

NEW PLYMOUTH PIF GUARDIANS LIMITED

DRAFT STATEMENT OF INTENT

FOR THE YEAR TO 30 JUNE 2027

1. PURPOSE

The Local Government Act 2002 (LGA) section 64(1) requires all Council-Controlled Organisations (CCO) to annually prepare a Statement of Intent. The content of a Statement of Intent must adhere to the Local Government Act 2002 schedule 8.

New Plymouth PIF Guardians Limited (**the Company, NPG**) is a CCO established pursuant to LGA. Control in the Company is vested in the New Plymouth District Council (**the Council, NPDC**).

The Statement of Intent sets out the overall intentions and objectives of NPG for the period 1 July 2026 to 30 June 2027 and the two succeeding years.

2. OBJECTIVES

The Company operates with the responsibility of:

- (a) Managing the Council's Perpetual Investment Fund (**the PIF, the Fund**) in line with the Governance Deed (**GD**).

In respect of the Council's PIF the Company's objectives are:

- (b) To appoint and manage a Full Outsourced Investment Agent. (FOA).
- (c) To monitor and report the performance of the FOA.
- (d) To monitor and report the performance of the Fund against appropriate benchmarks.
- (e) To ensure the FOA invests the PIF funds in line with the Statement of Investment Policies and Objectives (SIPO) and the Strategic Asset Allocation (SAA) included in the SIPO.

3. CONTRIBUTION TO NPDC

The Company's activities help provide an investment return on the Council's PIF, which enables a release payment to be made to the Council on a quarterly basis.

The release payment is based on international best practice "spending" rules and is payable on a sustainable basis, which over the long term allows the real capital of the PIF to be maintained for current and future generations at an agreed level with the shareholder. The formula for the release payment is outlined in the SIPO.

4. GOVERNANCE AND MANAGEMENT

The GD sets out the relationship between the Council and the Company. The Company will continue to comply with the terms contained within the GD and advise Council of any breaches in a timely fashion.

The Board of Directors is appointed by the shareholder to govern the Company in the interests of the shareholder and in accordance with the Company's constitution and relevant law. The Board has adopted the principles set out in the GD.

Administration for the Company is carried out by NPDC in line with a Service Level Agreement.

To ensure strong communications and alignment between the Council and the Company, an NPDC-nominated advisor will be invited to attend all Board meetings as an observer.

Given that the PIF is an investment of ratepayers' funds with a long-term horizon, the risk profile of investments and targeted rate of return will reflect this and be made in line with the SIPO. Portfolio investments will take into consideration the SAA and environmental, social and governance factors, in particular the mitigation of and adaptation to climate change.

5. COUNCIL / COMMITTEE MEETINGS

The NPG board Chair or, in their absence, a board member, will attend Council or appropriate Committee meetings to present quarterly updates on NPG and the PIF, unless otherwise instructed.

6. PERFORMANCE TARGETS

6.1 NPG financial performance targets

- (a) NPG is operated on a full cost recovery basis and is therefore budgeted to operate at a nil net cost. The sum below reflects its expected management costs, which are charged to NPDC.
- (b) **NPG budget – forecast financial statements**

i) Statement of Comprehensive Revenue and Expense

	FY2027F \$000's	FY2028F \$000's	FY2029F \$000's
Revenue			
Advisory management fees	394	363	368
Total revenue	394	363	368
Expenditure			
Directors' fees	244	214	219
Directors' expenses	16	15	14
NPDC services*	50	50	50
Audit fees	16	16	17
Insurance	13	13	13
Consulting and other expenses	55	55	55
Total expenditure	394	363	368
Surplus/(deficit)	-	-	-

*NPDC services comprise the following: governance \$5,000 and accounting \$45,000.

ii) Statement of Financial Position

	FY2027F \$000's	FY2028F \$000's	FY2029F \$000's
Current assets			
Cash and cash equivalents	29	29	29
Related party receivables from NPDC	47	44	45
GST receivable	1	1	1
Tax receivable	2	2	2
Total current assets/ total assets	79	76	77
Current liabilities			
Related party payables to NPDC	24	21	25
Other payables	25	25	22
Related party advance from NPDC	30	30	30
Total current liabilities/ total liabilities	79	76	77
Equity			
Accumulated funds	-	-	-
Share capital	-	-	-
Total equity	-	-	-

iii) Statement of Changes in Equity

	FY2027F \$000's	FY2028F \$000's	FY2029F \$000's
Opening balance	-	-	-
Total comprehensive revenue and expense	-	-	-
Closing balance	-	-	-

iv) Statement of Cash Flows

	FY2027F \$000's	FY2028F \$000's	FY2029F \$000's
Cash flows from operating activities			
Receipts from NPDC	394	365	367
Payments to suppliers and directors	(394)	(365)	(367)
Net cash from operating activities	-	-	-
Net cash from financing and investing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents at 1 July	29	29	29
Cash and cash equivalents at 30 June	29	29	29

6.2 PIF performance targets

(a) Release payment target

	FY2027F Est \$M	FY2028F Est \$M	FY2029F Est \$M
Release payment target forecast	12.8	13.3	13.9

(b) Target closing balance of fund

	FY2027F Est \$M	FY2028F Est \$M	FY2029F Est \$M
Closing balance of fund	444.3	454.2	464.0

(c) Fund return target

Total portfolio return per annum

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 target total return per annum on the PIF (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 Consumers Price Index).

(d) **Maintain PIF within Strategic Asset Allocations ranges**

Asset class	Strategic asset allocation %	Allowable range %
Global equities		
- developed markets	40	25 - 55
- emerging markets	5	0 - 10
Private equity	17.5	10 - 25
Alternative assets	17.5	10 - 25
<i>Total growth assets</i>	<i>80</i>	<i>60 - 95</i>
Fixed income	15	5 - 25
Cash	5	0 - 20
<i>Total income assets</i>	<i>20</i>	<i>5 - 40</i>

7. RATIO OF SHAREHOLDER FUNDS TO TOTAL ASSETS

As the Company's shareholder funds are nil, so is the ratio of shareholder funds to total assets.

8. ACCOUNTING POLICIES

The measurement and reporting of earnings are under the policies as contained in the Company's 2024/25 Annual Report with updates as required to meet Public Benefit Entity International Financial Reporting Standards.

9. INFORMATION TO BE PROVIDED TO SHAREHOLDER

The following information will be provided to the Shareholder:

- (a) A draft Statement of Intent, including an annual budget for the Company (comprising forecast financial statements prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP)), is to be provided to Council officers by 1 March and a final SOI will be provided to Council officers by 30 June.
- (b) A quarterly report on the performance of the PIF within 60 days after the end of that quarterly reporting period. The report will detail any significant issues relating to the Perpetual Investment Fund. The report will provide the information outlined in the GD.
- (c) A half-yearly report provided to Council officers within 60 days of the end of the first half of the financial year. The report will be prepared in accordance with the LGA, the reporting requirements prescribed from time to time by the Companies Act 1993 and generally accepted accounting practice in New Zealand. The half-yearly report will include the following:
 - i) The Company's statement of comprehensive revenue and expense;
 - ii) The Company's statement of financial position;
 - iii) The Company's statement of changes in equity;
 - iv) The Company's statement of cash flows;
 - v) Notes to the Company's financial statements as deemed necessary.
- (d) An annual report provided to Council officers, to be made available to the public within statutory deadlines. The report will be prepared in accordance with the LGA, the reporting requirements prescribed from time to time by the Companies Act 1993 and generally accepted accounting practice in New Zealand. The annual report will include the following:
 - i) The Company's statement of comprehensive revenue and expense;
 - ii) The Company's statement of financial position;
 - iii) The Company's statement of changes in equity;

- iv) The Company's statement of cash flows;
- v) Report on the Company's activities;
- vi) Notes to the Company's financial statements as deemed necessary.

10. ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT

NPG currently provides the services defined in the GD on a full cost reimbursement basis from NPDC as noted above.

11. SHARE ACQUISITION

While NPG manages the PIF on behalf of the Council, all investments made are in the name of the Council. All investment decisions are made by the FOA, with oversight from NPG. Any subscription, purchase or acquisition by NPG of shares, in its own name, in a company or organisation will require Council approval.

12. COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The nominal par value of the Council's investment in the Company is estimated to be nil, being the net equity invested at historical cost. This estimate will be re-assessed in the same manner on an annual basis.

13. TIMELY RESPONSE

NPG will aim to provide advice and/or support within one month to the shareholder on any significant developments that may have an impact on either the PIF's income stream to the Council or the value of the Council's PIF.

14. "NO SURPRISES" POLICY

NPG will maintain a "no surprises" policy and inform Council officers well in advance of, or as soon as practically possible once aware of, any material or significant events, transactions or other issues related to the Company or the PIF that would be considered contentious or attract wide public interest.

15. SENSITIVE EXPENDITURE

While noting that the Company operates in a different market to the Council, NPG is cognisant of the fact that it operates in a public environment and is aware of the Council's sensitive expenditure policy.

16. ENVIRONMENTAL SUSTAINABILITY

NPG acknowledges NPDC's strategic goal "Environmental Excellence Te Kounga ā-Taiao" and NPDC's Environmental Sustainability Policy. NPG will assist in the achievement of the goal and apply the Policy where and when appropriate and will report on this in the Company's half-yearly and end-of-year reports.

17. CLIMATE-RELATED REPORTING

NPG acknowledges that NPDC do not require the Company to undertake climate-related disclosures due to the Company's negligible climate impact.

NPG acknowledges, and will fulfil, the Council's requests that NPG instead assess the FOA's climate disclosures and provide advice to NPDC on the key climate-related risks and opportunities in relation to the PIF, and on any related matters that NPG considers should be considered by NPDC that arise.

NPG acknowledges that NPDC is also in the process of joining the Local Government Funding Agency's Climate Action Loans to provide an interest rate discount for Council debt and that if NPDC is able to join this scheme, NPDC may require NPG to engage with the FOA on reducing the PIF's financed emissions.

NPG acknowledges that the Company will be included within NPDC's emissions boundary and that NPDC will monitor and report the Company's operational emissions (including scope 1, 2 and 3 emission sources) and may require the Company to undertake steps to reduce the Company's operational emissions.

18. RELATIONSHIP WITH NEW PLYMOUTH COMMUNITY

The Council expects that NPG's decisions are for the benefit of the district.

19. RELATIONSHIP WITH IWI, HAPŪ AND OTHER MĀORI ORGANISATIONS

The Council expects that if any of NPG's decisions impact local Iwi and Hapū these parties will need to be consulted. NPG will seek NPDC's advice and support for any such consultation.

20. OBLIGATIONS

NPG must act at all times in a manner consistent with the statutory obligations of NPDC and also those pursuant to agreements with third parties (including Iwi, Hapū, or other Māori organisations).

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