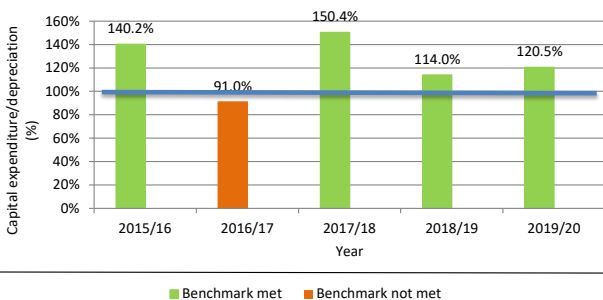
The recognition of the liability to distribute the sales income from freeholding Waitara lands has been the primary reason the target has not been met. Excluding the Waitara freehold distribution expense would result in a benchmark of 95 per cent.



Essential services benchmark

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

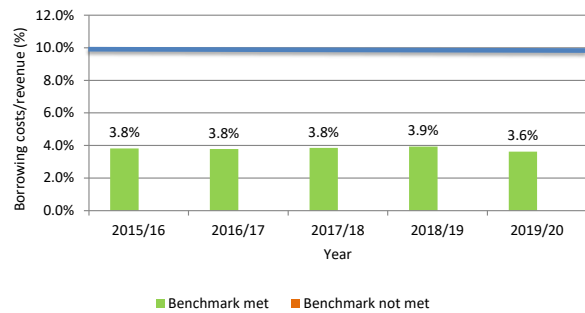
Both 2017/18: 73.9% and 2018/19: \$169.5% restated from depreciation/capital additions to depreciation/capital expenditure.



Debt servicing benchmark

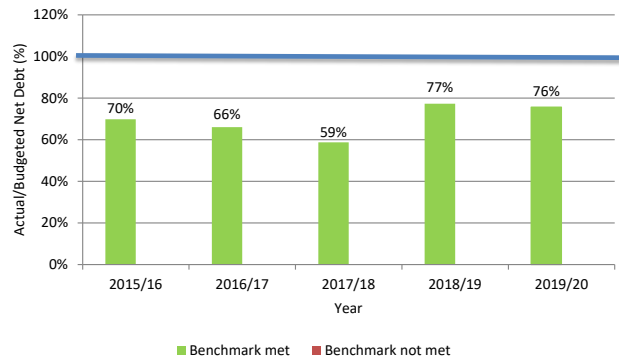
The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative instruments and revaluations of property, plant or equipment).

Because Statistics New Zealand projects the population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowings costs equal or are less than 10 per cent of its revenue.



Debt control benchmark

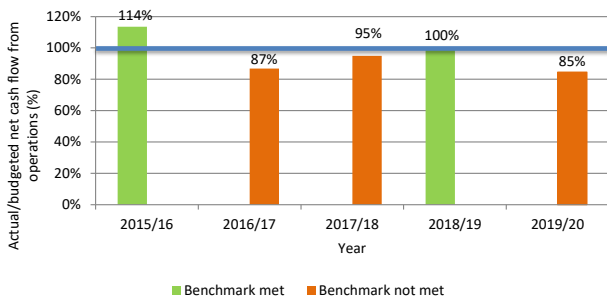
The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Disclosure Statement

Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations. On the occasions where the benchmark was not met this was primarily due to fluctuations in investment income. Recognition of the Waitara lands distributions has resulted in the target not being met. Excluding Waitara distributions would restate the benchmark to 104 per cent, resulting in the benchmark being met.



Council-controlled Organisations

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

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



Papa Rererangi i Puketapu Limited

SUMMARY OF 2019/20 STATEMENT OF INTENT

In July 2017, the Council established Papa Rererangi i Puketapu Ltd (PRIP) as a separate Council-controlled trading organisation (CCTO) to manage the full operations of New Plymouth Airport (the Airport) and to oversee a major redevelopment of the Airport's terminal and surrounding infrastructure. The Council still retains ownership of the Airport company, the Aerodrome Operator Certificate and is the sole Shareholder.

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

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

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

In the management of the Airport operations, PRIP has the autonomy to set the following charges at the Airport:

- All fees and associated charges in respect to vehicle parking.
- All landing and parking charges from regular passenger transport services.
- All landing and parking charges from general aviation aircraft.
- All revenue from tenant's leases and rents, licenses, concession-based contracts and lessees outgoings.

The Airport is viewed as an essential infrastructure asset for the district and the Taranaki region. It has a key role to play in the economic performance, growth and development of the area. PRIP works collaboratively with the Council, Venture Taranaki Trust, Taranaki Chamber of Commerce and other key stakeholders ensuring a combined approach to achieve the region's desired strategic goals.

PERFORMANCE RESULTS FOR 2019/20

Below are the key objectives and performance indicators derived from the 2019/20 Statement of Intent.

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

Assessment: The existing Airport facilities have been well maintained throughout the year and there has been no diversion of regular passenger transport services resulting from Airport operations. The new terminal opened on 17 March 2020 with a smooth changeover from the old terminal and no disruptions to Airport operations.

Meet all operating, maintenance, capital expenditure and interest costs from Airport revenue.

Assessment: All operating costs associated with the day to day operations of the Airport have been met from Airport revenue. Loans have been made available from the Council to assist with capital expenditure. Due to the Covid-19 pandemic, revenue was severely impacted in the fourth quarter of 2019/20. Operational expenditure was reduced and the Council extended the loan facility to cover the shortfall. This enabled PRIP to continue trading and to meet all operational costs, ongoing capital expenditure and loan interest payments. The Council further resolved to recapitalise PRIP via a \$22m debt to equity swap, effective as at 30 June 2020.

Manage New Plymouth Airport in full compliance with the approved operating procedures of the Civil Aviation Authority Rule Part 139.

Assessment: Under an agreement with the Civil Aviation Authority (CAA), PRIP manages the Airport on behalf of the Aerodrome Operator Certificate holder, New Plymouth District Council. During the year PRIP submitted an application to the CAA for the renewal of the Part 139 Aerodrome Operator Certificate. The CAA carried out a full certification audit in September 2019 and PRIP was successful with the application. The new Certificate is valid until 30 April 2024.

Complete the Airport terminal redevelopment project and have the new building operational by the fourth quarter of 2019.

Assessment: The new terminal was completed three months later than planned and opened on 17 March 2020. However, due to the Covid-19 pandemic, the new terminal closed on 4 April 2020. It reopened again for air services on 14 May 2020.

SIGNIFICANT POLICIES AND OBJECTIVES ON OWNERSHIP AND CONTROL

PRIP operates as a standalone company governed by an independent skills-based board of four directors, including a Chairperson. The company employs its own Chief Executive and staff. The Chief Executive reports to the company's board of directors, manages all Airport operations and assets and has responsibility for implementing the company's strategic direction. In addition to the appointed board of directors, the Council, as shareholder, may nominate an advisor to attend Board meetings as an observer and who ensures strong communication and alignment between the Council and PRIP. This is currently the Council's Chief Operating Officer.

FINANCIAL PLAN

	Actual 2019/20 (\$m)	Budget 2019/20 (\$m)	Projected 2020/21 (\$m)	Projected 2021/22 (\$m)
Operating revenue	4.6	6.1	8.2	8.0
Operating expenditure	5.3	5.9	7.2	7.2
Net profit/(loss)	(0.8)	0.2	1.0	0.8

Forestry

SUMMARY OF 2019/20 STATEMENT OF INTENT

The Council has two joint venture forestry developments that have varying levels of Council ownership (55 to 57 per cent) and are therefore deemed to be Council-controlled organisations (CCOs). For convenience they are covered by one combined statement of intent. The woodlots complement the harvest regime of the Council's own forestry investment activities.

Forest plantations have been established under the following agreements:

- McKay Family Joint Venture (56.5 per cent) - 73.1ha.
- Duthie Joint Venture (54.82 per cent) - 20.2ha.

A third joint venture, Tarata Ngatimaru Pukehou Joint Venture (60 per cent), ceased on 31 October 2018 at the completion of the harvesting of the forestry assets.

During the year, a total of 93.3ha of forests (including Tarata Ngatimaru Pukehou) were managed under joint venture agreements in which the landowner provides land and property related inputs. The Council provides management and tending programmes for the crop, and both parties share the returns from the forest harvest on an agreed ratio of respective inputs.

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

PERFORMANCE RESULTS FOR 2019/20

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

Assessment: All programmes outlined in the Forest Management Plan for 2019/20 have been completed.

Report annually in compliance with agreements.

Assessment: The joint venture forests have been valued by PF Olsen Limited with reports sent to the owners annually.

SIGNIFICANT POLICIES AND OBJECTIVES ON OWNERSHIP AND CONTROL

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

FINANCIAL PLAN

	Actual 2019/20 \$'000	Budget 2019/20 \$'000	Projected 2020/21 \$'000	Projected 2021/22 \$'000
Operating expenditure (NPDC funded)	15	15	15	15

New Plymouth PIF Guardians Limited

NATURE AND SCOPE OF ACTIVITIES

New Plymouth PIF Guardians Limited (NPG) is a 100 per cent Council-owned Company with an independent board of directors. NPG oversees the management of the perpetual investment fund (PIF) by Mercer New Zealand (Mercer).

PERFORMANCE RESULTS FOR 2019/20

Financial Performance: NPG is operated on a full cost recovery basis and is therefore budgeted to operate at a nil net cost.

Assessment. Net profit for the year was nil. The sum below reflects its expected management costs, which are charged to the Council.

	Actual 2019/20 \$'000	Budget 2019/20 \$'000	Projected 2020/21 \$'000	Projected 2021/22 \$'000
Operating revenue/expenditure	212	280	300	283
Net profit	-	-	-	-

Benchmarks for PIF Performance: Release payment target of \$8.8m and \$306.3m closing fund balance.

Assessment. Release payment of \$8.8m and \$292.3m closing fund balance.

Total Portfolio Return Target: A prime focus for the Council is to ensure that returns from the PIF are at a level that meets its objectives for the fund. The total return of the portfolio (net of all costs) measured on a rolling five-year basis is currently a target of 3.3 per cent plus NZ inflation (as measured by the Consumer Price Index).

Assessment: Actual return net of costs of 2.4% (for the Mercer managed funds excluding the \$1.6m legacy Australian interests) for the 12 month period to 30 June 2020 which is 1.8% above the rolling five-year target.

Market Comparison: The portfolio has two distinct categories of assets:

(i) Listed securities (equities/fixed income/cash): The return on this proportion of the portfolio is targeted to be 1.8% per annum above the weighted average benchmark. NPG will measure and report on these securities quarterly, annually and on a rolling five year basis.

Assessment: The total return on Listed Securities for the 12 month period to 30 June 2020 was 4.0% (before fees), which was 0.2% above the benchmark.

(ii) Unlisted Securities (private equity/alternative assets): These assets are illiquid, are largely not traded on markets and are valued infrequently. Therefore performance cannot be compared to benchmark returns on a short term basis. NPG will report on the performance of these securities annually.

Assessment: The return for the 12 month period to 30 June 2020 from private equity and alternative assets was -0.2% (for the Mercer managed funds excluding the legacy Australian interests).

Reporting: Provide a quarterly report to the shareholder covering activities undertaken by the Company, and the performance of and significant issues relating to the Perpetual Investment Fund. The report will provide the information outlined in the Governance Deed (GD).

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

Timely response: Provide investment advice within one month to the shareholder on any significant developments that may have an impact on either the income stream to the Council or the value of the Council's PIF.

Assessment: Information has been provided by the Directors in a timely manner throughout the year. Mercer provided monthly reports to the shareholder during the year.

SIGNIFICANT POLICIES AND OBLIGATIONS ON OWNERSHIP AND CONTROL

The performance of Mercer is monitored and reviewed by NPG, a Council-controlled organisation with a board of highly experienced directors.

Tasmanian Land Company Limited

NATURE AND SCOPE OF ACTIVITIES

New Plymouth District Council is a 100 per cent shareholder in Tasmanian Land Company Limited (TLC). TLC owned 100 per cent of Tasman Farms Limited (TFL) and its subsidiary The Van Diemen's Land Company (VDL).

PERFORMANCE RESULTS FOR 2019/20

The business operations of TLC were sold on 31 March 2016. As at 30 June 2020, TLC remained a Council-controlled Organisation. On 21 June 2018, TFL was placed into members' voluntary liquidation. The \$1.5 million balance remaining with TLC and will be transferred to Mercer in the future, once all the companies in the group have been wound up.

Wind up is delayed due to a dispute regarding a possible additional milk solids payment from Fonterra Australia. The claim is for AUD\$2.3m by Moon Lake Investments and has a hearing date of 8-11 December 2020 in the Tasmanian Supreme Court.

SIGNIFICANT POLICIES AND OBLIGATIONS ON OWNERSHIP AND CONTROL

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

SUMMARY OF 2019/20 STATEMENT OF INTENT

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

Venture Taranaki also has a multi-level mission:

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

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

PERFORMANCE RESULTS FOR 2019/20

Venture Taranaki has had a very successful year, as seen in the following results against the 2018/19 performance measures:

- **Identifying opportunities to attract investment into Taranaki.**
Target: At least five engagements to attract investments to Taranaki.
Achieved. Five attraction opportunities identified and supported.
- **Facilitating opportunities for investment into Taranaki.**
Target: At least five engagements relating to facilitating opportunities for investment in Taranaki.
Achieved. Five projects and client opportunities facilitated.
- **Undertaking environmental scans and regional economic monitoring.**
Target: Release at least four regional monitoring updates.
Achieved. Seven updates released, including two Taranaki Trends, two Business surveys, Infometrics seminar and Māori Business Survey.
- **Championing innovation and sustainability.**
Target: Four initiatives targeting or supporting innovation and sustainability.
Achieved. Five sector diversification initiatives supported.
- **Fostering sector diversification and growth.**
Target: At least four initiatives targeting sector diversification and growth.
Achieved. Four innovation initiatives supported.
- **Enterprise Connection and Signposting.**
Target: At least 200 referrals and connections made by Venture Taranaki staff.
Achieved. 264 referrals recorded..
- **Enterprise Support.**
Target: At least 4,000 support engagements. At least five breadth of enterprise support activity delivered. Achieve New Promoter Scores (NPS) of 50 (or greater) on support experience.
Achieved. 11,075 client support engagements recorded, 11 enterprise support initiatives delivered.
Not Achieved. NPS only achieved 45.1.

Venture Taranaki Trust

- **Lead regional events strategy.**

Target: At least 25 engagements related to the development and implementation of a regional events strategy.

Achieved. 226 engagements recorded.

- **Administer the Major Events Fund.**

Target: At least four major events funded in accordance with the criteria of NPDC's major events fund.

Achieved. Ten events (meeting NPDC criteria) attracted or retained.

- **Destination Promotion.**

Target: At least two destination promotion campaigns and 100 engagements with visitor industry operations (including local operators, other RTOs, national and international tourism agencies).

Achieved. Three campaigns delivered and 766 visitor industry engagements recorded.

- **Facilitate talent attraction and retention.**

Target: At least two talent initiatives.

Achieved. Three talent initiatives delivered.

SIGNIFICANT POLICIES AND OBJECTIVES ON OWNERSHIP AND CONTROL

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

FINANCIAL PLAN

	Actual 2019/20 (\$m)	Budget 2019/20 (\$m)	Projected 2020/21 (\$m)	Projected 2021/22 (\$m)
Operating expenditure (NPDC funded)	\$3.3	\$2.9	\$3.0	\$3.1

Independent Auditor's Report

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

The Auditor-General is the auditor of New Plymouth District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 15 December 2020. This is the date on which we give our report.

Opinion

Unmodified opinion on the audited information, excluding the Council Services statement

In our opinion:

- the financial statements on pages 76 to 136:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2020;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 137, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement about capital expenditure for each group of activities on pages 26 to 72 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long term plan; and
- the funding impact statement for each group of activities on pages 26 to 72, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long term plan.

Qualified opinion on the Council Services statement – our work was limited with respect to the verification of the number of complaints for some services

In our opinion, except for the possible effects of the matter described in the Basis for our qualified opinion section of our report, the Council Services statement on pages 7 to 9 and 22 to 71:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

Auditor's Report

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 138 to 140, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long term plan and annual plans.

Basis for our qualified opinion

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

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

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

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

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

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the audited information.

Emphasis of matter - Impact of Covid-19

Without further modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out in notes 1, 2(d), 5, 6, 11(b) and 14 to the financial statements and pages 7 to 69 of the Council Services statement.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

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

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Council Services statement, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 6, 10 to 21, 141 to 148 and 152 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Auditor's Report

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

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

Independence

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

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



Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand

Statement of Compliance and Responsibility

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

RESPONSIBILITY

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

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

In the opinion of the Council and the management of New Plymouth District Council, the annual financial statements for the year ended 30 June 2020 fairly reflect the financial position, operations and service performance of New Plymouth District Council.



Neil Holdom
Mayor



Craig Stevenson
Chief Executive





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More information:

newplymouthnz.com



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