

**SUMMARY**



**ANNUAL  
REPORT**

2018/19



Te Kaunihera-ā-Rohe o Ngāmotu  
**New Plymouth  
District Council**



## **BUILDING A LIFESTYLE CAPITAL**

*He Whakatūtū Haupū Rawa Hei Āhua Noho*



## ***Welcome to NPDC's Annual Report 2018/19 Summary***

This summary is a snapshot of our activities, from asset management to council performance, during the 12 months from 1 July 2018 to 30 June 2019. More detailed information is in our Annual Report 2018/19, including NPDC's financial health at the end of the financial year.

The information included in this summary has been taken from the audited Annual Report 2018/19 which was adopted by NPDC on 10 October 2019. The Annual Report Summary does not provide as complete an understanding as the full Annual Report.

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

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# Mayor and Chief Executive's Message

Caring for our People, Looking after our Place and Supporting a Prosperous Community are at the heart of everything we do as we strive to continue Building a Lifestyle Capital. NPDC manages assets worth \$3.3 billion, had an operating budget for the year of \$144 million and provides many of the essential day-to-day services our 80,000 residents rely on as well as looking after 1,600 hectares of parks and open spaces and running Puke Ariki, an art gallery, zoo, sports stadiums, a theatre/events centre and the TSB Festival of Lights.



In January, finance credit agency Standard and Poor's raised NPDC's rating outlook from stable to positive and reconfirmed its AA/A-1 rating. This is the highest rating that a local government body in New Zealand can attain. We also achieved a general rates operating surplus for the year of \$1.6 million. Another highlight was the Perpetual Investment Fund returning a surplus above budget performance of more than \$4.3 million.

In May, NPDC co-hosted the Just Transition Summit which looked at how New Zealand will move to a low emissions economy and featured high-profile speakers including Prime Minister Jacinda Ardern. Our district is Ground Zero for the transition and the last year marked a number of key milestones for this journey including the launch of the Draft Taranaki 2050 Roadmap and the announcement by Ms Ardern that the Government will invest \$27 million in the region to create a National New Energy Development Centre. NPDC will continue to plan for the future of our prosperity through our economic strategy, Tapuae Roa.

Our community told us in a clear voice during our community conversation on the 2018-2028 10-Year Plan that they wanted to see a step-change investment in core services and infrastructure. We're investing in new pipes to bring our infrastructure up to scratch as part of an extra \$44 million in investment in the Three Waters network. We're nearly a year into the major project to replace seven kilometres of pipes in Inglewood and we're making progress sorting out water supply issues in Ōākura and Ōkato. Work to upgrade the Wastewater Treatment Plant continues and we're preparing the groundwork to fix long-running stormwater issues in Waitara.

Another key message from the community was to invest in our vision for Zero Waste 2040. This year will see that investment making a tangible difference in how residents, community groups and NPDC can work together to cut down what we throw away while reusing and recycling more. Major projects as part of \$21m Zero Waste investments over the next decade will see new bins rolled out this spring to improve our kerbside collection service, electric trucks for this new service and the opening of the innovative hub for recycling and reuse called The Junction.

Our work on the 10-Year Plan in 2018 once again highlighted the importance and value of holding community conversations to gauge what you want NPDC to do and how we should fund that. This isn't something that ever stops for NPDC and this year we've already sought your feedback on how we care for our green spaces and how we should improve road safety. Our Let's Kōrero conversation earlier in the year also generated some great ideas on the future of the Colson Road landfill, the War on Pests and ideas for the Coastal Walkway extension to Waitara.

That extension to Waitara is one of key projects for the year ahead. We're continuing to work with iwi and hapū as well as central Government and the finished extension will create a fantastic pedestrian and cycle link. We're also working with iwi and the Taranaki Regional Council on a new trail which will connect Ōākura and Pukeiti. It's also exciting to see New Plymouth Airport's new terminal taking off and this is expected to be up and running early next year.

Notable highlights from the last year include:

- The New Plymouth District Council (Waitara Lands) Act was passed in December and took effect in March.
- The opening of the Mangapouri Cemetery.
- New skate parks in Inglewood and Ōākura.
- Another Green Flag award for our world-class Pukekura Park.
- A top Summer at the Bowl including a great crowd to see Toto and Jefferson Starship.

Let's keep talking and a huge thanks to our community for your contribution to Building a Lifestyle Capital.

Neil Holdom  
Mayor

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

Craig Stevenson  
Chief Executive

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

# OUR STRATEGIC FRAMEWORK | BUILDING A LIFESTYLE CAPITAL

*He Whakatūtū Haupū Rawa Hei Āhua Noho*



People  
He Tangata

Putting people first  
*Aroha ki te Tangata*



Place  
Tiakina

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



Prosperity  
Āwhina

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

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



COMMUNITIES  
*Ngā Hapori Whānui*



ENVIRONMENT  
*Te Taiao*



GROWTH  
*Te Whakatipuranga*



TALENT  
*He Tangata Pūmanawa*



CITIZENS  
*Ngā Kirirarau*



DESTINATION  
*Te Wāhi Mutunga*



CENTRAL CITY  
*Te Pokapū Tāone*



INDUSTRY  
*Te Rāngai Ahumahi*

# Our Year in Review

The 2018/19 year was the first year of our Long-Term Plan 2018-28 (the LTP). The LTP prioritised People, Place and Prosperity. It was adopted in June 2018, after ex-cyclone Gita highlighted the resilience challenges facing our water infrastructure. In May 2019 the government restored the purpose of local government to be “to promote the social, economic, environmental, and cultural well-being of communities”. Our community outcomes compliment these four well-beings and set the strategic framework for our work going forward. For further information on the work we are doing towards achieving our community outcomes refer to the 10-Year Investment Programme section in our LTP.



## 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.*

We underwent independent assessment for the CouncilMARK local government excellence programme in late 2018. NPDC received a BBB rating, which demonstrated some areas of strong performance and competence generally while also identifying potential improvements.

In July we agreed to join the worldwide Global Network for Age-Friendly Cities and Communities.

Parliament passed the New Plymouth District Council (Waitara Lands) Act in December, marking the resolution of various issues regarding the Waitara endowment lands. The Act took effect in March. By the end of the financial year, leaseholders had submitted 335 applications to freehold, with 26 acceptances to buy.

In October, we adopted a new approach to naming roads that gives tangata whenua connections priority in new road names. We also began discussions with iwi and hapū about the future of Te Kohia Pā.

We completed new destination playgrounds and skateparks in Inglewood and Ōākura, and installed new shade structures in Pukekura Park playground. Our new district cemetery opened at Mangapouri in May. We opened new public toilets in Ōākura township and at the new Mangorei Road car park. We refurbished public toilets at Ōākura, Fitzroy and Bell Block beaches and Corbett Park. We delayed new public toilets at Hickford Park and Marfell playground, which are expected to be completed in December 2019. We began work on Waitara War Memorial Hall earthquake strengthening.



## 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.*

This year we consulted on and adopted a new Green Spaces Management Plan to guide the development of small neighbourhood reserves. We also consulted on and adopted amendments to our Freedom Camping Bylaw to help protect some sites following community concerns from the previous summer. For the sixth year running, Pukekura Park was awarded the international Green Flag. Work began on the Waitara River Walkway, although it was delayed, and we began planning the extension of the Coastal Walkway from Bell Block to Waitara.

Throughout the year we made several milestones in our journey towards achieving Zero Waste. In November, we agreed with Stratford and South Taranaki district councils to send the region's waste to Bonny Glen landfill in Marton when the Colson Road Landfill closes in August 2019. We launched new rubbish and recycling stations for events, but there was an increase in contamination in the recycling collection. Construction of our Resource Recovery Facility (the Junction) was delayed and it will now be built in 2019/20.

We carried out further upgrades to our Wastewater Treatment Plant and renewals of sewers. While we achieved our performance measures around sewerage overflows overall, there was a significant overflow at the Mangati Pump Station.



### 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.*

We continued our work to transform our local economy with our ongoing funding of our council-controlled organisation Venture Taranaki Trust. We played a major role in the Just Transitions Summit, including helping to develop the business case for the National New Energy Development Centre. NPDC representatives visited Europe as part of a delegation to learn about implementing hydrogen technology in Taranaki as part of developing the H2 Taranaki Roadmap.

Papa Rererangi i Puketapu, our airport, continued to progress the construction of a new terminal to provide a unique welcoming gateway that reflects mana whenua stories and designs.

We began the water resilience programme following ex-cyclone Gita. In November we started to renew and upgrade Inglewood's water pipes. In December we began community discussions on the future of Ōkato's water supply. We launched the Wai Warrior education challenge in March. We made significant progress with new water reservoirs at Henwood Road and Mountain Road, with construction to begin in 2019/20 following completion of land purchases.

We launched the District-wide Road Safety Review in January. We opened the Waiwhakaiho pathway. A trial of an innovative plastic roading system was initiated on part of Liardet Street. Our annual road resealing programme has continued and we finished the replacement of street lights with LED lights across the district.

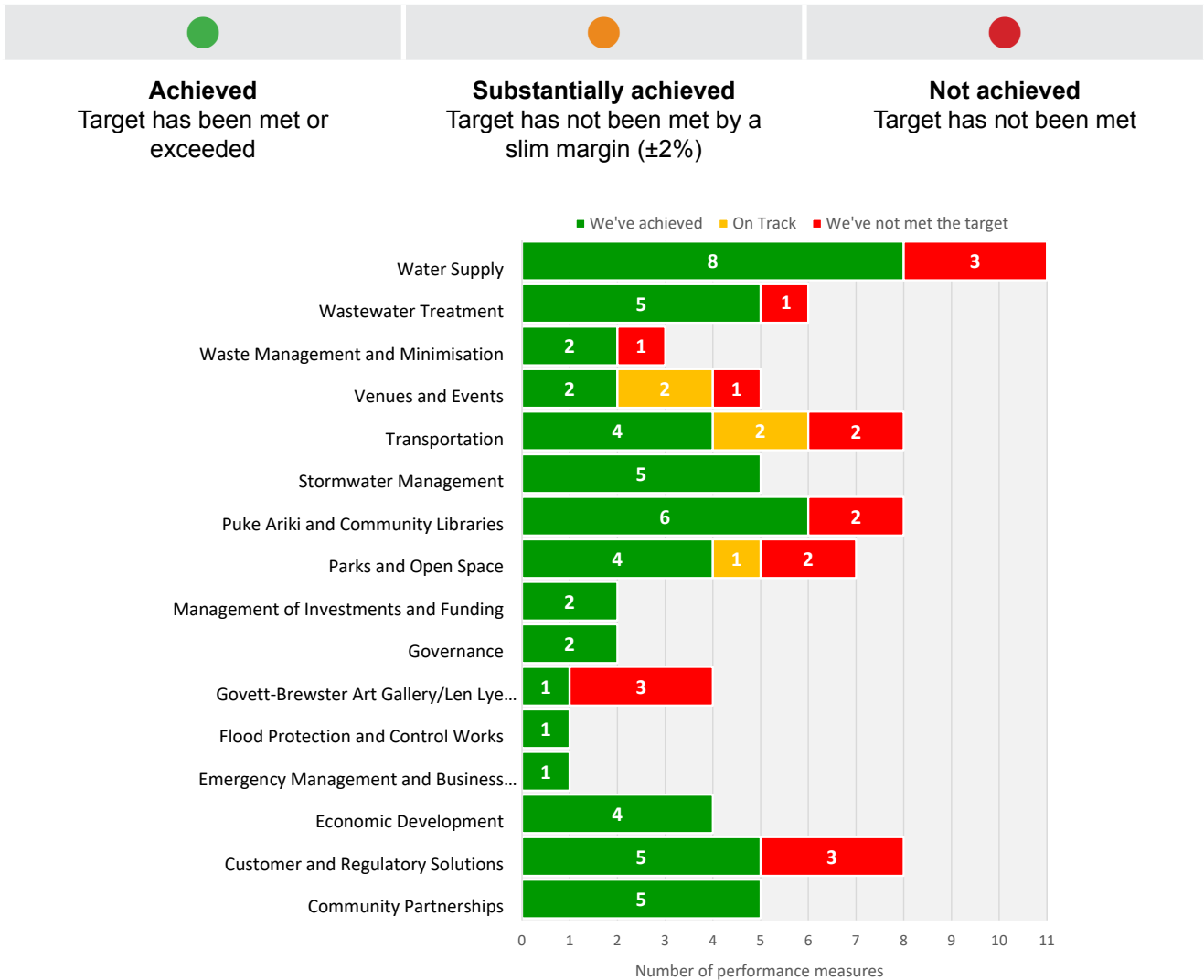
Funding from the Government allowed us to open, ahead of schedule, the new Mangorei Road car park for access to the Mangorei Road track. Upper Mangorei Road was also widened.

We began our programme to transform New Plymouth Central Business District (CBD) hosting CBD 2050 stakeholder events in October and May. In June we announced a redevelopment of the Huatoki Plaza.

We continued work on a new District Plan to lead and manage growth in our community. We received two private plan changes to rezone land for housing in Ōākura and Waitara. The delivery of water and wastewater infrastructure supported residential development in Bell Block.

# Focusing on performance

NPDC's 16 activities each have a variety of performance measures to ensure we deliver our services to an excellent level. These measures are assessed from a variety of sources, including internal data and an independent survey of residents. Of the 81 measures that we use to track performance, the graph below shows the performance measure results compared to targets.



## Summarising our performance

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



Community Partnerships



We received 100% satisfaction for two performance measures. These were NPDC's advice and involvement in community initiatives from partners and satisfaction for tenants of our Housing for the Elderly service.

We also exceeded our targets for percentage of residents satisfied with our assistance and support for community groups, and the percentage of performance indicators achieved by grants recipients.

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





Customer and Regulatory Solutions



We did not meet our target to respond to formal complaints with an interim reply or resolution within five working days (90% target, 79% result). We also failed to meet our 100% targets for processing building applications and non-notified resource consents within statutory timeframes (both 97%). Ongoing high levels of growth will require further additional resource adjustments to meet the demands of the community.

We met our target to respond to all animal control emergencies within two hours, and slightly exceeded our target of known dogs registered. We significantly exceeded our performance target for resident satisfaction with animal control activities (91% compared to a target of 76%).

We met our target to respond to all official information requests within statutory timeframes, and for all businesses requiring licences to be inspected in accordance with statutory requirements.



Economic Development



We significantly exceeded our measure for major events attracted or retained with 12 events (target four).

We more than doubled our \$1m target for attracting annual investment in regional businesses, with businesses receiving over \$2.3m and exceeded our target for attracting annual investment in management capability of small and medium-sized businesses.

We also exceeded our target for percentage of clients satisfied with Venture Taranaki business support services.



Emergency Management and Business Continuity



We reviewed all our plans for emergencies.



Flood Protection and Control Works



We maintained our major flood protection and control works.



Govett-Brewster Art Gallery/Len Lye Centre



We did not meet our performance measures for number of visitor entries (47,188 compared to a target of 116,000), resident satisfaction (60% compared to a target of 88%) or customer satisfaction (67% compared to a target of 82%). These results potentially reflect a combination of the introduction of door charges in August 2018 and concerns relating to gallery content.

We met our performance target of offering seven exhibitions.



Governance



We met statutory timeframes for adoption of the Long-Term Plan, Annual Plan and Annual Report, and for meeting agendas being available. There were no elections or polls held, so that performance measure was not applicable.



Management of Investments and Funding



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

## Focusing on performance



### Parks and Open Spaces



The three performance measures not met were residents' satisfaction with the quality of the urban landscape and streets (92%, target 95%), quality of sports parks (86%, target 95%), and quality of playgrounds (93%, target 95%). There is increasing use of our parks and open spaces from continued ongoing significant growth in both population and tourism.

We significantly exceeded our measure of Brooklands Zoo visitors satisfied with the zoo (98%, target 90%).

We met our resident satisfaction target for the quality of parks and reserves, and quality of public toilets.

We also met our target for 71% of households to be within 500m of a park, reserve or neighbourhood open space.



### Puke Ariki and Community Libraries



We did not meet our performance measure for the number of library members (22,405, target 28,000). A 'cull' of old library records was undertaken after the LTP target was set. This number more accurately reflects active membership.

We did not meet our performance measure for the number of digital heritage records created or improved (5,236, target 11,000). 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.

We met our customer satisfaction targets for the i-SITE, library collections and education programme participants.

We met our target for the number of library items loaned, and the number of programmed learning opportunities available and the number of participants at those programmes.



### Stormwater Management



We had no flooding events and therefore no habitable floors affected.

We did not receive any type of enforcement orders.

We received significantly fewer complaints about the performance of the stormwater system than our target.

Our median response time to notifications of flooding events was 0.35 hours.



### Transportation



The number of serious crashes and fatalities on our local roads increased by 13, compared to our target of a reduction.

We also did not meet our 85% resident satisfaction target with the quality of roads, recording 79% satisfaction. Resident satisfaction with the quality and safety of the cycle network was 83% (target 85%).

We were also slightly below our 90% target for the percentage of footpaths that meet the levels of service and service standards in current condition surveys at 88%. However, the average quality of ride on the district's sealed local road network measured by smooth travel exposure was slightly above target, and we achieved our resurfacing target for sealed roads.

We also met our performance targets for the percentage of footpath length recorded as failed and for responding to service requests within target timeframes.



### Venues and Events



We did not meet our performance target for residents satisfied with our event venues, recording 91% satisfaction (target 95%). This result is potentially influenced by the closure of Yarrow Stadium.

The percentage of residents satisfied with our swimming facilities was 93% (target 94%), and the percentage of residents satisfied with Council events was also 1% lower than the 95% target. For both pools and events, we had more patrons/attendees than targeted.



Waste Management and Minimisation



We did not meet our target of no abatement notices, infringement notices, enforcement orders or convictions, having one non-compliance event in relation to Colson Road Landfill cap depth. Works to rectify to be completed by mid-March 2020. Planning to complete works is underway.

We significantly exceeded our targeted 1% reduction in landfill waste generated per household with a 4% reduction.

We also received significantly fewer complaints about the service than targeted.



Wastewater Treatment



We did not meet our target of no abatement notices, infringement notices, enforcement orders or convictions, having four non-compliance events; objectionable odour from the application of the Council's bioboost fertiliser to the Council leased grazing area within Hickford Park; objectionable odour from the Area Q sewer pump station; discharge of sewage into the Mangati Stream from the Mangati Pump Station; and sewage from the soakage trench migrating to the surface and flowing overland at the Urenui Campground

The number of complaints and dry-weather sewerage overflows were both below target.

We responded to sewerage overflow callouts within our target of one hour, and resolved overflow callouts within our response times (recording no call hours for sewers over 250 diameter).



Water Supply



We achieved full compliance with Parts 4 and 5 of the Drinking Water Standards.

We met our target of real water loss from our networked reticulation system (15.7%, target 25% or less).

We met our target for total number of water supply complaints (7.87 per 1,000 connections, target 10 or less).

The average consumption of drinking water per resident within New Plymouth District was 292 litres per day (target 315 litres per day).

We did not meet our target of no abatement notices, infringement notices, enforcement orders or convictions, having two non-compliance events; notice to stop taking water from the Ōākura water supply bore; and notice issued to undertake investigation of the Ōākura water supply bore.

We responded to, and resolved urgent callouts within their respective targeted timeframes. We did not meet our target for responding or resolving non-urgent callouts. The results for non-urgent callouts includes non-fault water supply requests and we will look to improve reporting systems in 2019/20.

# Financial summary

## Overall results at a glance

NPDC recorded a deficit for the year of \$3.2m compared to a budget surplus of \$8.4m. The primary drivers of the variance to budget are:

- 5.4m write off of the Central Landfill costs resulting from the decision to suspend further development in favour of transporting the district's waste to Bonny Glen.
- \$5.6m transfer of the Waitara Land lease balance from restricted reserves.

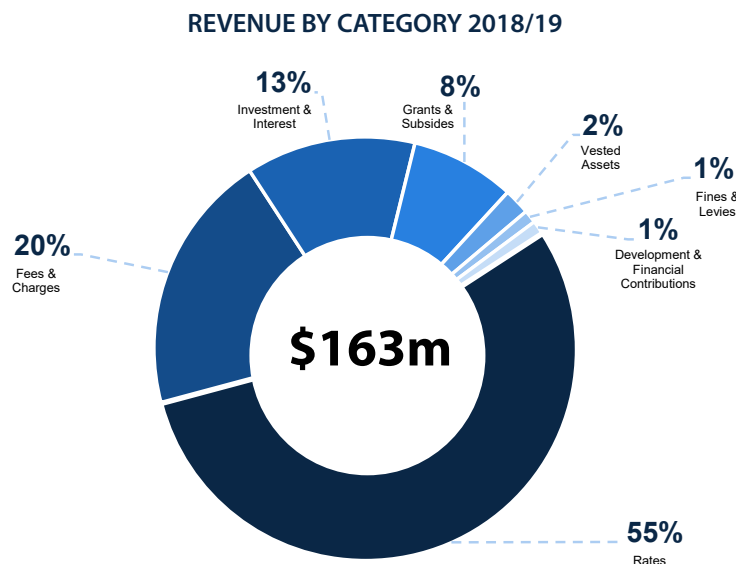
## PIF investment

The PIF finished the year up \$7.8m to \$295.4m after payment of releases of \$8.6m for the year. Since inception the PIF has paid \$212.8m in release payments to NPDC and achieved an annual return of 6.7 per cent per annum.

## Where the money came from

In 2018/19 rates accounted for 55 per cent of NPDC's funding (2017/18: 52 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.

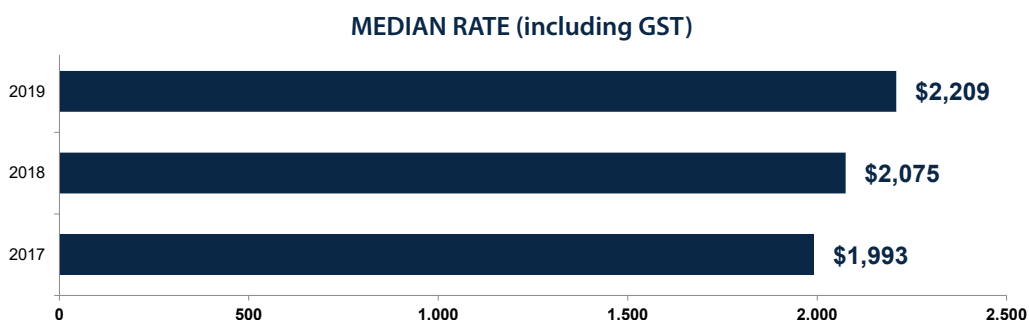


## Rates collection

NPDC works hard to ensure all rates are collected and accounted for. As in previous years, NPDC has achieved an excellent collection record, collecting 98 per cent of rates (2017/18: 99 per cent) and 80 per cent of rate arrears (2017/18: 74 per cent).

## Residential median rate

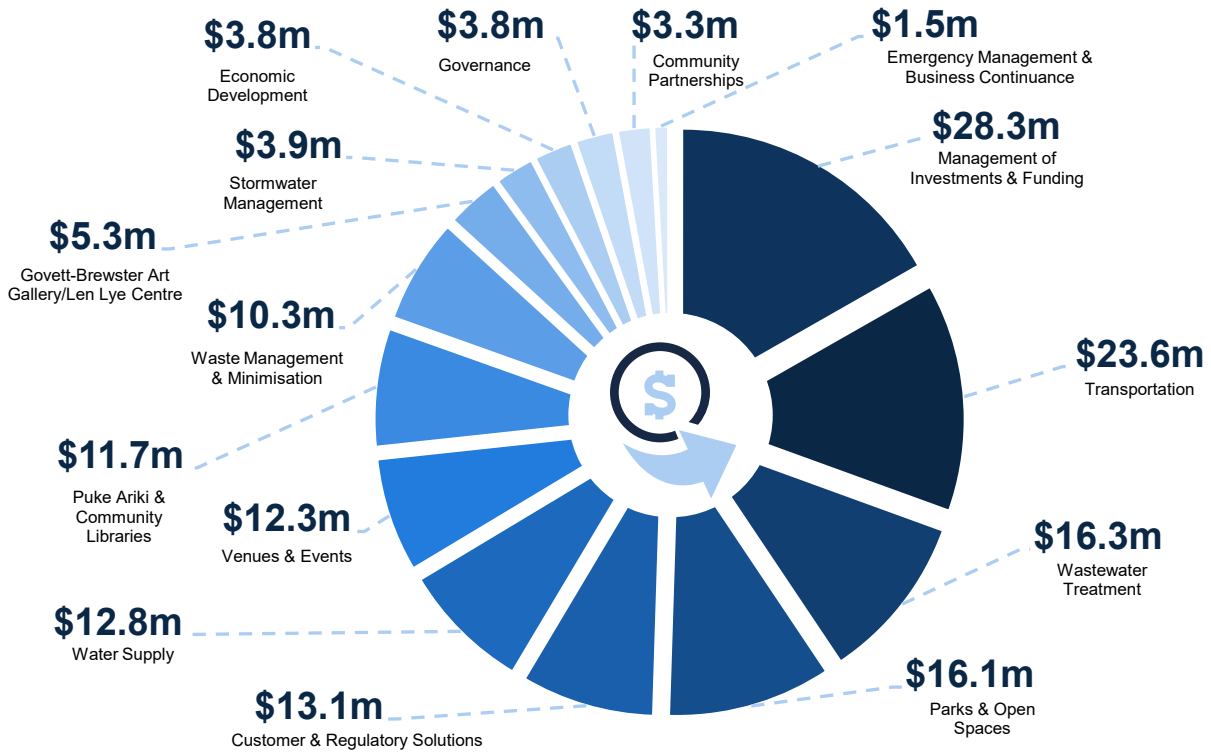
The residential median rate (including GST) increased by 6.42 per cent during the year (2017/18: increased by 4.15 per cent).



**Where the money goes**

Operating expenditure of \$166.2m is \$22.3m higher than budget. The graph below shows where the money was spent by NPDC activity.

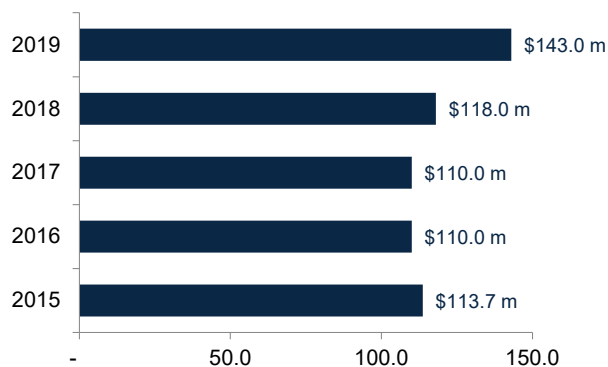
EXPENDITURE BY NPDC ACTIVITY 2018/19



**Our liabilities and assets**

NPDC's external borrowings increased \$25m to \$143m during the year. The graph below shows NPDC's debt levels over the past five years.

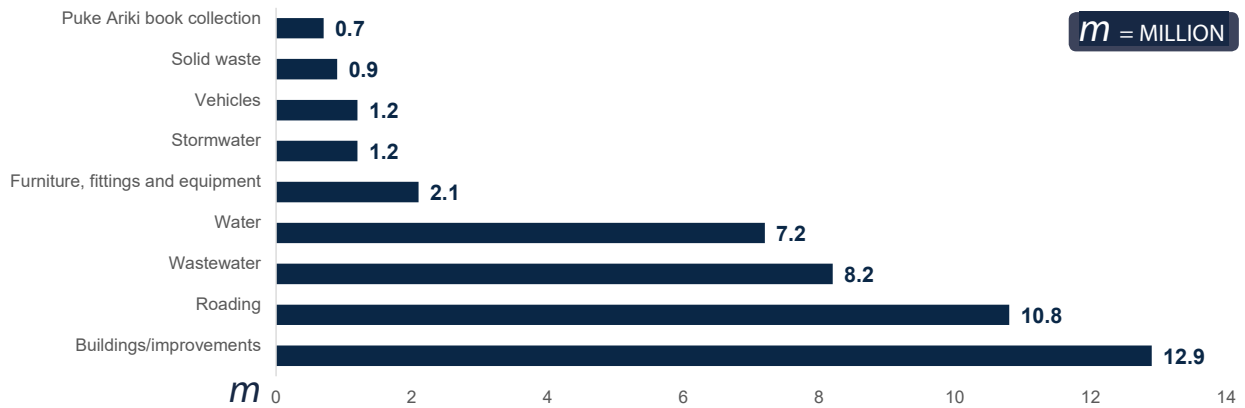
NPDC DEBT LEVELS AT 30 JUNE



# Financial summary

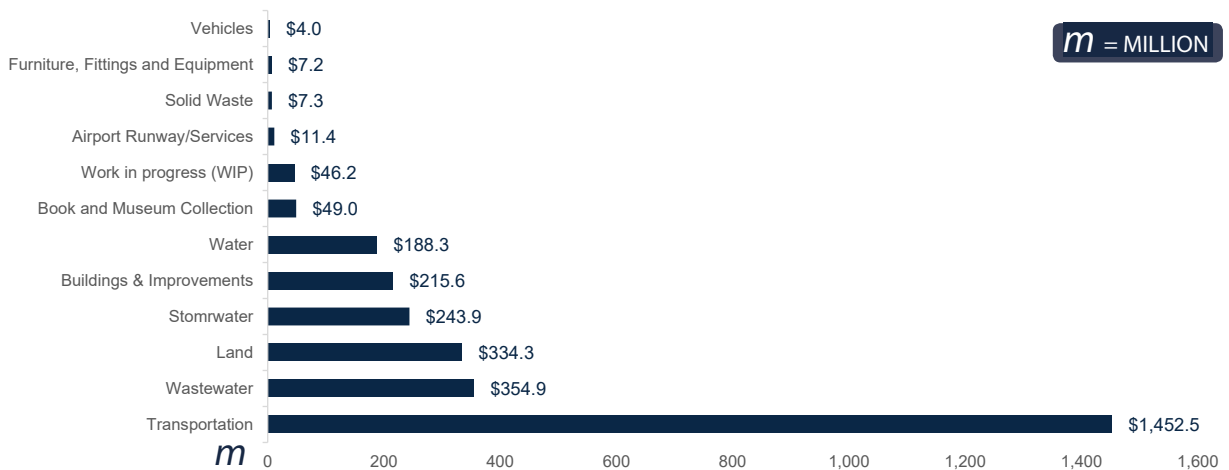
## ALLOCATION OF CAPITAL WORKS SPEND 2018/19

During the year NPDC added \$45m 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 2019.



### Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2019

|   | COUNCIL                     |                             |                             | GROUP                       |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2018/19<br>Actual<br>\$'000 | 2018/19<br>Budget<br>\$'000 | 2017/18<br>Actual<br>\$'000 | 2018/19<br>Actual<br>\$'000 | 2017/18<br>Actual<br>\$'000 |
| Rates revenue   | 90,333                      | 89,896                      | 84,651                      | 90,245                      | 84,584                      |
| Interest revenue  | 2,297                       | 2,265                       | 2,238                       | 1,888                       | 2,062                       |
| Perpetual Investment Fund                                 | 18,858                      | 14,605                      | 23,395                      | 19,375                      | 23,887                      |
| Other revenue   | 51,456                      | 45,470                      | 55,806                      | 58,215                      | 60,663                      |
| <b>Total operating revenue</b>                            | <b>162,944</b>              | <b>152,236</b>              | <b>166,090</b>              | <b>169,723</b>              | <b>171,196</b>              |
| Interest costs  | 5,872                       | 7,664                       | 5,406                       | 5,895                       | 5,406                       |
| Perpetual Investment Fund                                 | 2,489                       | 1,120                       | 2,426                       | 2,489                       | 2,426                       |
| Other expenses  | 157,810                     | 135,098                     | 134,553                     | 164,344                     | 139,363                     |
| <b>Total operating expenditure</b>                        | <b>166,171</b>              | <b>143,882</b>              | <b>142,385</b>              | <b>172,728</b>              | <b>147,195</b>              |
| <b>(Deficit)/surplus before taxation</b>                  | <b>(3,227)</b>              | <b>8,354</b>                | <b>23,705</b>               | <b>(3,005)</b>              | <b>24,001</b>               |
| Income tax (expense)/refund                               | -                           | -                           | -                           | (344)                       | (308)                       |
| <b>(DEFICIT)/SURPLUS AFTER TAXATION</b>                   | <b>(3,227)</b>              | <b>8,354</b>                | <b>23,705</b>               | <b>(3,349)</b>              | <b>23,693</b>               |
| Gain/(loss) on property, plant and equipment revaluations | 696,921                     | 145,140                     | 6,873                       | 696,921                     | 6,873                       |
| <b>Total other comprehensive revenue and expense</b>      | <b>696,921</b>              | <b>145,140</b>              | <b>6,873</b>                | <b>696,921</b>              | <b>6,873</b>                |
| <b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>            | <b>693,694</b>              | <b>153,494</b>              | <b>30,578</b>               | <b>693,572</b>              | <b>30,566</b>               |

### Summary Statement of Financial Position as at 30 June 2019

|                                | COUNCIL                     |                             |                             | GROUP                       |                             |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                | 2018/19<br>Actual<br>\$'000 | 2018/19<br>Budget<br>\$'000 | 2017/18<br>Actual<br>\$'000 | 2018/19<br>Actual<br>\$'000 | 2017/18<br>Actual<br>\$'000 |
| Current assets                 | 310,438                     | 330,850                     | 303,579                     | 310,941                     | 303,509                     |
| Non-current assets             | 2,977,456                   | 2,386,100                   | 2,256,466                   | 2,980,701                   | 2,258,518                   |
| <b>Total assets</b>            | <b>3,287,894</b>            | <b>2,716,950</b>            | <b>2,560,045</b>            | <b>3,291,642</b>            | <b>2,562,027</b>            |
| Current liabilities            | 67,337                      | 29,410                      | 81,169                      | 70,876                      | 82,820                      |
| Non-current liabilities        | 121,432                     | 153,580                     | 73,445                      | 121,432                     | 73,445                      |
| <b>Total liabilities</b>       | <b>188,769</b>              | <b>182,990</b>              | <b>154,614</b>              | <b>192,308</b>              | <b>156,265</b>              |
| <b>TOTAL EQUITY/NET ASSETS</b> | <b>3,099,125</b>            | <b>2,533,960</b>            | <b>2,405,431</b>            | <b>3,099,334</b>            | <b>2,405,762</b>            |

## Financial summary

### Summary Statement of Changes in Net Assets/Equity for the year ended 30 June 2019

|  | COUNCIL                     |                             |                             | GROUP                       |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|  | 2018/19<br>Actual<br>\$'000 | 2018/19<br>Budget<br>\$'000 | 2017/18<br>Actual<br>\$'000 | 2018/19<br>Actual<br>\$'000 | 2017/18<br>Actual<br>\$'000 |
| <b>Equity at the beginning of the year</b> | <b>2,405,431</b>            | <b>2,380,466</b>            | <b>2,374,853</b>            | <b>2,405,762</b>            | <b>2,375,196</b>            |
| Total comprehensive revenue and expense    | 693,694                     | 153,494                     | 30,578                      | 693,572                     | 30,566                      |
| <b>EQUITY AT THE END OF THE YEAR</b>       | <b>3,099,125</b>            | <b>2,533,960</b>            | <b>2,405,431</b>            | <b>3,099,334</b>            | <b>2,405,762</b>            |

### Summary Statement of Cash Flows for the year ended 30 June 2019

|   | COUNCIL                     |                             |                             | GROUP                       |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2018/19<br>Actual<br>\$'000 | 2018/19<br>Budget<br>\$'000 | 2017/18<br>Actual<br>\$'000 | 2018/19<br>Actual<br>\$'000 | 2017/18<br>Actual<br>\$'000 |
| Net cash flows from operating activities    | 24,202                      | 15,782                      | 33,853                      | 26,413                      | 35,370                      |
| Net cash flows from investing activities    | (44,906)                    | (56,502)                    | (47,071)                    | (47,216)                    | (48,882)                    |
| Net cash flows from financing activities    | 25,000                      | 33,780                      | 8,000                       | 25,000                      | 8,000                       |
| <b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b> | <b>4,296</b>                | <b>(6,940)</b>              | <b>(5,218)</b>              | <b>4,197</b>                | <b>(5,512)</b>              |

### Summary accounting policies

Part 6 section 98 of the Local Government Act 2002 (LGA) requires the New Plymouth District Council (the Council) to make publicly available a summary of the information contained in its Annual Report. The specific disclosures included in the summary financial report have been extracted from the full financial report adopted by the Council on 10 October 2019. However, the summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding.

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

The Council's primary objective is to provide goods or services and benefit for the community rather than making a financial return. Accordingly, the Council designates itself and the Group as public benefit entities (PBEs). The full financial statements on which these summary financial statements have been based were prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), applying Tier 1 PBE Accounting Standards. These summary accounts comply with PBE FRS 43, Summary Financial Statements.

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

The summary has been examined for consistency with the full annual report and was audited by Audit New Zealand on behalf of the Auditor-General. The audited information, excluding the Council Services statement, received an unmodified audit opinion on 10 October 2019. The Council Services statement received a qualified opinion due to incomplete information about the number of complaints for some services. The summary received an unmodified audit opinion on date 8 November 2019.



## Summary additional disclosures

Explanations for major budget variances from the Council budget figures in the Long-Term Plan 2018-2028 are as follows.

### Statement of comprehensive revenue and expense

|                   | 2018/19<br>Actual<br>\$'000 | 2018/19<br>Budget<br>\$'000 | Variance<br>\$'000 | Comments  |
|-------------------|-----------------------------|-----------------------------|--------------------|---|
| Other revenue     | 36,893                      | 31,277                      | 5,616              | <p>+\$2,029k Yarrow Stadium works recoverable (offset by other expenses below).</p> <p>+\$1,431k Forestry harvesting revenue (partially offset by other expenses below).</p> <p>+\$821k Resource consent revenue (offset by other expenses below).</p> <p>+\$438k higher trade waste sales due to greater volumes than predicted.</p>   |
| Investment income | 18,858                      | 14,605                      | 4,253              | Performance of the PIF significantly better than anticipated due to favourable market conditions.   |
| Other expenses    | 87,840                      | 59,592                      | (28,248)           | <p>-\$7,948k unrealised loss on interest rate swaps due to volatile market conditions.</p> <p>-\$5,569k transfer of Waitara Land lease revenue from restricted reserves. Not an operating expense so not budgeted.</p> <p>-\$5,416k write-off of Central Landfill costs.</p> <p>-\$2,173k Yarrow Stadium works recoverable (offsetting other revenue above).</p> <p>-\$1,320k additional spend on resource consents - professional fees (offsetting other revenue above).</p> |
| Interest costs    | 5,872                       | 7,664                       | 1,792              | Variance to budget assumptions – both interest rates and borrowing requirements were lower than budgeted.   |

### Statement of financial position

|  | 2018/19<br>Actual<br>\$'000 | 2018/19<br>Budget<br>\$'000 | Variance<br>\$'000 | Comments  |
|--|-----------------------------|-----------------------------|--------------------|---|
| Property, plant and equipment            | 2,868,904                   | 2,340,530                   | 528,374            | Gain on revaluation was \$552k more than budgeted. Capital expenditure for the year was behind budget. Refer to note 5(g) for commentary on significant capital projects. |
| Intangible assets (total)                | 3,722                       | 6,050                       | (2,328)            | Less projects completed during the year than anticipated.   |
| Forestry assets                          | 5,063                       | 3,450                       | 1,613              | Gain on revaluation was more than anticipated due to favourable log prices.   |
| Cash and cash equivalents                | 10,793                      | 2,450                       | 8,343              | Higher cash on deposit as holding funds for the Waitara Perpetual Land Fund and funding for PRIP terminal redevelopment.  |
| Derivative financial instruments (total) | 14,713                      | 5,470                       | (9,243)            | Unrealised loss on interest rate swaps greater than anticipated due to unpredictable nature of the markets.   |

## Financial summary

### Contingencies

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

- **Legal claim:** In January 2019 there was an unauthorised discharge from the Mangati pump station into the Mangati Stream. The Council's Incident Response Plan was implemented when the discharge was discovered and an investigation has since been conducted. Improvement actions were identified and progress towards completing them continues. The Taranaki Regional Council has commenced proceedings against the Council under the Resource Management Act 1991. As at 30 June 2019, there was insufficient information to conclude on potential liability, if any.
- **Local Government Funding Agency:** As at 30 June 2019 the Council's contingent liability in regards to the total LGFA borrowings was \$9.5b (2017/18: \$8.3b).
- **Emissions Trading Scheme:** Under the ETS, the Council will incur financial penalties should specified land be deforested. At 30 June 2019, 0.4ha (2017/18: 0.4ha) had been harvested but not yet replanted. The Council intends to replant and/or let that portion naturally regenerate and has not given notice of intention to deforest. The Council does not consider it has a contingent liability.
- **Weathertightness:** The Council is subject to one claim relating to weathertightness of buildings. A provision has been made for the claim therefore there is no contingent liability. The Council acknowledges that it may be liable for claims in the future relating to weathertightness buildings not yet identified. Information regarding these potential claims is subject to extreme uncertainty and therefore no provision has been made for any potential future claims.
- **RiskPool:** RiskPool, of which the Council is a member, provides public liability and professional indemnity insurance for its members. The Trust Deed of RiskPool provides that, if there is a shortfall in any fund year, then the board may make a call on members for the fund year. The Council has been asked to make calls in the past for fund years as a result of deficits incurred due to the leaky building issue. A call for \$100k was made by the board of Civic Liability RiskPool during the year to 30 June 2019 (2017/18: Nil). 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.

### Events after balance date

The full Annual Report notes there are no post balance day events between year end and the signing of the report.

### Changes in accounting policies

There have been no changes in accounting policies for the 2018/19 financial reporting year.

## To the readers of New Plymouth District Council's summary of the annual report for the year ended 30 June 2019

The summary of the annual report was derived from the annual report of the New Plymouth District Council (the District Council) for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 8 to 11 and 15 to 18:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary service statement (refer to as "Focusing on performance").

### Opinion

In our opinion:

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

However, the summary service statement includes a limitation in scope to the equivalent extent as the full audited service statement in relation to certain performance measures on complaints. The limitation of scope of the full audited services statement is explained below in The full annual report and our audit report thereon section.

### Summary of the annual report

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

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

### The full annual report and our audit report thereon

In our auditor's report dated 10 October 2019, we expressed a qualified opinion on the District Council's full services statement and an unmodified audit opinion on the District Council's full financial statements and other information that we audited in the full annual report for the year ended 30 June 2019. The basis for our qualified audit opinion on the full services statement is explained below.

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

These measures are important because the number of complaints are 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 2018.

## Independent Auditor's Report

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 practical audit procedures we could apply to obtain assurance over the number of complaints reported against these three performance measures.

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 and the performance of a limited assurance engagement related to the District Council's debenture trust deed, 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

8 November 2019







Contact NPDC

P: 06-759 6060 E: [enquiries@npdc.govt.nz](mailto:enquiries@npdc.govt.nz)

More information:

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