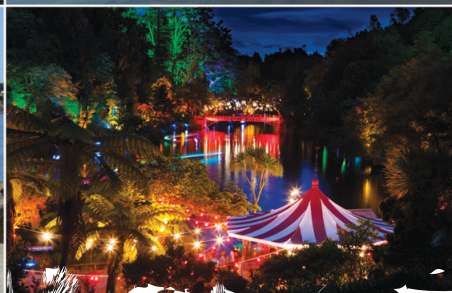


NEW PLYMOUTH. TARANAKI.

Annual Report 2016 / 17

Summary



Mountain to Sea
Te Kaunihera-ā-Rohe o Ngāmotu
**NEW PLYMOUTH
DISTRICT COUNCIL**
newplymouthnz.com
2nd Best Region in the World to Visit
(Lonely Planet 2017)





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This Annual Report Summary is the year end snapshot of the Council's and Group activities and finances for the financial year ended 30 June 2017. The information it contains is taken from the Annual Report 2016/17 itself which was adopted on 10 October 2017. The Annual Report 2016/17 provides detailed information on the Council's service and financial performance, as well as its financial health at year end.

The full financial statements, Group financial statements and non financial performance information have been prepared in accordance with the requirements of Section 98 of the Local Government Act 2002 and New Zealand Generally Accepted Accounting Practice (NZ GAAP). New Plymouth District Council and Group's full financial statements have been prepared in accordance with Tier 1 PBE accounting standards. The summary financial statement fully complies with the PBE FRS 43 accounting standard.

New Plymouth District Council (NPDC) is a territorial local authority governed by the Local Government Act 2002 and domiciled in New Zealand. The financial statements have been prepared on a historical cost basis modified by revaluation of certain assets and liabilities. The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest million dollars.

Both the functional and presentation currency of NPDC Group is New Zealand dollars. The Australian subsidiaries' functional currency is in Australian dollars (AU\$) which is translated into presentation currency.

This summary report cannot be expected to provide as complete an understanding as provided by the Annual Report of the full financial statements and non financial performance of the Council. Both this summary and the full Annual Report can be viewed on the Council's website, www.newplymouthnz.com.

This summary has been examined by the Council's independent auditors to ensure consistency with the full Annual Report for 2016/17. The Council received an 'unmodified' opinion on both documents.



From the Mayor and Acting Chief Executive

Our people, our environment and our economy are at the heart of everything we do as we continue to make the best of our district for all of our 80,000 residents. With an operating budget of \$130 million and \$2.5 billion dollar asset base, we provide the core services our communities expect such as roads, water and waste, as well as dynamic arts, cultural and recreational opportunities for locals and visitors alike. Over the last year there have been many highlights but there are three we want to touch on here:

- International credit agency Standard and Poor's confirming NPDC's financial ratings as AA/A-1 – the highest rating possible for a local government body in New Zealand.
- Travel publisher Lonely Planet announcing Taranaki as one of the top two regions in the world to visit in 2017, thanks to decades of sustained investments from councils.
- Many hours of listening and conversation has resulted in the creation of Te Huinga Taumatua, our new iwi/NPDC governance partnership committee.

Other notable successes include:

- A comprehensive community discussion on the proposed focus areas begins, as a prelude to engagement on the 10-year work programme, called the Long-Term Plan.
- Zero Waste journey: the Council decides to develop a waste reduction and education facility on Colson Road to reduce the district's waste volume.
- Treasure our Water: the Water Master Plan, which manages the district's water supply with a focus on sustainability, is adopted.
- Modernising through technology: a new website as a platform for developing more digital-based Council services is launched.
- The Entertainment Venue Association of New Zealand Awards names Yarrow Stadium the Large Venue of the Year, beating Eden Park and Hagley Oval for the accolade.
- The World Health Organisation reconfirms New Plymouth District as an International Safe Community, a title we have held since 2005.
- The Government approves NPDC's funding application for the next nationwide roll-out of ultra-fast broadband to include Waitara, Inglewood, Urenui and Okato.
- The Len Lye Centre wins the Best Creative Place Award from Local Government New Zealand.

Let's finish by acknowledging the huge contribution made by former Deputy Mayor Craig MacFarlane. Craig resigned from this position during the year to focus on his health and vastly experienced Councillor Richard Jordan picked up the Deputy Mayor role. Thank you Craig for your decades of tireless work for our community.

Neil Holdom
New Plymouth District Mayor

Alan Bird
Acting Chief Executive

What We Stand For

In preparing its current LTP the Council adopted a strategic vision to guide decision making around the planning and development of strategy and policy. The current vision is Shaping Our Future Together with community outcomes and principles that set out how they work.

Outcomes: What the vision means for the future

<p>OUR ECONOMY</p> <p>A STRONG AND RESILIENT ECONOMY</p> <ul style="list-style-type: none"> Sustainable management of economic resources Innovation and creativity Industry diversification 	<p>OUR ENVIRONMENT</p> <p>A CLEAN, GREEN, LIVEABLE ENVIRONMENT</p> <ul style="list-style-type: none"> Sustainable management and protection of natural resources Liveable environments Forward planning for future challenges 	<p>OUR COMMUNITY</p> <p>AN INCLUSIVE AND CONNECTED COMMUNITY</p> <ul style="list-style-type: none"> Foster pride and collective sense of identity Celebrate vibrant Taranaki lifestyle Strong, resilient and safe communities that value diversity
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FOUR KEY PRINCIPLES FOR HOW THE COUNCIL WILL WORK:
 Stewardship of Resources - Valuing Te Ao Māori -
 Facilitation, Collaboration and Partnership - Open and Honest Engagement

The Council's strategic vision was then expanded to include a 30 year spatial plan called the New Plymouth District Blueprint. The Blueprint contains eight key directions that will help guide the Council's planning over the next 30 years to ensure more integrated social, economic and environmental outcomes are achieved.

<p>Communities Strengthen and connect local communities</p>	<p>Environment Enhance the natural environment with biodiversity links and clear waterways</p>	<p>Growth Cohesive growth that strengthens the city and smaller settlements</p>	<p>Talent Attract entrepreneurs, talented workers and visitors</p>
<p>Citizens Enable engaged and resilient citizens</p>	<p>Destination Become a world class destination</p>	<p>Central City Champion a thriving Central City for all</p>	<p>Industry Strengthen the rural economy, industry, the port and the airport</p>

Our Services at a Glance

This is New Plymouth District



Mountain to Sea
Te Kaunihera-ā-Rohe o Ngāmotu
NEW PLYMOUTH DISTRICT COUNCIL
newplymouthnz.com
2nd Best Region in the World to Visit (Lonely Planet, 2017)

Spanning an area of 2,324km²
Home to 80,000 people
Population growth of 12.2 per cent since 2006



We operate:

- Four multi-purpose recreation, sport and entertainment venues
- Six libraries and a mobile library bus service that service 27,545 active library members
- One regional museum
- One art gallery
- Seventeen cemeteries and one regional crematorium
- Five transfer stations and one regional landfill
- Twenty water reservoirs with a total capacity of 63,000m³
- Four water treatment plants
- Thirty-four pump stations and 704km of sewers servicing more than 25,200 properties

We maintain:

- 1,112km of sealed roads
- 168km of unsealed roads
- 532km of footpaths
- 82km of walkways, including 12.7km of coastal walkway
- Thirty-six neighbourhood reserves
- 1,525 hectares of park and reserve land
- Eleven urban halls

We provide:

- Forty-seven playgrounds
- Twenty-four sports parks
- Nine skate park sites
- Five swimming pools
- Six camping grounds
- Fifty-four public toilets
- 35.4m litres of drinking water a day

We support:

- Ninety-five dogs being re-homed every year

We collect:

- 6,000 tonnes of recycling and 7,000 tonnes of refuse at the kerbside each year



Our services at a glance

The Council organises its services into 16 activities: Parks and Open Spaces, Transportation, Stormwater Drainage, Flood Protection and Control Works, Solid Waste and Kerbside Collection, Water Supply, Wastewater Treatment, Emergency Management and Business Continuance, Community Partnerships, Govett-Brewster Art Gallery, Puke Ariki and District Libraries, Venues and Events, Regulatory Services, Economic Development, Civic and Democracy Services and Management of Investments and Funding.

The information in this section summarises the achievements and performance of each activity.

Parks and Open Spaces

- Ninety-seven per cent of the community were satisfied with access to open spaces and the natural environment.
- Eight-three per cent of the community were satisfied with the quality of the district's public toilets.
- Satisfaction targets were not achieved for two out of five targets. However, there was a good level of satisfaction with the quality of the district's parks, reserves and open spaces. This included 97 per cent satisfaction with the quality of the district's sports parks.
- Volunteer hours totaled 11,000 hours, this was higher than targeted (10,000 hours).
- Projects were delivered within timeframes during an exceptionally wet summer.
- The exceptionally wet summer season affected groundworks and accelerated vegetation growth.

Transportation

- Some resurfacing works and Okau Road and Mangatoro Road large culvert replacements were delayed as a result of poor weather.
- The ongoing growth within the district placed additional traffic on the network and requests for associated new infrastructure.
- Ninety-one per cent of the community were satisfied with the ability to drive around the district quickly, easily and safely, 83 per cent were satisfied with the quality of district roads and 88 per cent said cycle paths are safe for users.
- Ninety-nine per cent of footpaths fall within the level of service standard for condition of footpaths
- The sealed local roading network is smooth to travel on and is appropriately maintained.
- The quality of the footpath network is considered safe for users.
- There were no fatalities and 22 serious injury crashes on the local roading network.
- Although not all major projects were completed on time and within budget, a significant amount of the annual work was achieved. We replaced 2,160 streetlights with LED fittings and completed major pavement rehabilitation projects on two roundabouts and Devon Street East.

Stormwater

- Ninety per cent of the community were satisfied with the stormwater service provided by the Council.
- There were no flooding events that resulted in flooding of habitable floors.
- The median response time for attendance for flooding event call-outs was 0.34 hours, well below the target of one hour.
- Compliance was achieved with all resource consents for discharges from the stormwater system.

Flood Protection and Control Works

- Ninety-three per cent of the community were satisfied with the flood protection service.
- All flood protection works were maintained, repaired and renewed in accordance with the asset management plan and annual works programme.



Our services at a glance

Solid Waste and Kerbside Collection

- Eighty-seven per cent of the community were satisfied with the collection and management of solid waste.
- The Draft Waste Management and Minimisation Plan was prepared for consultation.
- The new kerbside collection contract and operation of the materials recycle facility have been in operation for the full year. Recycling rates are up significantly from the previous collection contract.
- There were 0.18 customer notifications of missed collections per 1,000 serviced properties, this is well below the target (nine) and is a large drop on last year's number of customer notifications (20).
- There was a 29 per cent reduction in landfill waste generated per household.
- Compliance was achieved with all resource consents for the solid waste service.
- Construction of the Community Reuse and Recycle Centre has been moved to 2017 to allow for contract negotiations.

Water Supply

- Ninety-one per cent of the community were satisfied with the water service.
- Although the target for water consumption of 315 litres per resident per day was not achieved (actual 335 litres), the Council met its resource consent conditions with no abatement or other notices received.
- The Water Master Plan, which considers options to address future supply and demand, was completed.
- We achieved full compliance with the New Zealand Drinking Water Standards.
- Maintenance of the reticulation network was not met for the water loss measure, with 29 per cent of real water loss versus a target of 25 per cent.
- Maintenance and customer requests were responded to within target response times.
- The completion of major projects on time and within budget were achieved.

Wastewater Treatment

- Maintenance and customer requests were responded to within target response times.
- Ninety-five per cent of the community were satisfied with the wastewater service.
- Stage two of Wai Taatari (upgrades to the New Plymouth Wastewater Treatment Plant) continued this year and the operation of the plant has continued without disruption to the treatment of wastewater.
- Targets regarding complaints about sewerage odour, sewerage system faults, sewerage system blockages and the Council's response to these issues were all met.
- Compliance was achieved with all resource consents for discharge from the sewerage system.
- There was one discharge via the Waitara outfall due to high rainfall in April. This discharge was well within consent limits.
- All major projects were completed on time and within budget.

Emergency Management and Business Continuance

- Responsibility for rural fire protection services transferred to Fire Emergency New Zealand. This transition was completed successfully, on-time and without disruption to the service.
- Emergency plans and process are up to date.
- The availability of trained fire crews and equipment and the response times for rural fires were achieved

Community Partnerships

- One hundred per cent tenant satisfaction with the housing for the elderly service was achieved.
- The target for partner satisfaction with advice and involvement in community initiatives was achieved. However, the percentage of residents satisfied with Council assistance and support to community groups was not achieved (the target was to exceed peer group average).
- Four new community initiatives received 'start-up' financial support.

Our services at a glance

Govett-Brewster Art Gallery

- Three exhibition suites comprising six exhibitions, including two Taranaki artists exhibitions and two external touring exhibitions.
- Five Len Lye exhibitions and two film projections series and two external touring exhibitions were held.
- There were 116,206 visitors to Govett-Brewster Art Gallery/Len Lye Centre.
- The target of 91 per cent community satisfaction with the service was not achieved (actual 69 per cent).
- One hundred per cent of surveyed teachers bringing school groups to the gallery were satisfied with the school experience.
- Energy usage and cost, and maintenance contracts for the building were exceeded.

Puke Ariki and District Libraries

- There were 90,740 customers to the i-SITE Visitor Information Centre and 99 per cent of those customers were satisfied with the service.
- The target of 95 per cent customer satisfaction with the library collections was achieved.
- There were 1,582 programmed learning opportunities held, including 1,042 facilitated school education programmes and 478 exhibition-related events with 32,020 recorded attendees.
- There were 20,514 students attending Puke Ariki programmes.
- Major projects were not completed on time, but were within budget.
- Two major elements were completed in the long-term galleries: Taranaki Wetlands, and Creativity and Innovation.
- The implementation of RFID (QuickCheck) at Puke Ariki and the Community Libraries, and the replacement of carpet, were delayed.

Venues and Events

- The district's community pools had 397,185 customers, with 96 per cent community satisfaction with swimming facilities and staff service.
- Ninety-five per cent of the community were satisfied with events and 98 per cent of the community were satisfied with event venues.
- A total of 326,619 people attended 1,160 events across all venues.
- All required health and safety standards were met.
- Attracting major events to the district in the face of competition from other venues is a significant challenge.





Our services at a glance

Regulatory Services

- Although the target of 95 per cent of known dogs registered was not achieved (actual 94 per cent), there was 94 per cent community satisfaction with animal control.
- The average rate of occupation of CBD paid parking spaces was 55 per cent (target 85 per cent).
- Ninety-eight per cent of food premises inspected required no remedial action.
- Ninety-seven per cent of customers using building consent processes were satisfied with the service.
- Sixty per cent of customers using resource consent processes were satisfied with the service. Over the last year there has been a focus on improving the quality of consent conditions particularly around outcomes. This year a large piece of work is being carried out that will improve the process and lead the way for introducing the new legislation in October that will result in fast track consenting and other process changes to simplify customer engagement.
- Just under 100 per cent of building consents and 97.5 per cent of all non-notified land use and subdivision consents were processed within statutory timeframes (the target is 100 per cent).
- Ninety-five per cent of the community were satisfied with the living environment.
- The Animal Control service received funding from central government to offer a programme of free desexing of menacing dogs in the district. The Council has had a good response to this service.
- The annual work programme was achieved within time and on budget.

Economic Development

- Twelve events were contracted during 2016/17 which included McDonald's Supersmash T20 cricket 2016, All Blacks vs Argentina 2017, BDO Around the Mountain Cycle Challenge 2018, Cat Stevens/Yusuf - A Cats Attic-Peace Train Tour 2017, ITU New Plymouth Sprint Triathlon World Cup 2017, New Zealand Tattoo and Arts festival 2017, Phoenix vs Sydney Wanderers 2017, Powerco Taranaki Garden Spectacular 2017, PSP NZ Jetsprint Championship – Rounds 1 and 3, Taranaki International Arts Festival 2017, Taranaki Steelformers Around the Mountain Relay 2017, WOMAD 2017
- There was \$1,515,399 of investment into regional businesses across 36 transactions.
- Ninety-four per cent of clients were satisfied or very satisfied with Venture Taranaki Trust business services.
- There was \$376,085 of investment across 276 vouchers in management capability building for Taranaki's small and medium-sized enterprises.
- Development of the Taranaki Regional Economic Development Strategy began – known as Make Way for Taranaki: Tapuae Roa.

Civic and Democracy Services

- Full compliance with statutory deadlines was achieved for required plans and reports and availability of meeting agendas.
- Introduction of the digital agenda process for Councillors.
- Facilitated and enabled the production of Community Board Plans.

Management of investments and funding

- There was a release of \$7.7m from the Perpetual Investment Fund.
- The Council's borrowing programme was managed within the guidelines of the Liability Management Policy, with all compliance measures achieved.

Financial Summary

The following pages provide an overview of the Council's and the group's financial performance for the year ended 30 June 2017.

Overall results at a glance

The Council enjoyed a strong financial performance, recording a surplus of \$13.6 million which was considerably higher than the budget surplus of \$7.8m.

The Council had \$6.0m higher revenue and expenditure was on budget.

The main drivers of the higher revenue were:

- Recovered costs from Taranaki Regional Council for improvements to Yarrow Stadium.
- Higher numbers of resource and building consents.
- Higher volumes of trade waste treated.
- Events revenue due to increased venue hire.
- Vested assets.
- PIF performance.

PIF investment

The PIF achieved a 9.48 per cent per annum return and finished the year up \$4.7m to \$274.9m after payment of releases and costs of \$9.3m for the year.

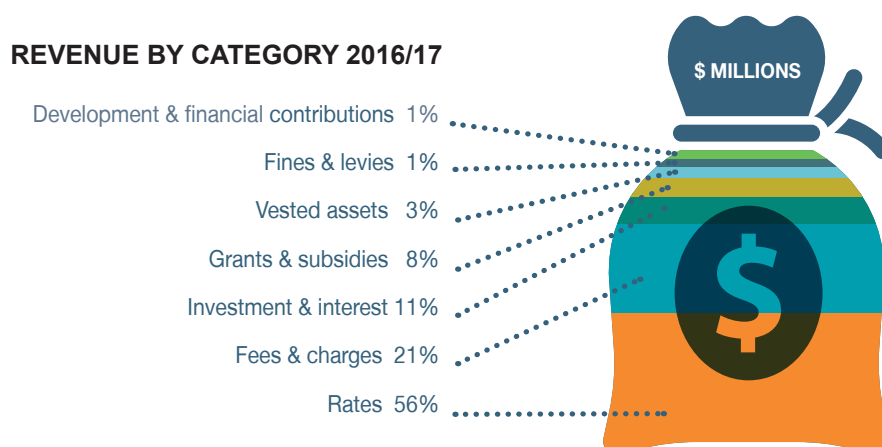
The sale of Tasman Farms Limited was settled on 31 March 2016. The funds from the sale of the farms have been returned during 2017 to the PIF's asset allocation portfolio which is designed to maintain the real capital of the PIF as a sustainable perpetual investment fund.

Since inception the PIF has paid \$196.1m in release payments to the Council and achieved an annual return of 6.55 per cent per annum.

Where the money came from

In 2016/17 rates accounted for 56 per cent of the Council's funding (2016: 49 per cent).

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



Financial Summary

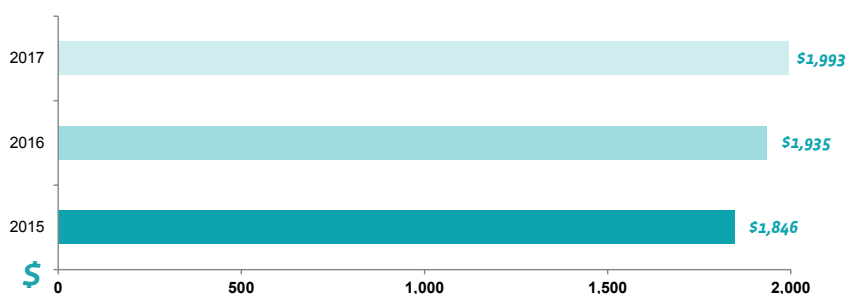
Rates collection

The Council works hard to ensure all rates are collected and accounted for. As in previous years, the Council has achieved an excellent collection record, collecting 99 per cent (2016: 99 per cent) of rates and 76 per cent (2016: 77 per cent) of rates arrears.

Residential median rate

The residential median rate (including GST) increased by 2.98 per cent during the year (2016: increased by 4.84 per cent).

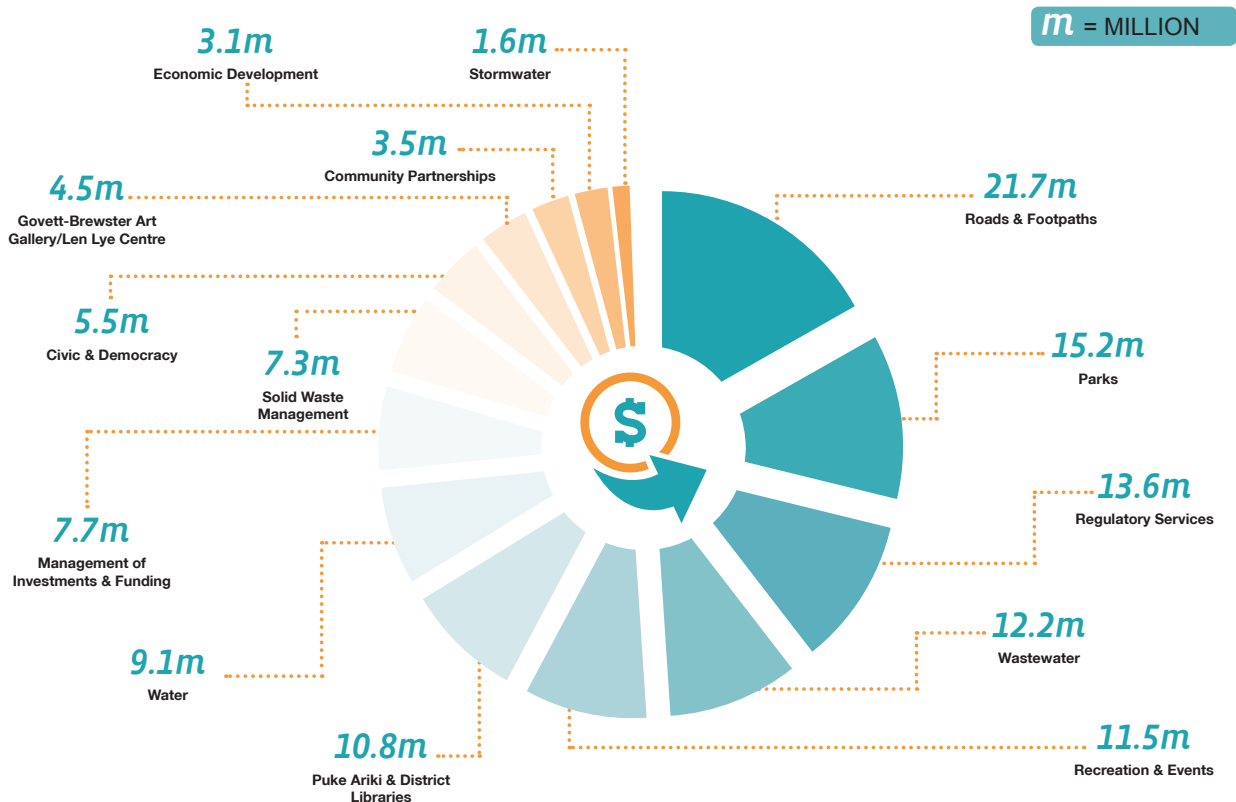
MEDIAN RATE (including GST)



Where the money goes

Operating expenditure of \$130m is as per budget. The graph below shows where the money was spent by Council activity. It excludes the PIF and other costs.

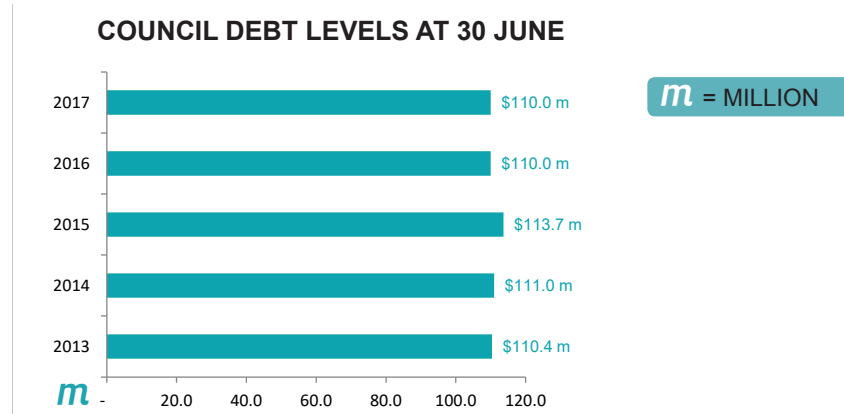
EXPENDITURE BY COUNCIL ACTIVITY 2016/17 (\$)



Financial Summary

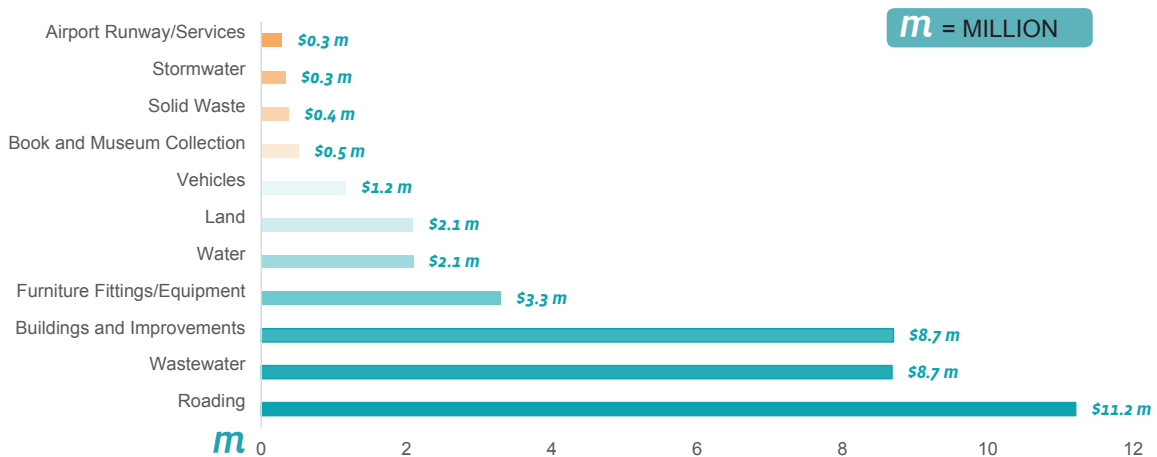
Our liabilities and assets

Our financial position remains strong with the Council's external borrowings remaining at \$110m during the year. The graph below shows the Council's debt levels over the past five years.

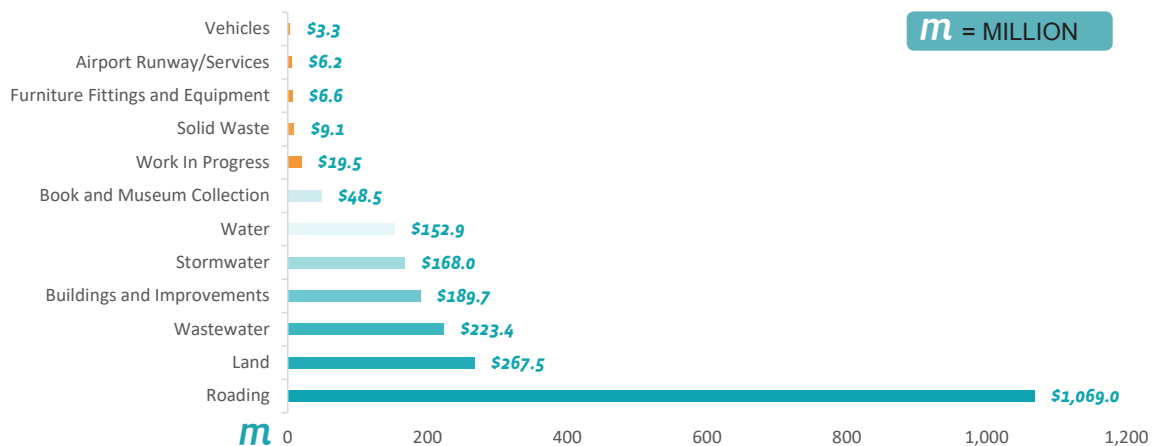


During the year the Council added \$33m of new assets through its renewal and capital works programme. This covered all activities within our district. The graph below shows the breakdown of capital expenditure by category.

ALLOCATION OF CAPITAL WORKS SPEND 2016/17



ALLOCATION OF COUNCIL ASSETS



Financial Summary

Summary Financial Statements

Statement of Comprehensive Revenue and Expense

	Council			Group	
	2016/17 Actual \$m	2016/17 Budget \$m	2015/16 Actual \$m	2016/17 Actual \$m	2015/16 Actual \$m
Operating revenue					
<i>Revenue from exchange transactions:</i>					
Finance revenue	1.7	1.4	1.9	3.3	3.2
Investment revenue	13.8	12.3	24.7	13.2	7.2
Other revenue	30.3	27.4	32.7	30.1	128.9
<i>Revenue from non-exchange transactions:</i>					
Rates	80.3	80.7	77.5	80.3	77.5
Subsidies and grants	11.2	10.7	10.9	12.5	12.3
Development and financial contributions	1.2	1.0	1.1	1.2	1.1
Vested assets	4.2	3.0	5.9	4.2	5.9
Fines and levies	1.4	1.7	1.5	1.4	1.5
Total operating revenue	144.0	138.1	156.3	146.1	237.7
Operating expenditure					
Personnel costs	35.8	36.4	34.0	39.1	47.3
Depreciation and amortisation expenses	33.0	32.6	31.1	33.1	32.8
Finance costs	5.1	6.1	5.7	5.1	7.9
Other expenses	56.3	55.1	67.0	56.1	99.4
Total operating expenditure	130.3	130.1	137.8	133.4	187.3
Surplus/(deficit) before taxation	13.7	8.0	18.5	12.8	50.4
Taxation refund/(expense)	(0.1)	(0.1)	(0.2)	0.7	(14.8)
SURPLUS/(DEFICIT) AFTER TAXATION FROM CONTINUED OPERATIONS	13.6	7.8	18.3	13.5	35.6
Surplus/(deficit) after taxation from discontinued operations	-	-	-	-	-
SURPLUS/(DEFICIT) AFTER TAXATION	13.6	7.8	18.3	13.5	35.6
<i>Comprising surplus/(deficit) attributable to:</i>					
Parent interest	13.6	7.8	18.3	13.5	35.6
Other comprehensive revenue and expense					
Gain/(loss) on property, plant and equipment revaluations	26.2	-	140.6	26.2	140.6
Foreign currency translation	-	-	-	-	(15.4)
Total other comprehensive revenue and expense	26.2	-	140.6	26.2	125.2
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	39.8	7.8	159.0	39.7	160.8
<i>Total comprehensive revenue and expense attributable to:</i>					
New Plymouth District Council	39.8	7.8	159.0	39.7	160.8

Financial Summary

Summary Statement of Financial Position

	Council			Group	
	2016/17 Actual \$m	2016/17 Budget \$m	2015/16 Actual \$m	2016/17 Actual \$m	2015/16 Actual \$m
Current assets	294.1	61.8	63.7	297.9	283.2
Non-current assets	2,220.0	2,441.6	2,417.1	2,217.2	2,229.0
Total assets	2,514.1	2,503.5	2,480.8	2,515.1	2,512.2
Current liabilities	79.8	60.5	62.5	80.5	93.4
Non-current liabilities	59.4	86.9	83.3	59.4	83.3
Total liabilities	139.2	147.4	145.8	139.9	176.7
TOTAL EQUITY/NET ASSETS	2,514.1	2,503.5	2,480.8	2,515.1	2,512.2

Statement of Changes in Equity

	Council			Group	
	2016/17 Actual \$m	2016/17 Budget \$m	2015/16 Actual \$m	2016/17 Actual \$m	2015/16 Actual \$m
Equity at the beginning of the year	2,335.0	2,308.2	2,176.1	2,335.5	2,176.5
Net surplus/(deficit) from continued operations	13.6	7.8	18.3	13.5	35.6
Other comprehensive revenue and expense	26.2	0	140.6	26.2	125.2
Total comprehensive revenue and expense	39.8	7.8	159.0	39.7	160.8
Equity adjustment	-	-	-	-	(1.7)
EQUITY AT THE END OF THE YEAR	2,374.9	2,316.1	2,335.0	2,375.2	2,335.5
<i>Total comprehensive revenue and expense attributable to:</i>					
New Plymouth District Council	39.8	7.8	159.0	39.7	160.8
Minority interest in surplus of subsidiary	-	-	-	-	-

Summary Statement of Cash Flows

	Council			Group	
	2016/17 Actual \$m	2016/17 Budget \$m	2015/16 Actual \$m	2016/17 Actual \$m	2015/16 Actual \$m
Net cash flows from operating activities	28.4	31.8	27.9	(0.2)	25.6
Net cash flows from investing activities	(26.2)	(33.7)	(30.8)	(212.5)	272.4
Net cash flows from financing activities	0.0	4.0	(3.7)	0.0	(74.3)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2.2	2.0	(6.5)	(212.7)	223.8

Financial Summary

Commitments

	Council		Group	
	2015/16 Actual \$m	2014/15 Actual \$m	2015/16 Actual \$'m	2014/15 Actual \$m
Capital commitments approved and contracted				
<u>Property, plant and equipment:</u>				
Within one year	10.2	3.6	10.2	3.6
Later than one year and not later than five years	-	-	-	-
	10.2	3.6	10.2	3.6
Non-cancellable operating lease commitments as lessor				
Within one year	1.9	1.9	1.9	1.9
Later than one year and not later than five years	5.9	6.2	5.9	6.2
Later than five years	13.1	12.1	13.1	12.1
	20.8	20.3	20.8	20.3

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

The Council through its PIF has commitments to subscribe to a number of private equity funds. At balance date \$50.1m (2016: \$9.0m) of this commitment has year to be called up.

The Council and Group leases some equipment such as phone systems, eftpos machines and photocopiers. These Non-cancellable lease commitments as lessee are not material to the summary report

Contingencies

Contingent liabilities

Emissions Trading Scheme (ETS)

The Council has 238.5 hectares (2016: 232.0 hectares) of pre-1990 forest land determined under the Climate Change Response Act 2002 (CCR). Under the ETS, the Council will incur financial penalties should the land be deforested as defined by CCR. At year end approximately 0.7 hectares (2016: 7.2 hectares) had been harvested but not yet replanted. There is a four year stand-down period allowed between harvest and replanting. The Council intends to replant and/or let that portion naturally regenerate and has not given notice of intention to deforest. The Council does not consider it has a contingent liability.

Weathertightness

The Council is subject to one claim (2016: two claims) relating to weathertightness of buildings. These were lodged under the Weathertight Home Resolution Service (and one is subject to the Financial Assistance Package Scheme with the Ministry of Business Innovation and Employment). A provision has been made for the claims in the current year therefore there is no contingent liability (2016: nil).

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

Local Government Funding Agency (LGFA)

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

The Council is one of 41 local authority guarantors and 31 local authority shareholders of LGFA. The aggregate amount of uncalled shareholder capital is available in the event that an imminent default is identified. Also, together with other guarantors and shareholders, the Council is guarantor of all LGFA's borrowings. 30 June 2017 the Council's contingent liability in regards to the total LGFA borrowings was \$8.205 billion (2016: \$6.22 billion).



Financial Summary

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

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

RiskPool

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for the Fund year. The Council has been asked to make calls in the past for Fund years as a result of deficits incurred due to the “leaky building” issue. No calls have been made by the Board of New Zealand Mutual Liability RiskPool for the 2016/17 year (2016: Nil).

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

There are no other known material contingent liabilities (2016: nil).

Contingent assets

There are no known contingent assets (2016: nil).

Related Parties Transactions

The Council has control of and is deemed to have related party relationships with Taranaki Investment Management Limited/PIF Guardians, New Plymouth Airport Joint Venture, Forestry Joint Ventures, Venture Taranaki Trust, Tasmanian Land Company and Len Lye Centre Trust.

No debts between the parties were written off or forgiven during the reporting period (2016: nil). No transactions took place at nil or nominal value (2016: nil).

Subsequent events

The Council has purchased the Crown’s 50 per cent stake in New Plymouth Airport on 1 July 2017 for \$3.25m (2016: nil).

The Council will then have 100 per cent ownership of New Plymouth Airport.

The net assets purchased are \$5.033m as below, this has resulted in a bargain purchase, with a gain in 2017/18 of \$1.78m

The bargain purchase is due to the purchase price based on a discounted cash flow model. The asset values are based on fair value, which includes items valued on a depreciated replacement cost basis.

New Plymouth Airport land (\$14.138m) will vest to the Council on 1 July 2017.

Financial Summary

	(\$'000)
Property, plant and equipment	
Buildings	1,334
Furniture, fittings and equipment	99
Infrastructure	6,170
Work in progress	758
Current assets	
Cash and cash equivalents	60
Trade and other receivables	150
Liabilities	
Trade and other payables	(119)
Other current liabilities	(34)
Borrowings	(1,956)
Deferred tax liability	(1,429)
Share of net assets	5,033

Major budget variations

Explanations for major budget variances from the Council budget figures in the annual plan are as follows.

Statement of Comprehensive Revenue and Expense

	2016/17 Actual \$'000	2016/17 Budget \$'000	Variance \$'000	Comments
Other revenue	30,687	27,420	3,267	Higher volumes of trade waste processed and building and resource consents. Recoverable costs for the improvements to Yarrow Stadium.

Statement of Financial Position

	2016/17 Actual \$'000	2016/17 Budget \$'000	Variance \$'000	Comments
Cash and cash equivalents	11,715	3,520	8,195	Significant cash receipts at year end, to be put into term deposits.
Trade and other receivables	12,772	17,140	(4,368)	Variance to budget assumptions.
Other financial assets	36,502	40,570	(4,068)	Less was held in term deposits than anticipated in the budget - see cash comment above.
Trade and other payables	12,030	21,160	(9,130)	Variance to budget assumptions.
Public debt and other loans - current and non-current	110,000	122,550	(12,550)	Borrowings have not increased due to delays in our capital programme.

Independent Auditor's Report

To the readers of New Plymouth District Council and Group's Summary of the Annual Report for the year ended 30 June 2017

The summary of the annual report was derived from the annual report of the New Plymouth District Council and group (the District Council) for the year ended 30 June 2017.

The summary of the annual report comprises the following summary statements on pages 5 to 8 and 12 to 16:

- the summary statement of financial position as at 30 June 2017;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2017;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary Our services at a glance.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2017 in our auditor's report dated 10 October 2017.

Council's responsibility for the summary of the annual report

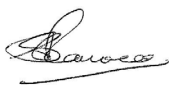
The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS 43: Summary Financial Statements.

Auditor's responsibility

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

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

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.



Clint Ramoo
Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand
20 October 2017

For more information:

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

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



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