



Kaipara District Council

Annual Report 2014/2015



Kaipara te Oranganui • Two Oceans Two Harbours

Contents

Part One - Introduction

Kaipara District	2
Commissioners' Foreword.....	3
Your Commissioners	5
Chief Executive's Overview	6
Statement of Compliance	9
Audit Report.....	10
Readers Guide	14
Setting the Scene	15
The Year in Review	16

Part Two - Finances

Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2015.....	22
Statement of Financial Position as at 30 June 2015	24
Statement of Changes in Net Assets/Equity for the Year Ended 30 June 2015	26
Statement of Cash Flows for the Year Ended 30 June 2015	27
Annual Report Disclosure Statement for the year ending 30 June 2015	28
Notes to Financial Statements	32

Part Three – Groups of Activity Statements

How to read this section	92
Community Activities	97
Regulatory Management	109
Emergency Management	117
Flood Protection and Control Works	121
District Leadership.....	125

Solid Waste	134
Roads and Footpaths	139
Sewerage and the Treatment and Disposal of Sewage.....	147
Stormwater Drainage.....	154
Water Supply	160
Council working with Maori.....	167

Appendix

Council Directory	170
Organisational Structure.....	171
Council/Committee Structures.....	172



Kaipara District



Stretching from coast to coast, Kaipara District is located at the entrance to Northland at the top of the North Island. Travelling from east to west, the Kaipara is a district of contrasts and spectacular scenery. Residents and visitors enjoy the magic of the east coast settlement of Mangawhai, the peacefulness of New Zealand's largest harbour – the Kaipara – and the wild beauty of the west coast beaches.

Kaipara's economy has historically been based around pastoral farming and, to a lesser extent, horticulture and forestry. However, developments in tourism are growing in importance and there is a trend toward small mixed-use farm holdings. The District's rural nature, especially in the heartland, is one of the charms residents are keen to preserve.

Kaipara District Council is the seat of local government for the District. Councils exist to provide a broad role in meeting the current and future needs of their communities as outlined in Council outcomes, for good quality local infrastructure, local public services, and the performance of regulatory functions.

Commissioners' Foreword

We were appointed as Commissioners by the Minister of Local Government to Council on 06 September 2012. This is our third year in office. We have full responsibility for governance of the Council until our term ends in October 2016.

Addressing the financial state of Council

One of our first priorities was getting Council's finances stable. This was achieved by the end of the 2013/2014 financial year. Kaipara District Council is now running and can continue to run a balanced budget and is reducing debt.

The Statement of Comprehensive Revenue and Expense for the year ending 30 June 2015 advises of rate revenues of \$27.8 million (\$27.3 million 2014), of total revenues of \$49.4 million (\$43.3 million 2014), and of total expenditure of \$45.9 million (\$42.7 million 2014). Thus the net surplus in the year under review was \$3.6 million compared to the 2014 year surplus of \$0.6 million. Surpluses are forecasted to continue.

The Statement of Financial Position as at 30 June 2015 shows a working capital deficit of \$14.5 million (\$53.5 million 2014). This improvement in working capital largely represents the restructuring of bank debt. External debt has been reduced to \$75.9 million, an improvement of \$0.4 million over the 30 June 2014 position.

Increasing connections to the Mangawhai Community Wastewater Scheme

This year, we have added 139 new connections to the Mangawhai Community Wastewater Scheme (MCWWS). Next year we expect continued growth at a steady pace.

During the year we appointed a Community Advisory Panel to assist Council with decision-making on future connections. The work of the Panel has been completed and their recommendations received by Council. The Panel put in many hours of voluntary work to understand how the scheme functions and the options for the future. We thank them for their work.

Council will consider these recommendations. Once considered we will develop a Statement of Proposal for consultation with the Mangawhai community early in 2016.

Engagement with the community and Iwi

The Commissioners continue to engage extensively with members of the community, proactively meeting with community groups and following up inquiries from individuals. In this year under review, further community planning programmes were rolled out to Kaiwaka, Maungaturoto, Wood Street shops in Mangawhai, Dargaville and Ruawai. By 30 June 2015 twelve community action plans were in place. A further five are planned for 2015/2016. We then propose to start a Marae

community planning programme within the Kaipara District.

Building capability and capacity within the Council organisation

There is now a mixture of improvement programmes in place, including a continuous improvement process to embed this in our everyday operations. Our improved performance as a Building Control Authority won us a highly commended award at the Society of Local Government Managers' awards this year.

Completing the Long Term Plan 2015/2025

We completed our Long Term Plan, adopting it in June this year. This was the first year of applying the new processes for all councils stemming from the amendments to the Local Government Act 2002. The audit of the Plan was clean, except for mention of the risks posed by the Mangawhai Ratepayers and Residents Association appeal that was heard late August in the Court of Appeal in Wellington.

Legal action continues

Although our focus is on the future, there is still significant time and cost being spent on defending the Council against court action initiated by the Mangawhai Ratepayers and Residents Association.

Our pursuit of the former Chief Executive and the Auditor-General also continues. Progress in these cases is slow and the time for resolution is uncertain.

We continue to work hard to build a Council that is well prepared for the return of elected representatives in October 2016.

We thank the people of Kaipara, for their support.



John Robertson

Chair of Commissioners

Your Commissioners



John Robertson QSO

Chair

John has public sector experience as a former Member of Parliament, as a former Mayor of Papakura and a Chair of Infrastructure Auckland. He is an accredited member of the Institute of Directors, is a Chartered Accountant and a professional Director.



Peter Winder

Peter is a former Chief Executive Officer of the Auckland Regional Council, Director of Transport at the Auckland Regional Council, and Chief Executive Officer of Local Government New Zealand. He is a Director of McGredy Winder & Co, advisers to local and regional government authorities.



Richard Booth

Richard is a Whangarei-based horticulturalist and farmer, with considerable experience in the dairy industry and as a Director. He is Chair of Delta Produce.

Chief Executive's Overview

Welcome to the Annual Report 2014/2015. Kaipara District Council has had another busy year. A lot has occurred to resolve historical issues, and the organisation has continued to invest in improvements. Our financial status is secure and the debt reducing as planned. We can now state that we are a sound and prudent Council.

Responding to matters from the past

Judicial Review taken against Kaipara District Council by the Mangawhai Ratepayers and Residents Association (MRRA)

The case was heard in the High Court by Judge Heath in February 2014. The decision was finalised and sealed in July 2014.

It found in summary:

- Council breached the Local Government Act 2002 in entering into the contract to construct the Mangawhai Community Wastewater Scheme;
- The scheme debt is a protected transaction under the Act and the creditors are entitled to have the debt serviced;
- The Kaipara District Council (Validation of Rates and Other Matters) Act 2013 did validate, for all purposes, all matters covered by the Act;
- Neither Council nor the Crown went against the Bill of Rights in enacting the Bill; and
- Costs were found against Council in favour of MRRA.

The decision was appealed by MRRA and this Appeal has been heard in the Court of Appeal. We await the Court's decision. This Appeal has been listed as a Matter of Emphasis by Council's Auditor and the Local Government Funding Agency (LGFA) has deferred a decision to admit Council to membership of that agency pending the outcome of the Appeal. As a result the costs to Council remain high from the higher interest charged on our debt.

A high performing organisation

By October 2015, the Commissioners want the Council to be a high performing organisation with community and mana whenua support.

This year we completed the delivery of an improvement programme that addressed the criticisms of Council made by the Office of the Auditor-General in her inquiry report, and did the final implementation of the service delivery and capability report completed in 2012/2013.

We are now a different and more competent organisation than we were.

Caring for the District's infrastructure

Council continues to invest in improvements to the quality of our Asset Management Plans.

Council completed its first Infrastructure Strategy as required under the most recent amendment of the Local Government Act 2002. The Strategy has four main points:

- For our Three Waters, Council will address its backlog of renewals within the next 30 years. Doing so any faster is unaffordable;
- Council will invest in improving our knowledge of the state of our infrastructure over the next six years so that renewal works are efficient and effective;
- Council will comply with its resource consents for all Three Waters infrastructure; and
- We will, over time, meet all required standards for our roads, especially for resilience and safety.

Council did not complete the delivery of its capital works programme this year. This was very disappointing. Contributing towards this was the lack of industry interest and capability to tender for our work. We also did not plan enough in advance. We have deferred the work to 2015/2016 and have instituted an improvement programme to stop this happening again.

Community planning

Council continues to deliver the community planning programme started in 2013. All but three areas of the District now have a Community Action Plan, and several of these have had all actions resolved or delivered.

Financial performance

We now have a well-established practice of running a balanced budget, although the service levels remain low and we are unable to invest much of the rates income into activities beyond core services. Debt is within manageable limits and reducing. Our finances are now within prudent levels.

Financial risks

Risks to our finances remain. The refinancing of Council's loan with the ANZ has been completed. However, until the outcome of the MRRA appeal is resolved we are still unable to join LGFA and benefit from the lower interest rates this would bring even though we are within the ratio required to apply for joining. Rates arrears are reducing with a total of \$5.0 million rates arrears at 30 June 2015 compared to \$6.3 million the year before.

Over the last 12 months we continued to make good progress in addressing the issues facing Council. The organisation is working well, and all of us are keen to do our best for the District. We know where we are heading and have the plans in place to take us there. I look forward to working with the communities of Kaipara over the year ahead.



Jill McPherson

Acting Chief Executive

Statement of Compliance

The Kaipara District Council hereby confirms that all statutory requirements in relation to the preparation and publication of information required to be included in the Report as outlined in the Local Government Act 2002 have been complied with.



John Robertson
Chair

29 September 2015



Jill McPherson
Acting Chief Executive

29 September 2015



**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF KAIPARA DISTRICT COUNCIL'S ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

The Auditor-General is the auditor of Kaipara District Council (the District Council). The Auditor-General has appointed me, Bruno Dente, using the staff and resources of Deloitte to audit:

- the financial statements of the District Council that comprise:
 - the statement of financial position as at 30 June 2015 on page 24;
 - the statement of comprehensive revenue and expense on page 22, statement of changes in net assets/equity on page 26 and statement of cash flows on page 27 for the year ending 30 June 2015; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 32 to 90;
- the statement of service provision (referred to as performance measures) of the District Council and each group of activities carried out by the District Council on pages 97 to 166;
- the funding impact statements in relation to each group of activities of the District Council on pages 97 to 166;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 97 to 166;
- the funding impact statement of the District Council on page 93; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 28 to 31.

In addition, the Auditor-General has appointed me to report on whether the District Council's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - reserve funds on pages 54 to 57;
 - remuneration paid to the elected members and certain employees of the District Council on page 84;
 - employee staffing levels and remuneration on page 84; and
 - severance payments on page 84;
 - rating base units on page 52; and
 - insurance of assets on page 76;
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 167; and
- a statement of compliance signed by the Chairperson of the Council, and by the District Council's chief executive on page 9.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council on pages 22 to 27 and pages 32 to 90:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2015;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand.
- the performance measures of the District Council on pages 97 to 166:
 - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan;
 - the reasons for any significant variances between the actual service and the expected service; and
 - complies with generally accepted accounting practice in New Zealand.
- the funding impact statements in relation to each group of activities of the District Council on pages 97 to 166, presents fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 97 to 166, presents fairly, in all material respects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the funding impact statement of the District Council on page 93, presents fairly in all material respects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the disclosures on pages 28 to 31 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

Judicial Review Proceedings

Without modifying our opinion, we draw your attention to the disclosure in note 26 on pages 80 and 81 concerning the significant financial impact that could arise if the ruling on the Mangawhai Ratepayers and Residents Association's appeal to the Court of Appeal was not in favour of the District Council. This could overturn the High Court's judgement in relation to the District Council's ability to use rates revenue, both past and future, to service the debt raised to fund the Mangawhai Community Wastewater Scheme.

Compliance with the other requirements of schedule 10

The District Council's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 29 September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and performance measures. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported performance measures within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and performance measures that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the District Council's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast;

- funding impact statements in relation to each group of activities that presents fairly by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

We draw your attention to the fact that the Council has filed a claim in the High Court against the Auditor-General in relation to previous audits of the Council by her service provider Audit New Zealand. In December 2012, the Auditor-General appointed Peter Gulliver and subsequently for the year ended 30 June 2015 Bruno Dente of Deloitte to carry out audits of the Council on her behalf to reduce any independence threat to an acceptable level.

In addition to this audit (which includes our report on the *Other Requirements*) and our audit of the Council's long term plan, Deloitte has provided fraud awareness training to the Council. Other than the above-mentioned claim, the audits, and the fraud awareness training carried out by Deloitte, the Auditor-General and her service providers have no relationship with or interests in the District Council.



Bruno Dente

Deloitte

On behalf of the Auditor-General

Hamilton, New Zealand

Readers Guide

The Annual Report sets out Council's achievements for the year and reports on whether we reached the targets forecasted in our Annual Plan.

What does the Annual Report include?

The first part of this Report introduces Kaipara District Council and provides an overview of events during 2014/2015. It also includes the Audit Report. The second part contains the financial results for the year to June 2015. It also includes the accounting policies and notes to the financial statements. The third part includes Council's Groups of Activity Statements.

Activities

Based on the performance targets listed in the third year of the Long Term Plan 2012/2022, Council's work programme is divided into 10 significant activities and individually assessed to determine how well targets have been met. Performance ratings used in this Report are as follows:

- **Achieved:** All aspects of the performance target were achieved (including time, cost, quality, quantity and location).
- **Not achieved:** The activity was not significantly progressed or the work undertaken did not meet the requirements of the target (e.g. where the target stipulates a customer satisfaction rating of 80% and a rating of 73% was achieved then the measure would be rated as not achieved).
- **Not measured:** Performance could not be conclusively reported on (e.g. systems were not in place to measure performance or carrying out the target could have led to a duplication of activities).
- **Not applicable:** Due to events beyond Council's control, the activity was no longer relevant and the work was not carried out.

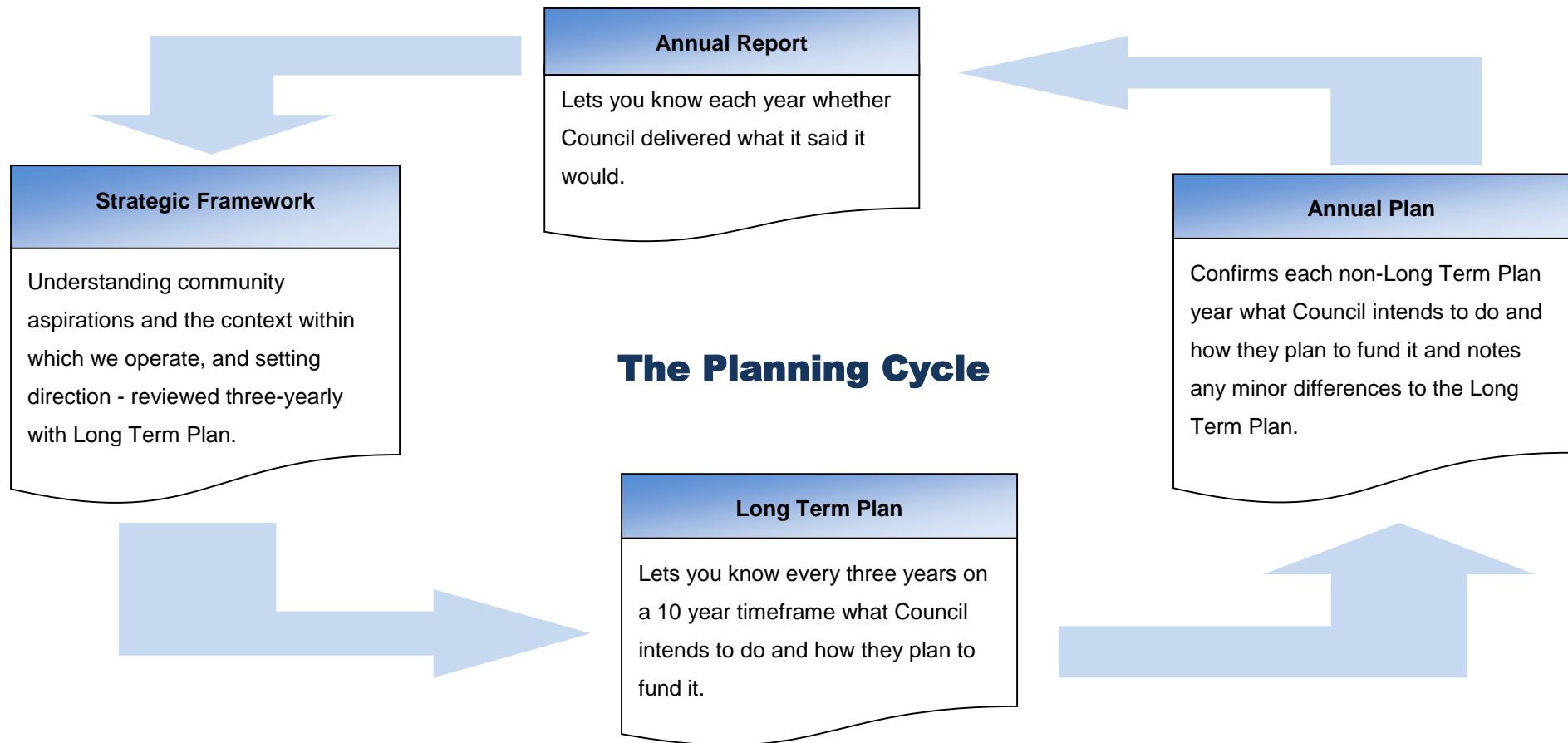
Where does the Annual Report fit in the planning and reporting cycle?

This Annual Report is reporting on the delivery of year three of Council's Long Term Plan 2012/2022 (as amended in June 2013).

Setting the Scene

The purpose of this Annual Report is to tell you whether we did what we said we would in the 2014/2015 year. This is the third year of the Kaipara District Council Long Term Plan 2012/2022 adopted by Council in August 2012 and modified in conjunction with the Annual Plan 2013/2014. It sets out what was achieved and not achieved and the associated costs as compared to what was signalled in the Long Term Plan.

Consequently, this Annual Report needs to be read in conjunction with the Long Term Plan 2012/2022.



The Year in Review

The past year has seen further change within Council as we strive to become a high-performing organisation that can better serve Kaipara and make a positive difference to the District's future success.

Chief Executive Stephen Ruru left in October 2014 to go to Southland District Council and the Commissioners appointed General Manager Planning and Community Jill McPherson as Acting Chief Executive.

The Associate Minister for Local Government also extended the Commissioners' term for another year, because of prevailing uncertainty around amalgamation proposals and unresolved legal action. This now aligns the Kaipara District Council elections with the rest of the country, in October 2016.

The amalgamation proposals which were being discussed during the 2014/2015 year were also shelved, with the Local Government Commission deciding not to proceed with its draft proposal for a single council. Instead, it wants to pursue other options for Northland.

During the 2014/2015 year, we adopted a new vision - "Kaipara – where it's easy to live" which provides our staff with a strong focus on what we need to do to achieve the results you expect of us. This means working with you to help make it easy to enjoy nature, to join in, and to do business. The emphasis is on partnership, working with you as well as for you to do the things needed to make Kaipara's communities strong and successful.

Improved customer services

Following the changes at the Dargaville office's front counter, we have revamped the reception area at the Mangawhai office as well, as part of our drive to improve our customer service at every level. The customer service system encompasses email, telephones and web inquiries, and is integrated across both sites. With these changes, we are now providing a much more consistent and efficient service for our customers which, with more planned system changes, will further improve.

Community engagement a strong focus

Over the past year, we have put a strong focus on talking directly with members of the community in a variety of ways. We decided it was time to use new ways to generate conversations, such as a 'pop-up' shop in Dargaville, and in Maungaturoto, a café community drop-in session, a public meeting, street survey, dropping in to the market day and school visits across four days. We want to make it easy for residents to tell us what they think about what's happening in their communities. Five Community Action Plans were written for Kaiwaka, Maungaturoto, Wood Street Shops (Mangawhai), Dargaville and Ruawai.

Staff and commissioners talked about progress on actions in the various community plans and listened to peoples' views on what else could be done. Eleven plans were updated, all showing great progress towards completion.

Reserve management planning has also been progressing well. We have finished a Reserve Management Plan (RMP) for Memorial Park. This is one of the District's key reserves.

Plan Change 2 Fire Safety Rule to the Kaipara District Plan was notified in December.

Working in partnership with the community

Kaipara has many people who volunteer their services to the community, and to make it easier for them to work with Council, the community assistance funding model has been put in place. This provides funds to community groups to do things they have identified as needed but which Council would not usually carry out, and which adds to the level of service to the community as a whole. This is working well, with a good range of organisations applying for funding.

Another aspect of working in partnership with the community was the establishment of advisory groups and panels, for specific projects, such as the panel for the Mangawhai Community Wastewater Scheme extension. This group of ratepayers was appointed in October 2014 to give Council recommendations relating to the scheme's capacity and performance, reflecting an independent community viewpoint on the scheme's future.

Council works in partnership with the community to make decisions around what happens within the priority parks in the District.

The Mangawhai Community Park is co-governed by the community and Council, with a Friends of the Park set up with representatives for the Park. Similarly, we are partners with Te Uri o Hau to run Harding Park/Pou Tu o Te Rangi, with an Advisory Panel established for the Park. For Taharoa Domain (Kai Iwi Lakes), we work in partnership with Te Roroa and Te Kuihi.

Financial position improved

Council's position has significantly improved now that the irregular rates have been validated and the decision from the Judicial Review in the High Court has been released, although there has been an appeal on the decision. Our net debt to revenue ratio, at 143% for the year end 30 June 2015, is well below the 175% level set down by the Local Government Funding Agency (LGFA) and is expected to be for the duration of the Long Term Plan 2015/2025.

More value for money on roads

Roads took around 79% of our capital expenditure for 2014/2015, so it is important we spend our funds wisely. To that end, we have started using a new method of road 'rehabilitation' which stretches the life of the road as well as the amount we are spending. During 2014/2015, we rehabilitated 13 kilometres of sealed road, and spent around \$11.5 million of our roading budget, which was set at \$17.6 million in the Annual Plan.

Bridges are a vital part of our transport infrastructure and we have an annual inspection programme to ensure their safety. Part of our works programme for the year included replacement of bridge components on around five bridges, at \$248,000. Another \$423,000 went towards bridge replacements.

We have appointed a roads specialist as a field officer to better deal with your roading questions and concerns.

Water and wastewater improvements

One of our objectives is to ensure we provide a reliable and sustainable infrastructure for Kaipara District. During the past year, we have installed a new telemetry system, SCADA (Supervisory Control and Data Acquisition) at the Dargaville and Maungaturoto water and wastewater treatment plants. This has been a significant initiative to replace old and outdated systems that posed high risks. With SCADA, we can now monitor the systems in real time and have much better reporting capabilities.

A highlight of the year was reducing the amount of water delivered to the Mangawhai Heads Camp Ground/community during the peak summer period, down from 60 trucks to two trucks, thanks to a recent pipeline upgrade.

We have also been working with Fonterra on options to make the most of our raw water supply take for both Fonterra and the Maungaturoto community.

Savings through business improvement

As part of our aim to make a positive difference and provide better service for Kaipara District, we have instituted a business improvement programme which has already achieved savings. Through process changes we were able to save about \$200,000 and our improvements won us a Highly Commended Society of Local Government Managers' award for our Building Act processes.

Now we are applying this business improvement programme to other areas, such as resource consenting, animal control, health and alcohol licensing.

Cameras set to catch illegal tippers

People who illegally dump their rubbish are now running the risk of getting caught and fined. We have set up two cameras to catch out residents who dump and drive off at random locations. The cameras are set at the known drop-off places and people are being caught out and fined for their dumping.

Innovative project at Baylys Beach completed

In July 2014, we began work on the Baylys Beach restoration projects. This was a real community/Council team effort. The community asked us if we would work with them to install a wall of tailor-made sandbags to help prevent washouts and erosion at the entrance. This beach is an important part of our environment and our

community for fishing and recreation, so the Northland Regional Council (NRC) and the NZ Transport Agency (NZTA) contributed funds as well. In time, the sand should settle around the wall and planting will help keep it all stable.

Dargaville Library upgrade for better security

In February 2015, we upgraded the Dargaville Library to improve the safety and security of library users and staff. This included the installation of a new emergency exit door and new security cameras provide us with much better quality in coverage. Maori Wardens also help us out in the late afternoons so that library users can browse without being disturbed.

Making sure Kaipara's looking good

Community facilities are an important part of every community. We have refurbished the Maungaturoto and Paparoa public toilet facilities, and graffiti incidents are also low.

Another Parks Officer was also employed, for four months, so we have better coverage of the District and can improve our contract monitoring.

Economic growth increases

A positive sign for 2014/2015 was an increase in residential building consents, which were up 23%. Kaipara's economic growth accelerated in the second half of 2014, the GDP rising by 4.3% in the December 2014 year. The majority of spending and investment indicators were exceptionally strong, despite lower dairy prices weighing on confidence in parts of the primary sector. In this environment, Kaipara's unemployment rate is estimated to have averaged 6.6% in 2014, compared with a peak of 7.8% over the March 2013 year.

We have done a lot of hard work to get the organisation on to an even keel with a sound financial position, and our achievements over the past year demonstrate that we are well on the way to being a council you can be proud of.



Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2015

The Statement of Comprehensive Revenue and Expense details income and expenditure relating to all activities of Council. The supporting Funding Impact Statements for each activity provide further details as to the costs and revenues of each activity.

For the year ended:			Annual	Annual
30 June			Plan	Report
		Actual	2014-2015	2013-2014
		\$'000	\$'000	\$'000
Revenue	Note			
Rates	3	27,838	27,110	27,322
Subsidies and Grants	2a,4	11,971	14,378	6,454
Activity Income	2a	7,066	6,723	6,887
Contributions	2a	1,595	1,423	941
Investments and Other Income	2a,5,6	962	402	1,680
Total Revenue	2b	49,432	50,036	43,284
Expenses				
Activity Costs	2c	25,974	19,953	24,161
Employee Benefits	2c	6,016	5,790	5,277
Finance costs	2c	4,119	4,504	3,853
Depreciation	2c, 20a,21a	9,747	10,001	9,414
Total Expenses		45,856	40,248	42,705
Surplus/(Deficit) for the period		3,576	9,788	579
Other Comprehensive Revenue and Expense (Items that will not be reclassified subsequently to profit or loss)				
Gain/(Loss) on Revaluation	9a,20a	25,713	0	12,719
Total Comprehensive Revenue and Expense for the period		29,289	9,788	13,298

The accompanying notes form part of these financial statements.

Explanation of major revenue and expenditure variances against Annual Plan

Revenue

Rates: Rates revenue is \$0.7 million higher than budget primarily due to higher penalty revenue.

Subsidies and grants: NZ Transport Agency (NZTA) roading subsidies are \$2.4 million lower than budget. Council planned for an accelerated works programme due to delayed capital spend in prior years. However, resource was not available to complete all planned work and the balance will be completed in the next three years.

Activity income: Activity income is \$0.3 million above budget due to increased building control and resource consent income, along with higher revenues from forestry harvesting.

Investment and other income: The favourable variance against budget of \$0.6 million is due to the revaluation of forestry assets and emission trading shares.

Expenditure

Activity costs: The major factors contributing to the unfavourable variance of \$6.0 million are:

- Revaluation of interest rate swap derivatives to fair market value \$3.2 million;
- Higher roading maintenance costs of \$1.6 million for costs associated with 2014 winter storms and pre-seal repairs completed prior to rehabilitation works commencing;
- Consultancy and legal advice to support Council with rating issues, the Judicial Review and other organisational service delivery matters \$0.8 million;
- Revaluation deficit on land under Sewerage and Treatment and Disposal of Sewage plant \$0.9 million; and
- Higher forestry costs relating to the harvest \$0.1 million.

Partially offsetting these increases were below Plan costs for:

- Desludging at the Dargaville Wastewater Treatment Plant as a result of employing a different method to desludge (\$0.1 million);
- Lower maintenance costs in the Stormwater Drainage activity due to lower asset management improvement and engineering consultancy costs (\$0.3 million); and
- Lower costs surrounding Solid Waste leachate removal (\$0.2 million).

Finance costs: The favourable variance in Finance costs of \$0.4 million is due to lower than budget external interest costs as a result of lower debt levels.

Gain on revaluation: The favourable variance of \$25.7 million is due to higher than budget gain on revaluation of Council's roading infrastructure, as assessed by independent engineers at 30 June 2015.

Statement of Financial Position as at 30 June 2015

As at		Actual	Annual	Annual
30 June		2014-2015	Plan	Report
		\$'000	2014-2015	2013-2014
		\$'000	\$'000	\$'000
Net Assets/Equity	Note			
Accumulated Comprehensive				
Revenue and Expense	9	362,805	400,664	390,549
Asset Revaluation Reserves	9	183,649	157,017	157,936
Restricted Reserves	9	5,693	5,542	5,618
Council Created Reserves	9	-18,909	-48,919	-50,154
Total Net Assets/Equity		<u>533,238</u>	<u>514,304</u>	<u>503,949</u>
<i>represented by</i>				
Current Assets				
Cash and Cash Equivalents	10	9,926	393	4,588
Other Financial Assets	11	115	2	15
Trade and Other Receivables	12	7,208	7,700	7,398
Accrued Revenue	13	1,079	700	1,536
Non Current Assets Held for Sale	14	380	0	380
Total Current Assets		<u>18,708</u>	<u>8,795</u>	<u>13,917</u>
<i>less</i>				
Current Liabilities				
Trade and Other Payables	15	9,611	7,300	7,549
Provisions	16	185	529	182
Employee Entitlements	17	545	413	514
Public Debt	18a	22,889	2,822	59,190
Total Current Liabilities		<u>33,230</u>	<u>11,064</u>	<u>67,435</u>
Working Capital / (Deficit)		<u>-14,522</u>	<u>-2,269</u>	<u>-53,518</u>
<i>plus</i>				
Non Current Assets				
Property, Plant, Equipment	20	604,882	590,325	575,756
Biological Assets	22	2,697	2,283	2,289
Derivative Financial Assets	29	0	148	463
Other Financial Assets	11	273	85	173
Total Non Current Assets		<u>607,852</u>	<u>592,841</u>	<u>578,681</u>
<i>less</i>				
Non Current Liabilities				
Public Debt	18a	52,978	73,046	17,109
Provisions	16	4,295	3,222	4,056
Derivative Financial Liabilities	29	2,819	0	49
Total Non Current Liabilities		<u>60,092</u>	<u>76,268</u>	<u>21,214</u>
Net Assets		<u>533,238</u>	<u>514,304</u>	<u>503,949</u>

The accompanying notes form part of these financial statements.

Explanation of major variances against Annual Plan

Equity: The favourable variance relates to the revaluation of roading.

Cash and cash equivalents: Cash and cash equivalents are \$9.5 million higher than planned due to collection of rates arrears and the lack of resources available to complete the capital works programme. The cash has been retained to meet capital commitments now planned for the next three years.

Trade and other receivables: Trade and other receivables are \$0.5 million lower than budget due to the reduction in land rates debtors.

Accrued revenue: Accrued revenue is higher than budget by \$0.4 million primarily due to higher than planned levels of roading activity resulting in an increased accrual for the June 2015 NZTA subsidy.

Non-current assets held for sale: These are non-strategic property assets that were budgeted to have been disposed of at balance date however for various reasons the disposal has not yet progressed. Disposal of these items is expected within the next 12 months.

Trade and other payables: Increased activity in the latter months of the year, especially in roading, have increased the year end payables value.

Property, plant and equipment: The primary reason for the favourable variance of \$14.6 million is attributed to the effects of the revaluation of roading assets as at 30 June 2015.

Biological assets: Higher than budget Biological Assets reflects the increase in fair value of Council's forestry assets following an independent forestry valuation at 30 June 2015.

Derivative financial assets and liabilities: Council uses interest rate derivatives to assist in achieving a long term stable interest rate on debt. Higher than budget derivative liabilities of \$2.8 million is due to the nature of these financial instruments whereby their value is not able to be budgeted with certainty due to the unpredictability of interest rates. Derivatives are marked to market at each balance date, and as the floating interest rate is lower than at last balance date, the interest rate derivatives were valued at less than they were when Council entered into the agreements on them. This resulted in an increase in the liability Council has on some derivatives.

Public debt: Approximately \$0.4 million of existing debt was retired during the year. Council is now, in keeping with its Treasury policies, utilising surplus cash to reduce external borrowing. Council is ensuring that it maintains adequate working capital by having committed bank short term borrowing facilities in place. The variance to budget on both the Public Debt in Non-Current Liabilities and the Public Debt in Current Liabilities is due to the reclassification of a loan that has recently been renegotiated.

Statement of Changes in Net Assets/Equity for the Year Ended 30 June 2015

For the year ended:	Actual	Annual
30 June	2014-2015	Report 2013-2014
	\$'000	\$'000
	Note	
Balance at 1 July	503,949	490,651
Comprehensive Revenue and Expense for the period		
Surplus/(Deficit) for the period	3,576	579
Other Comprehensive Revenue and Expense for the period		
Surplus on Revaluation of Infrastructure	20 25,713	12,719
Total Comprehensive Revenue and Expense for the period	29,289	13,298
Balance at 30 June	533,238	503,949

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the Year Ended 30 June 2015

For the year ended:		Actual	Annual Plan	Annual Report
30 June		2014-2015	2014-2015	2013-2014
		\$'000	\$'000	\$'000
Cash Flow from Operating Activities	Note			
Receipts:				
Rates		28,929	29,410	26,577
Fees, Charges and Other		8,230	8,465	8,742
Grants and Subsidies		11,250	14,378	6,644
Interest Received	6	70	72	20
<i>sub total</i>		<u>48,479</u>	<u>52,253</u>	<u>41,983</u>
Payments:				
Suppliers and Employees		24,772	25,770	26,711
Taxes (including the net effect of GST)		-250	0	-29
Interest Expense		4,119	4,504	3,853
<i>sub total</i>		<u>28,641</u>	<u>30,274</u>	<u>30,535</u>
Net Cash Flow from/(to) Operating Activities	24	<u>19,838</u>	<u>21,979</u>	<u>11,448</u>
Cash Flow from Investing Activities				
Receipts:				
Sale of Property, Plant and Equipment		57	15	61
Mortgage Repayments Received		0	0	2
<i>sub total</i>		<u>57</u>	<u>15</u>	<u>63</u>
Payments:				
Mortgage Advances		100	0	0
Property, Plant and Equipment Purchases		14,025	22,274	6,081
<i>sub total</i>		<u>14,125</u>	<u>22,274</u>	<u>6,081</u>
Net Cash Flow from/(to) Investing Activities		<u>-14,068</u>	<u>-22,259</u>	<u>-6,018</u>
Cash Flow from Financing Activities				
Receipts:				
Loans Raised (Net)		0	0	0
Payments:				
Loan Repayments (Net)		-432	-1,032	-1,280
Net Cash Flow from/(to) Financing Activities		<u>-432</u>	<u>-1,032</u>	<u>-1,280</u>
Net Increase/(Decrease) in cash and cash equivalents		<u>5,338</u>	<u>-1,312</u>	<u>4,150</u>
Cash and cash equivalents at beginning of period		4,588	1,705	438
Cash and cash equivalents at end of period		<u>9,926</u>	<u>393</u>	<u>4,588</u>

The accompanying notes form part of these financial statements.

Annual Report Disclosure Statement for the year ending 30 June 2015

What is the purpose of this Statement?

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

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

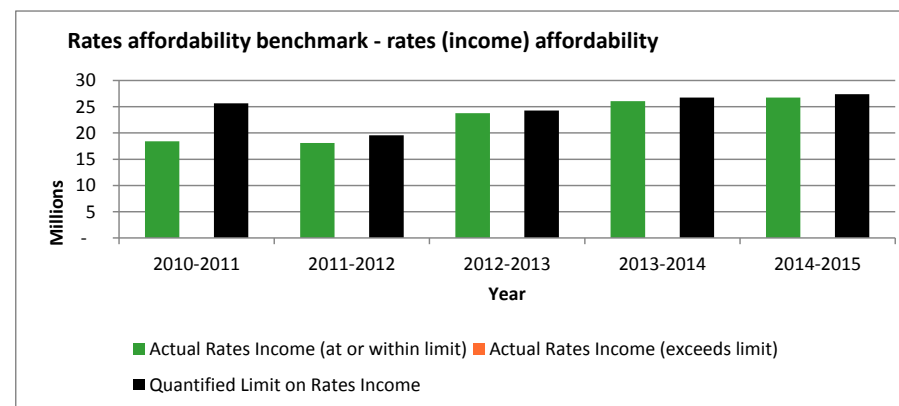
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

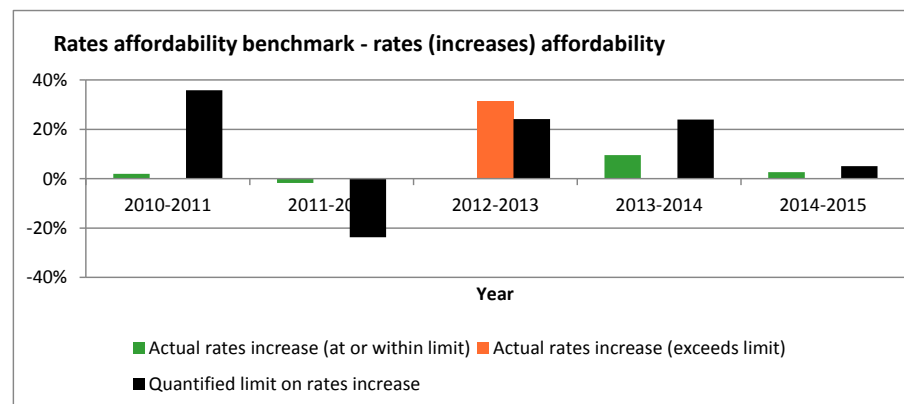
Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plan. The quantified limit for 2014/2015 was 5.1% over the previous year's rates of \$26.1 million which equates to \$27.4 million.



Rates (increases) affordability

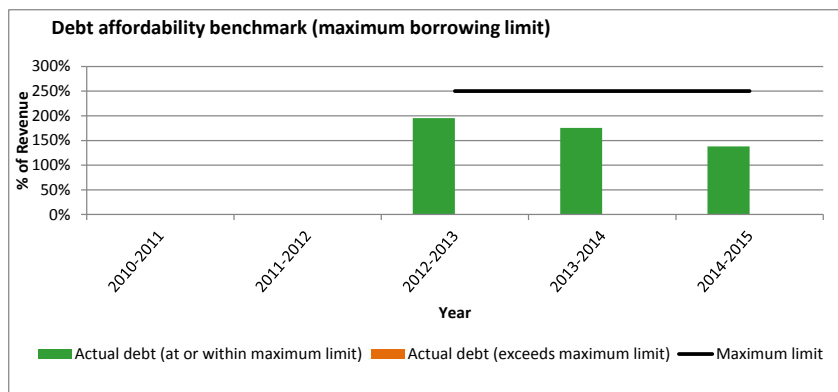
The following graph compares the Council's actual rates increases with a quantified limit on rates increase included in the Financial Strategy included in the Council's Long Term Plan. The quantified limit for 2014/2015 was 5.1% above the previous year's rates.



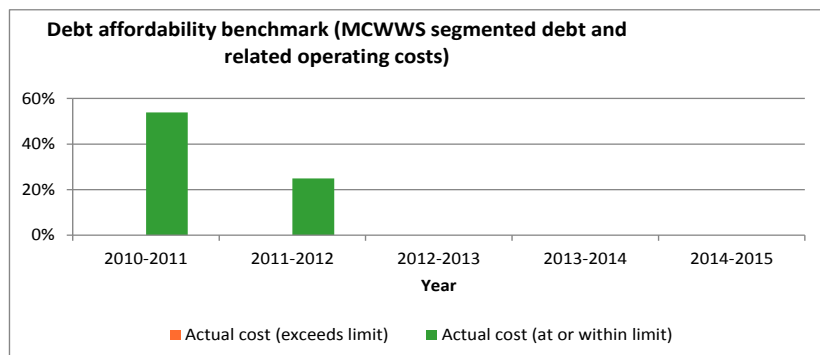
Debt affordability benchmark

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

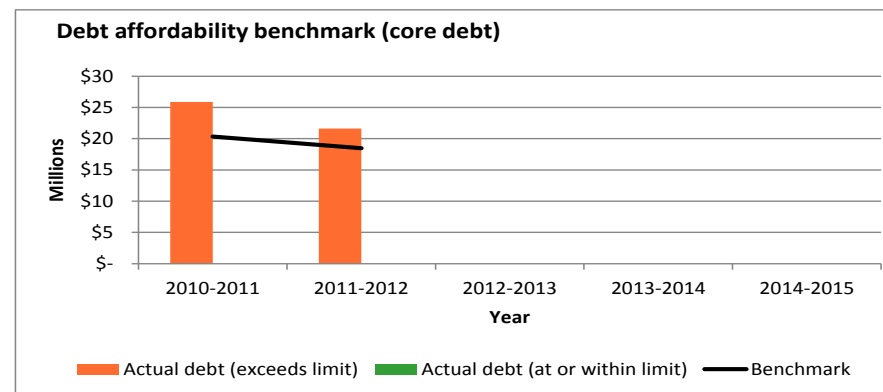
The following graphs compare the Council’s actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in the Council’s Long Term Plan.



From 01 July 2012, the quantified limits are a preferred limit of 170% of total revenue (excluding development and financial contributions, vested assets and non-cash revenue) and a maximum limit of 250% of the total revenue measure.



Prior to 30 June 2012, Council operated a segmented debt policy for debt associated with the Mangawhai Community Wastewater Scheme (MCWWS). There was no quantified limit for this.

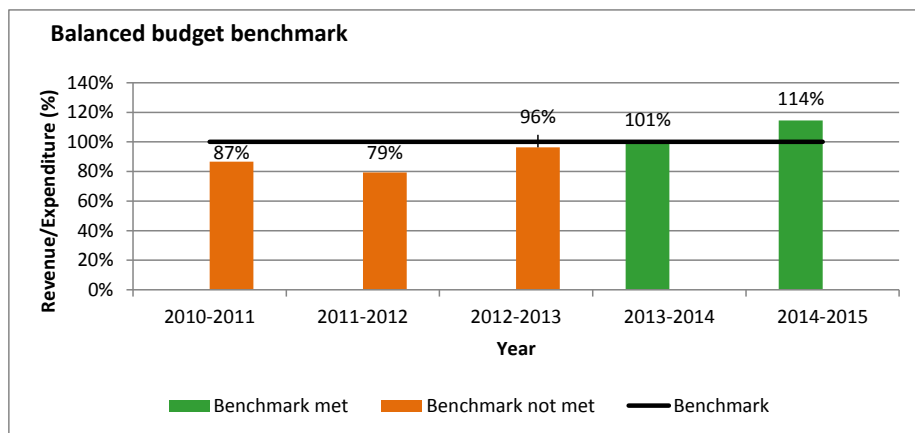


The balance of debt (“core debt”) was subject to 2:1 ratio of “normal operating revenue” to debt.

Balanced budget benchmark

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

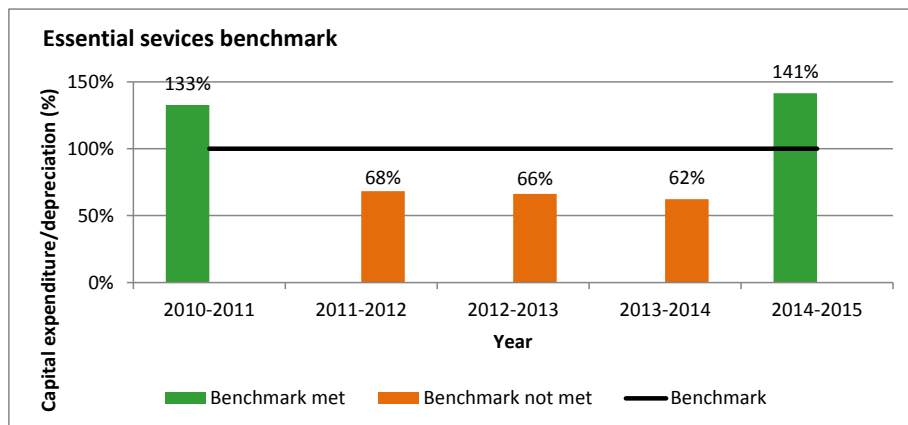
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



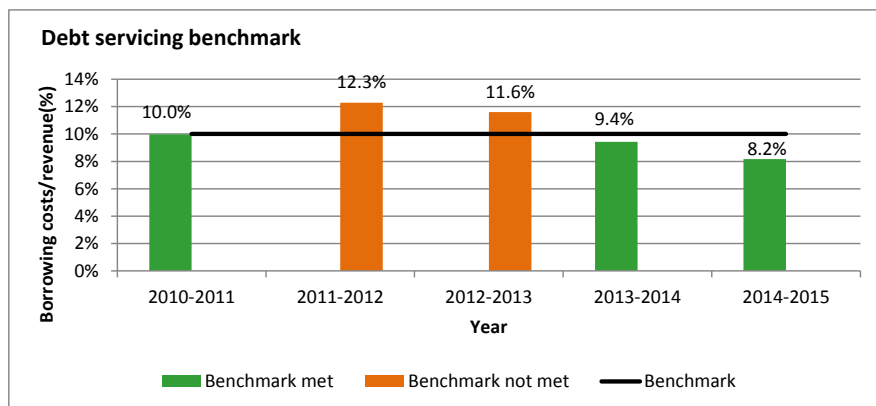
In 2012/2013, with the Long Term Plan 2012/2012, Council introduced a policy of funding depreciation to the level of renewals and progressively funding depreciation to 100% from year 4 through to year 10. This policy was to recognise the financial challenges that Council was operating in at the time and affordability issues. This is primarily the reason this benchmark is not met for the 2012/2013 and 2013/2014 years. Further, there are low levels of new capital expenditure over these two years.

Debt servicing benchmark

The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding Development Contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if it’s borrowing costs equal or are less than 10% of its revenue.

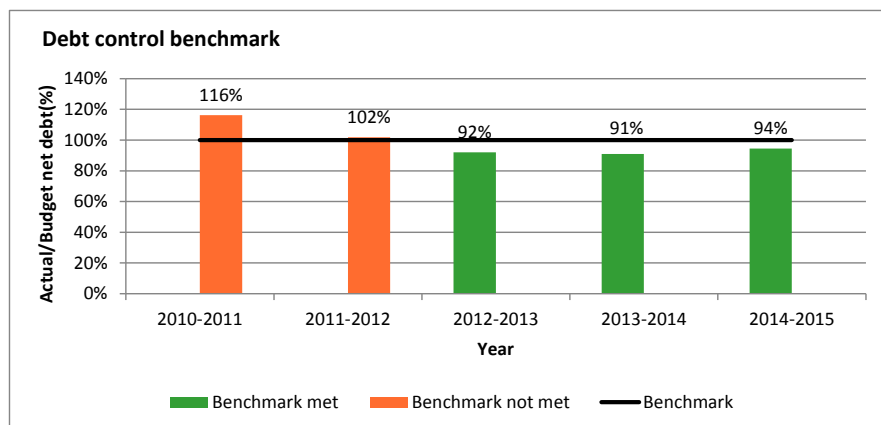
Note: Statistics New Zealand information shows that the total growth rate for New Zealand between 2006 and 2013 was 5.1%. Kaipara’s overall growth for the same period was 3.8%. Within this 3.8%, growth rates ranged from negative 9.7% for Maungaturoto to positive 44.8% for Mangawhai.



Debt control benchmark

The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

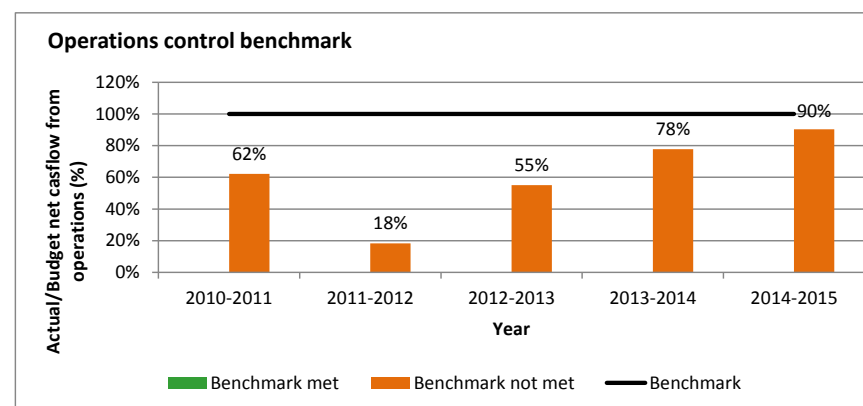
This Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the Council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



All benchmarks were met except for the operations control benchmark. This benchmark was not met primarily due to a reduction in roading capital expenditure which, in turn, reduced the subsidy received.

Notes to Financial Statements

1 Statement of Accounting Policies for the year ended 30 June 2015

Reporting entity

Kaipara District Council is a territorial local authority governed by the Local Government Act 2002.

The primary objective of Kaipara District Council is to provide goods or services for the community following the Council's four well-beings which focus on a social benefit rather than making a financial return. Accordingly, Kaipara District Council has designated itself as a Public Sector Public Benefit Entity (PS PBE). Council will be classified as a "Tier 1" entity.

The financial statements of Kaipara District Council are for the year ended 30 June 2015. The financial statements were authorised for issue by the Commissioners on 29 September 2015.

Basis of preparation

Statement of compliance

The financial statements of Kaipara District Council has been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with Tier 1 PBE Standards.

Effect of first-time adoption of PBE standards on accounting policies and disclosures

This is the first set of financial statements of the Council that is presented in accordance with PBE standards. The Council has previously reported in accordance with NZ IFRS (PBE).

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to requirements under NZ IFRS (PBE) as outlined below. There have been no material adjustments to the opening balance sheet on adoption of PBE standards.

The changes to accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

PBE IPSAS 1: Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

Receivables from exchange and non-exchange transactions: In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement affected the presentation of both current and comparative receivables figures per note 12.

PBE IPSAS 23: Revenue from Non-Exchange Transactions

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS. The application of this standard affected the presentation of revenue.

Going Concern

This Annual Report has been prepared on the assumption that Council is a going concern. Council has a reasonable expectation that Council has adequate resources to continue operations for the foreseeable future. Council has reached this conclusion by giving consideration to the circumstances which it considers likely to affect Council during the period of one year from the date of signing the 2014/2015 financial statements, and to circumstances which it knows will occur after that date which could affect the validity of the going concern assumption. As such, adoption of the assumption has been based on the provisions of PBE IPSAS 1.

Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain infrastructural and biological assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Kaipara District Council is New Zealand dollars.

Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Exchange/Non-exchange

The two types of revenue are defined as follows:

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange. Examples of exchange transactions are the purchase or sales of goods or services or the lease of equipment at market rates.

Non-exchange transactions arise where an entity receives value from another entity without giving approximately equal value in exchange. Two main types of transactions applicable to the Government reporting group are: transfers (e.g. grants, donations, gifts and pledges) and taxes (including levies).

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year for which the rates have been set and are considered to be fair value. Rates revenue is recognised when payable. Rates collected on behalf of NRC are not recognised in the Financial Statements as the Council is acting as an agent.

Grants revenue

Council receives Government grants from the NZTA, which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other revenue

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Provision of service

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods

Sales of goods are recognised when a product is sold to the customer. Sales are all in cash. The recorded revenue is the gross amount of the sale.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Kaipara District Council are recognised as revenue when control over the asset is obtained.

Interest and dividend income

Interest income is recognised using the effective interest method.

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

Development contributions

The revenue recognition point for development and financial contributions is when Council provides or is able to provide the service for which the contribution was levied. Otherwise, development or financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

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

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

Operating leases

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

Trade and other receivables

Trade and other receivables are initially measured at fair value, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence Council will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is reflected in the surplus/(deficit). When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been negotiated are reclassified as current (that is, not past due).

Financial assets

Council classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through other comprehensive revenue and expense. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus/(deficit).

Purchases and sales of investments are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are no longer recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

1 Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus/(deficit).

2 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus/(deficit).

Loans, including loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of Comprehensive Revenue and Expense as a grant.

3 Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities which Council has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus/(deficit).

4 Financial assets at fair value through other comprehensive revenue and expense

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

This category encompasses:

- Investments Council intends to hold long term but which may be realised before maturity; and
- Shareholdings Council holds for strategic purposes.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in other comprehensive revenue and expense except for impairment losses, which are recognised in the surplus/(deficit).

On de-recognition the cumulative gain or loss previously recognised in equity is recognised in the surplus/(deficit).

Impairment of financial assets

At each balance sheet date Council assesses whether there is any objective evidence a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus/(deficit). The impairment test is applied to loans and other receivables, and quoted and unquoted equity investments, as follows:

- **Loans and other receivables**

Impairment of a loan or a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus/(deficit). When the receivable is uncollectable, it is

written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, Government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority stock, Government stock, and related party and community loans is established when there is objective evidence that Council will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

- **Quoted and unquoted equity investments**

For equity investments classified as fair value through other comprehensive revenue and expense, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in other comprehensive revenue and expense) is removed from equity and recognised in the surplus/(deficit). Impairment losses recognised in the surplus/(deficit) on equity investments are not reversed through the surplus/(deficit).

Accounting for derivative financial instruments and hedging activities

Council's activities expose it primarily to the financial risks of changes in interest rates. Council uses interest rate swaps to manage its exposure. Derivative financial instruments are recognised initially at fair value. Council has elected not to hedge account for these derivative financial instruments. Changes in the fair value of the derivative financial instruments are recognised in the surplus/(deficit).

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus/(deficit).

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Property, plant and equipment

Property, plant and equipment consist of:

- *Operational Assets*
These include land, buildings, plant and equipment, and motor vehicles.
- *Restricted Assets*
Restricted assets are community housing and parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- *Infrastructure Assets*
Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

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

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

Work in progress is recognised at cost less impairment and is not depreciated.
- *Disposals*
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus/(deficit). When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.
- *Subsequent Costs*
Costs incurred subsequent to initial acquisition are capitalised only when it is probable future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Assets under construction

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

Revaluation

Infrastructural assets are revalued with sufficient regularity by independent valuers to ensure their carrying amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost.

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

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus/(deficit). Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus/(deficit) will be recognised first in the surplus/(deficit) up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

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

	Expected life years	Depreciation straight line		Expected life years	Depreciation straight line
Roading			Water Supply	20-80	1.25%-4%
Top surface (seal)	4-20	5%-25%	Wastewater	14-80	1.25%-7%
Pavement (basecourse)			Stormwater	40-80	1.25%-2.5%
• Urban sealed	40-80	1.25%-2.5%	Landfills and transfer stations	33.3	3.0%
• Rural sealed	40-80	1.25%-2.5%	Halls	50	2%
• Unsealed	2-6	5%	Community housing	50	2%
Foundation and unsealed subgrade	n/a ¹	-	Plant, equipment and motor vehicles	5-10	10%- 20%
Culverts	25-100	1%-4%	Buildings	50	2%
Kerb and channel	25-80	1%-1.25%	Building contents	10	10%
Bridges	40-100	1%-2.5%	Other plant	5	20%
Signs	12	8.3%	Computer and office equipment	5	20%
Lights	15-40	2.5%-6%	Library collection	5	20%
Footpaths	25-80	1.25%-4%			
Drainage	15-100	1%-6%			

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Easements

Easements are recognised at cost, being the costs directly attributable in bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

¹Not depreciated

Biological (forestry assets)

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus/(deficit).

The costs to maintain the forestry assets are included in the surplus/(deficit).

New Zealand Units (Forestry) – Emissions Trading Scheme

Emission Trading Units allocated under the Emissions Trading Scheme (ETS) are recognised at deemed cost based on the fair value at the date of receipt (that is, historic value). The units are recognised when they have been received and are recognised as income in the Statement of Comprehensive Revenue and Expense. Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the New Zealand Units (NZU). Gains and losses on disposals are reported in the surplus/(deficit).

After initial recognition, ETS units are measured at their fair values with gains or losses on re-measurement recognised in the surplus/(deficit).

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount.

For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus/(deficit).

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus/(deficit).

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/(deficit), a reversal of the impairment loss is also recognised in the surplus/(deficit).

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

Employee benefits Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date.

Superannuation schemes - defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Provisions

Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "Finance Costs".

Financial guarantee contracts

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting at fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if Council assess that probable expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of balance date.

Net assets/equity

Net assets/equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Net assets/equity is disaggregated and classified into a number of reserves.

The components of net assets/equity are:

- Accumulated comprehensive revenue and expense;
- Restricted reserves;
- Council-created reserves; and
- Asset revaluation reserves.

Restricted and Council-created Reserves

Restricted and Council-created reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

These reserves are subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. The Mangawhai Endowment

Fund referred to in this document includes the Mangawhai Endowment Lands Account (MELA) referred to in section 8 of *the Mangawai Lands Empowering Act 1966* (*sic*).

Also included are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Asset revaluation reserves

These reserves relates to the revaluation of property, plant and equipment to fair value.

Goods and Services Tax (GST)

All items in the Financial Statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

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

The net GST paid to, or received from IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows. Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures have been prepared using accounting policies that are consistent with those adopted by Council for the preparation of the Financial Statements.

Cost allocation

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below:

- Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity;
- Direct costs are charged directly to significant activities;
- Indirect costs are charged to significant activities using appropriate cost allocations determined by management.

Critical accounting estimates and assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the

subsequent actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Closure and post-closure provisions

Landfill closure and post-closure provisions were first established by Council in 2002 as a result of the introduction of New Zealand Financial Reporting Standard Number 15: Provisions, Contingent Liabilities and Contingent Assets (FRS-15). At the time of adoption, in accordance with FRS-15 and Generally Accepted Accounting Principles (GAAP) and with reference to additional authoritative support from other landfill operators in New Zealand, costs, deferred closure and post-closure costs and the resulting provisions were assessed and valued as at the date of adoption (June 2002) and recognised in the accounts on that basis.

All Council landfills are now closed. Provision has been made for the future costs of closing the Dargaville and Hakaru landfills being the aftercare of the landfill for the prescribed period. Estimated costs, adjusted for inflation, have been built up on an item by item basis. The provision held, at each balance date, represents the net present value of the estimated future costs. A detailed reassessment and the anticipated remaining lives of the landfills are performed regularly.

The impact of changes to the provision arising from the reassessment of the life of the landfill and estimated future costs are capitalised to deferred closure and post-closure costs within property, plant and equipment in the Statement of Financial Position. The annual change in the net present value of the provision due to the passage of time is recorded as the time value adjustment of provisions in the Statement of Comprehensive Revenue and Expense. Financial reporting standards require this to be disclosed as an interest cost in the Statement of Comprehensive Revenue and Expense.

Infrastructural Assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could

be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

Critical judgements in applying Council's accounting policies

Management has exercised the following critical judgements in applying Council's accounting policies for the period ended 30 June 2015:

- **Classification of property**

Council owns a number of properties, which are maintained primarily to provide community housing to elderly persons.

The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of Council's social development policy. These properties are accounted for as property, plant and equipment.

2 Income and Expenditure Summary for Groups of Activities

2(a) Revenue Summary (excluding Rates)

For the year ended:	Actual	Annual Plan	Annual Report
30 June	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000
<i>by Groups of Activities</i>	Note		
Community Activities	921	1,562	1,668
Regulatory Management	2,344	2,104	1,842
District Leadership	2,554	822	1,526
Emergency Management	76	118	163
Solid Waste	324	63	191
Roads and Footpaths	12,089	14,599	6,663
Stormwater Drainage	3	13	2
Flood Protection and Control Works	5	0	5
Sewerage and the Treatment and Disposal of Sewage	506	662	1,271
Water Supply	2,772	2,900	2,631
Total Groups of Activities Revenue	21,594	22,843	15,962

Operating Result for the Year

- (i) In describing the operating result for the year, all revenue and expenditure directly related to a significant activity has been included in the Funding Impact Statement for that activity.
- (ii) The allocation of Corporate Services has been applied based on Council budgeted activities.

2(b) Non-exchange Revenue Summary

For the year ended:	Actual	Annual	Annual
	2014-2015	Plan	Report
30 June	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000
Non exchange revenue			
Rates	27,838	27,110	27,322
Charges via water meter	2,673	2,829	2,619
Resource consents	695	620	611
Solid Waste recoveries	68	61	60
Community spaces access fees	6	14	22
Total Non exchange revenue	31,280	30,634	30,634
Exchange revenue	18,152	19,402	12,650
Total Revenue	49,432	50,036	43,284

Note

Disclosure has been made relating to the amended revenue accounting policy due to the introduction of PBE standards. The values have not been restated and are a further analysis of revenue only.

2(c) Cost of Service Summary

For the year ended:	Actual	Annual	Annual
	2014-2015	Plan	Report
30 June	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000
by Groups of Activities			
Community Activities	3,875	4,025	3,566
Regulatory Management	2,686	2,517	2,811
District Leadership	9,346	3,313	6,397
Emergency Management	313	336	415
Solid Waste	1,018	669	546
Roads and Footpaths	17,353	16,536	16,688
Stormwater Drainage	1,047	1,353	1,007
Flood Protection and Control Works	506	636	486
Sewerage and the Treatment and Disposal of Sewage	6,761	7,902	8,088
Water Supply	2,951	2,961	2,701
Total Groups of Activities Costs	45,856	40,248	42,705

2(d) Cost of Service Summary – Analysis

For the year ended:		Actual	Annual
30 June		2014-2015	Report
		\$'000	2013-2014
			\$'000
Analysis of Expenditure			
	Note		
Depreciation and Amortisation		9,747	9,414
Employee Benefit Expenses	i	6,016	5,277
Finance costs	ii	4,119	3,853
Impairment of Property, Plant and Equipment	20	0	0
Asset revaluation through Profit and Loss		878	1,608
Other Expenses		25,096	22,553
Total Expenditure		45,856	42,705

Salaries and Wages also include employer contributions to Kiwisaver which is a Defined Contribution Plan. Employer contributions totalled 2015: \$143,900 (2014: \$123,000).

For the year ended:		Actual	Annual
30 June		2014-2015	Report
		\$'000	2013-2014
			\$'000
Analysis of Employee Benefit Expenses			
Salaries and Wages		6,040	4,763
Increase/(Decrease) in Annual Leave Provision		-24	514
Total Employee Benefit Expenses		6,016	5,277

For the year ended:		Actual	Annual
30 June		2014-2015	Report
		\$'000	2013-2014
			\$'000
Analysis of Finance Costs			
Interest on Bank Loans		3,649	3,252
Unwind of Commitment Fees		0	39
Interest on Local Government Stock		348	413
Discount unwind on provisions		122	149
Total Finance Costs		4,119	3,853

Interest on bank loans includes hedge costs.

3 Rates Revenue

For the year ended:	Actual	Annual	Annual
30 June	2014-2015	Plan 2014-2015	Report 2013-2014
	\$'000	\$'000	\$'000
General Rate allocation			
Community Activities	2,951	2,914	2,671
Regulatory Management	425	400	351
Emergency Management	356	356	286
District Leadership	4,562	3,850	4,766
Solid Waste	843	859	745
Roads and Footpaths	9,868	9,853	10,051
Stormwater Drainage	0	124	135
Flood Protection and Control Works	7	7	7
Sewerage and the Treatment and Disposal of Sewage	1,891	1,891	1,419
Total General Rate	20,903	20,254	20,431
Targeted Rates			
Sewerage and the Treatment and Disposal of Sewage	4,949	4,901	4,888
Stormwater Drainage	1,089	1,078	1,190
Flood Protection and Control Works	600	595	527
Water Supply	14	0	0
<i>Community Activities :</i>			
Mangawhai Harbour Restoration Rate	268	267	271
Dargaville Amenity Rate	0	0	0
Ruawai/Tokatoka Hall Rate	15	15	15
Total Targeted Rates	6,935	6,856	6,891
Total Rates	27,838	27,110	27,322

3 (a) Rates Base Information

The following disclosures are made in accordance with the Local Government Act 2002 Amendment Act 2014, clause 30A of Schedule 10.

	As at 30 June 2014	As at 30 June 2013	
a	Number of rating units within the Kaipara District	14,696 units of which 14,146 are rateable	14,764 units of which 13,958 are rateable
b	Total capital value of rating units within the Kaipara District	\$6,206,788,200 of which \$6,036,684,150 is rateable	\$6,131,774,700 of which \$5,962,959,650 is rateable
c	Total land value of rating units within the Kaipara District	\$3,651,092,600 of which \$3,583,705,550 is rateable	\$3,620,788,100 of which \$3,553,872,550 is rateable

4 Subsidies and Grants

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Subsidies and Grants	Note	
NZ Transport Roading Subsidies	11,971	6,454
Total Subsidies and Grants	11,971	6,454

5 Investments and Other Income

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Investments and Other Income	Note	
Petrol Tax	153	149
Emission Trading Scheme NZUs	100	89
Gain on Disposal on Property, Plant and Equipment	29	44
Unrealised Gain on Forestry Revaluation	22 408	89
Unrealised Loss on Shareholding valuation	0	-1
Finance Income	6 70	1,064
Lump sum contributions	0	57
Vested Assets	68	115
Sundry Income	134	74
Total Investment and Other Income	962	1,680

6 Finance Income

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Finance Income	Note	
Interest - Call and Short Term Investment Accounts	70	20
Unrealised Gain on Revaluation of Interest Rate Swaps	0	1,044
Total Finance Income	70	1,064

7 Expense Item Disclosure

The following items of expenditure are included in the Statement of Comprehensive Revenue and Expense, and are shown separately.

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Fees Paid to Principal Auditor	Note	
Fees for audit of the Long Term Plan	119	0
Fees for audit of the Annual Report	164	181
Fees for other services	6	46
Total Fees Paid to Principal Auditor	289	227
Other Expenses		
Interest Expense on Borrowing	3,904	3,665
Commissioners Fees	317	373
Change to Provision for Doubtful Debts	334	183
Rental Expense on Operating Leases	156	158
Insurance Premiums	229	283
Legal and Consulting	2,951	2,399

The auditor of Council is Deloitte for and on behalf of the Auditor-General.

8 Income Tax

For the year ended:	Actual	Annual
30 June	2014-2015	Report 2013-2014
	\$'000	\$'000
Surplus/(Deficit) for the period	Note	
Surplus/(Deficit) for the period	3,576	579
Plus (less) tax effect of:		
Non taxable items	-3,576	-579
Tax Expense	0	0
Current tax	0	0
Deferred tax	0	0
Tax Expense	0	0

9(a) Ratepayers Equity

For the year ended:	Actual	Annual
30 June	2014-2015	Report 2013-2014
	\$'000	\$'000
Accumulated Comprehensive Revenue and Expense		
Balance at 1 July	390,549	391,069
plus Surplus/(Deficit) for the period	3,576	579
Transfers from Accumulated Revenue and Expense to:		
Restricted Reserves	214	205
Council Created Reserves	7,324	12,155
Total Transfers from Accumulated Comprehensive Revenue and Expense	7,538	12,360
Transfers to Accumulated Funds from:		
Restricted Reserves	139	129
Council Created Reserves	-23,921	11,132
Total Transfers to Accumulated Comprehensive Revenue and Expense	-23,782	11,261
Closing Balance as at 30 June	362,805	390,549
Asset Revaluation Reserves		
Balance at 1 July	157,936	145,217
Revaluation Gains/(Losses)	25,713	12,719
Closing Balance as at 30 June	183,649	157,936
Asset Revaluation Reserves		
Operational Assets:		
Land	302	302
Buildings	0	0
Total Operational Assets	302	302
Infrastructural Assets:		
Roads and Footpaths	165,622	139,909
Water Supply	7,192	7,192
Sewerage and the treatment and disposal of sewage	0	0
Stormwater Drainage	10,042	10,042
Flood Protection and control works	491	491
Total Infrastructural Assets	183,347	157,634
Total Asset Revaluation Reserves	183,649	157,936

9(b) Restricted and Council-created Reserve Movement

	Balance 1 July \$'000	Transfers Into fund \$'000	Transfers Out of fund \$'000	Balance 30 June \$'000		Balance 1 July \$'000	Transfers Into fund \$'000	Transfers Out of fund \$'000	Balance 30 June \$'000
Reserves Movements for 2015					Reserves Movements for 2014				
Restricted Reserves					Restricted Reserves				
Mangawhai Endowment Fund	5,618	214	-139	5,693	Mangawhai Endowment Fund	5,542	205	-129	5,618
Council Created Reserves					Council Created Reserves				
Depreciation (Asset Renewal) Reserve	2,875		-2,875	0	Depreciation (Asset Renewal) Reserve	237	4,944	-2,306	2,875
Land Subdivision Reserve	4,492		-4,492	0	Land Subdivision Reserve	3,962	596	-66	4,492
Special Loans Reserve	0		0	0	Special Loans Reserve	0			0
Dargaville Wharf Reserve	0		0	0	Dargaville Wharf Reserve	0			0
Flood protection and control works - Retained Earnings	556		-556	0	Flood protection and control works - Retained Earnings	534	112	-90	556
MCWWS Sewerage and the treatment and disposal of sewage - Retained Earnings	-11,745		11,745	0	MCWWS Sewerage and the treatment and disposal of sewage - Retained Earnings	-7,848	0	-3,897	-11,745
Other Sewerage and the treatment and disposal of sewage - Retained Earnings	345		-345	0	Other Sewerage and the treatment and disposal of sewage - Retained Earnings	185	1,725	-1,565	345
Water Supply - Retained Earnings	-125		125	0	Water Supply - Retained Earnings	30	1,255	-1,410	-125
Stormwater drainage - Retained Earnings	649		-649	0	Stormwater drainage - Retained Earnings	304	1,059	-714	649
Roads and Footpaths Contributions	1,105		-1,105	0	Roads and Footpaths Contributions	1,068	313	-276	1,105
MCWWS Development Contributions	-25,789		25,789	0	MCWWS Development Contributions	-25,937	148	0	-25,789
Other Development Contributions	12		-12	0	Other Development Contributions	1	12	-1	12
MCWWS User Capital Reserve	-12,501		12,501	0	MCWWS User Capital Reserve	-13,220	719	0	-12,501
MCWWS District Capital Reserve	-10,028		10,028	0	MCWWS District Capital Reserve	-11,300	1,272	0	-10,028
Debt Repayment Reserve	0		0	0	Debt Repayment Reserve	807	0	-807	0
Total Council Created Reserves Movements for 2015	-50,154	0	50,154	0	Total Council Created Reserves Movements for 2014	-51,177	12,155	-11,132	-50,154

Council has set aside reserves funds for the purposes of asset renewal (Depreciation Reserve), Development Contributions and Financial Contributions. These funds are grouped under the heading of Council Created Reserves. The Local Government Act 2002 requires these reserves to be separately disclosed for each activity to which they pertain. Council's Long Term Plan 2015/2025 has been prepared on this basis. The Annual Report 2014/2015 establishes the opening balances for each of the reserves.

9(c) Statement of Reserves Funds Activities

For the year ended:	Community	Emergency	District	The Provision of	Sewerage and	Stormwater	Water Supply	Total Reserves
30 June	Activities	Management	Leadership	Roads and	the Treatment	Drainage	2014-2015	Funds
	2014-2015	2014-2015	2014-2015	Footpaths	Sewage	2014-2015	2014-2015	2014-2015
	\$'000	\$'000	\$'000	2014-2015	2014-2015	\$'000	\$'000	\$'000
Council Created Reserves								
Depreciation Reserve								
<i>Opening Balance</i>	0	0	0	0	0	0	0	0
<i>Balance Transfer</i>	8	27	-89	2,171	389	75	295	2,876
Deposited	0	-1	166	3,601	909	180	1,568	6,424
Withdrawn	-8	0	-59	-3,884	-601	-149	-1,110	-5,811
Closing Balance	0	26	19	1,888	698	106	753	3,489
Development Contribution Reserve								
<i>Opening Balance</i>	0	0	0	0	0	0	0	0
<i>Balance Transfer</i>	0	0	0	835	-25,783	2	4	-24,942
Deposited	0	0	0	12	-1	4	32	47
Withdrawn	0	0	0	-396	-2,361	0	-6	-2,762
Closing Balance	0	0	0	451	-28,145	6	30	-27,657
Financial Contribution Reserve								
<i>Opening Balance</i>	0	0	0	0	0	0	0	0
<i>Balance Transfer</i>	4,492	0	0	270	0	0	0	4,762
Deposited	653	0	0	200	0	0	0	853
Withdrawn	-356	0	0	0	0	0	0	-356
Closing Balance	4,789	0	0	470	0	0	0	5,259
Provision Expenditure Reserve								
<i>Opening Balance</i>	0	0	0	0	0	0	0	0
<i>Balance Transfer</i>	0	0	0	0	0	0	0	0
Deposited	0	0	0	0	0	0	0	0
Withdrawn	0	0	0	0	0	0	0	0
Closing Balance	0	0	0	0	0	0	0	0
Restricted Council Reserves								
Restricted Reserves								
<i>Opening Balance</i>	0	0	5,618	0	0	0	0	5,618
Deposited	0	0	214	0	0	0	0	214
Withdrawn	0	0	-139	0	0	0	0	-139
Closing Balance	0	0	5,693	0	0	0	0	5,693

Purpose of each Reserve Fund:

Mangawhai Endowment Fund Reserve relates to assets vested to the Council from the Mangawhai Harbour Board via the *Mangawai Lands Empowering Act 1966* (sic). The Act requires the Fund (assets) to be held for County (or Council) purposes that are of benefit to the Mangawhai area.

Depreciation (Asset Renewal) Reserves are used for the funding of capital renewals and/or repay loans and are derived from the funding of depreciation within each asset carrying activity in accordance with the existing revenue and financing policies.

Contributions towards infrastructure growth through the provisions of Council's Development Contributions Policy are separately recognised and accounted for in contribution reserves based on the specified activities.

Financial contributions towards infrastructure growth through the provisions of the Resource Management Act are separately recognised and accounted for in financial contribution reserves based on the specified activities.

10 Cash and Cash Equivalents

For the year ended:	Actual	Annual
30 June	2014-2015	Report
	\$'000	2013-2014
	\$'000	\$'000
Cash and Cash Equivalents		
Cash on hand and balances with banks	9,926	4,588
Total Cash and Cash Equivalents	9,926	4,588

The carrying value of short term deposits with maturity dates of three months or less approximates their fair value. There were no cash or cash equivalent balances held at 30 June 2015 that were not available for use by Council. The weighted average interest rate for the year for cash and cash equivalents was 1.59% (2014: 3.86%).

11(a) Other Financial Assets

Other financial assets are valued at fair value.

For the year ended:	Actual	Annual
30 June	2014-2015	Report
	\$'000	2013-2014
	\$'000	\$'000
Other Financial Assets		
<i>Current Portion of Investments</i>		
Loan	115	15
Total Current Financial Assets	115	15
<i>Non Current Portion of Investments</i>		
Emission Trading Scheme - NZU's	257	158
Shares	16	15
Total Non Current Financial Assets	273	173

11(b) Repricing Maturities

Repricing maturities of investments were:

	< 1 Year	1-2 Years	2-5 Years	> 5 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Repricing Maturities (2015)					
Loans	15			100	115
	15	0	0	100	115
Repricing Maturities (2014)					
Loans	15	0	0	0	15
	15	0	0	0	15

11(c) Shareholdings

New Zealand Local Government Insurance Corporation Limited:

- 13,629 shares of \$1 each. Council holds 0.1% of the issued shares.

An estimate of the fair value is based on the Council's share of the net assets.

11(d) Emissions Trading Scheme (ETS)

The Council has 649 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand ETS. The ETS units had a market value of \$6.60 as at 30 June 2015 (2014: \$4.05). The implication of this for the financial statements is two-fold:

- Should the land be deforested (that is, the land is changed from forestry to being used for some other purpose), a deforestation penalty will arise; and
- As a result of the deforestation restriction, compensation units are being provided by the Government.

Compensation is provided to forestry owners via the allocation of compensation units known as New Zealand Units (NZUs) in two tranches. Council received the first tranche of 14,927 units in December 2012 and the second tranche of 24,013 in February 2013.

Compensation units are recognised at deemed cost based on the fair value at the date of receipt (that is, historic value). The units are recognised when they have been received and are recognised as income in the Statement of Comprehensive Revenue and Expense. Gains and losses are determined by comparing the disposal proceeds with the carrying amount of the NZU. Gains and losses on disposals are reported in the surplus/(deficit). After initial recognition NZUs are measured at fair value with gains or losses on re-measurement recognised in the surplus/(deficit).

12(a) Trade and Other Receivables

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Trade and Other Receivables		
Sundry Debtors	2,849	1,122
Land Rates and Penalties	5,033	6,277
Water Rates and Charges	1,010	1,022
Dog Licences and Dog Infringements	195	157
Prepayments	534	899
Gross Trade and Other Receivables	9,621	9,477
less Provision for Impairment- Land Rates	-1,999	-1,796
less Provision for Impairment - Other Debtors	-414	-283
Total Trade and Other Receivables	7,208	7,398

As at 30 June 2015 all overdue receivables, including rates, have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables, but does have rates recovery powers under the Local Government (Rating) Act 2002. Those powers are exercised to recover all rates other than on some Maori land with multiple owners, impairment of which is included in Council's doubtful debt provision.

Further disclosure has been made relating to the introduction of PBE standards. The values have not been restated and are a further analysis of receivables.

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Exchange/ Non exchange Receivables		
Exchange	3,108	1,294
Non exchange	4,101	6,104
Total Exchange/ Non exchange Receivables	7,208	7,398

12(b) Movement in Impairment Provision

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Movement in Impairment Provision		
<i>Opening Balance - Impairment Provision</i>	-2,078	-1,896
Estimated Increase/Decrease in Doubtful Debts	-335	-183
<i>Closing Balance - Impairment Provision</i>	-2,413	-2,079

The carrying value of trade and other receivables approximates their fair value.

12(c) Analysis of Total Trade and Other Receivables Ageing

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Not past due	3,403	1,768
Past due 1-30 days	148	27
Past due 31-60 days	81	929
Past due 60 days	3,576	4,674
<i>Total Trade and Receivables Ageing</i>	7,208	7,398

13 Accrued Revenue

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
<i>Accrued Revenue</i>		
Water Charges	597	570
Petrol Tax	26	25
NZTA Subsidies	251	672
Other	205	269
<i>Total Current Financial Assets</i>	1,079	1,536

14 Non-Current Assets Held for Sale

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
<i>Non-Current Assets Held For Sale</i>		
Land	0	0
Building	380	380
<i>Total</i>	380	380

15 Trade and Other Payables

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Trade and Other Payables		
Trade Creditors	3,755	2,913
Accrued Expenses	3,355	2,548
Deposits Held	1,860	1,568
Receipts Held in Advance	607	484
Income in Advance	34	36
Total Trade and Other Payables	9,611	7,549
Exchange/ Non exchange Payables		
Exchange	9,083	7,126
Non exchange	528	423
Total Exchange/ Non exchange Payables	9,611	7,549

Trade and Other Payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

16(a) Provisions

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Current Provisions		
Landfill closure and aftercare	122	119
Desludging provision to satisfy consents	0	0
Building repairs	63	63
Total Current Provisions	185	182
Non Current Provisions		
Landfill closure and aftercare	4,295	4,056
Total Non Current Provisions	4,295	4,056
Total Provisions	4,480	4,238

16(b) Provisions – Movement in the Provision

	Landfill Closure & Aftercare	Building Repair	Desludging Works	Provision for GST Liability	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
The movement in the provisions are represented by:					
2015					
Balance as at 1 July 2014	4,173	65	0	0	4,238
Passage of time adjustment	151	0	0	0	151
Amounts used	-156	-2	0	0	-158
Discount rate adjustment	249	0	0	0	249
Unused amount reversed	0	0	0	0	0
Balance at 30 June 2015	4,417	63	0	0	4,480
2014					
Balance as at 1 July 2013	4,149	65	227	115	4,556
Passage of time adjustment	148	0	0	0	148
Amounts used	-124	0	-227	-115	-466
Unused amount reversed	0	0	0	0	0
Balance at 30 June 2014	4,173	65	0	0	4,238

Landfill Aftercare Provisions

Council has resource consents to operate landfills at Dargaville and Hakaru. These landfills are now closed. Council has responsibility under the Resource Management Act (1991) to provide ongoing maintenance and monitoring of the landfills after the sites are closed.

The provision for Hakaru closure and post-closure costs was increased in 2012/2013 following an independent assessment by VK Consulting Environmental Engineers Ltd. A number of Hakaru landfill closure options were presented to Council's management including maintaining the status quo (which requires the continuation of leachate removal) through to the excavation and removal of all refuse from the site in 2025. Apart from the refuse removal option, all other options require ongoing cost to Council. Council's management preferred the removal option on the basis that it was the only option that will enable Council to eliminate the ongoing liability. The cost of the removal option was provided for in the 2012/2013 financial statements. Options for the Dargaville landfill are about to be considered and works undertaken in the next two or three years.

Closure and post-closure responsibilities include the following:

- Final cover and vegetation;
- Drainage control features to minimise infiltration of stormwater;
- Completing facilities for leachate collection and treatment;
- Ongoing monitoring as per discharge consent conditions; and
- Completing facilities for monitoring of landfill gas and ensuring no hazard exists.

Post-closure responsibilities

- Treatment and monitoring of leachate;
- Groundwater and surface water monitoring;
- Gas monitoring and flaring if required;
- Implementation of remedial measures such as needed for settlement and cracking of capping layer;
- Ongoing site maintenance for drainage systems, final cover and vegetation; and
- Ensure closed landfill is suitable for intended future use.

Provision

The cash flows for the landfill post-closures, particularly for Hakaru, are expected to occur up to 2026. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 6.12%.

The following major assumptions have been made in the calculation of the provision:

- The cost of monitoring of surface/groundwater including the removal of leachate;
- No major remedial works being required at any of the sites; and
- Costs associated with the removal of refuse from Hakaru to remain at current day levels adjusted only for inflation (3%).

17 Employee Entitlements

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Employee Entitlements	Note	
Salaries and Wages Due 30 June	182	129
Holiday Pay Accrued Due	363	385
Total Employee Entitlements	545	514

18(a) Public Debt

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Opening Balance	0	77,540
add Funds Raised	48,580	45,840
add Amortisation Loan Commitment Fees	0	39
	48,580	123,419
less Repayments	-49,012	-47,120
Closing Balance	-432	76,299
Current Portion	22,889	59,190
Non-Current Portion	52,978	17,109
Total Public Debt	75,867	76,299
Balances are represented by:		
Bank Loans	71,137	69,712
Local Government Stock	4,730	6,587
	75,867	76,299

Term Liabilities include local authority loan and bank loans with maturity dates from 2016 to 2017. Interest rates for local authority loan and bank loans range from 3.80% to 7.33%. Mangawhai Wastewater loan interest rate is set quarterly based on the bank bill rate plus a margin of 1.10% (2014:1.50%). All term liabilities are secured by either rates levied by Council, property rentals or future harvesting of trees from Council's forests.

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Maturity Dates and Interest Rates for Term Debt		
Current Portion 3.80% to 7.33%	22,889	59,190
2 to 5 years at 4.48% to 5.26%	52,978	17,109
Total	<u>75,867</u>	<u>76,299</u>

Undrawn facilities

Undrawn facilities of \$12.7 million were available at 30 June 2015 (2014: \$16.0 million).

Interest rate risk

The interest rates on Council's borrowings are disclosed above, and the rates applicable to Council's investments are disclosed in Note 10.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed rates expose Council to fair value interest rate risk. Council's Liability Management Policy outlines the level of borrowing that is to be secured using fixed rate instruments. Investments at fixed interest rates expose Council to fair value interest rate risk. If interest rates on investments at 30 June 2015 had fluctuated by plus or minus 0.5% the effect would have been to decrease/increase the fair value held for maturity reserve by \$Nil (2014: \$Nil).

The fair value of the debt is not considered to be materially different from the carrying amount.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk. Such risk is considered to be low given Council has utilised interest rate swaps to manage these risks.

Council raises long term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Under the interest rate swaps the Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts (2015: \$87 million, 2014: \$79 million).

Loan covenant

Council has loans that amount to \$75.9 million at 30 June 2015 (2014: \$76.3 million). There are a number of covenants included within the loan agreements that Council has with its bankers. These include a requirement to adopt an Annual Report within four months of the end of the financial year and then forward a copy of that Annual Report to the bank. No breach of these loan covenants has occurred during the period.

18(b) Compliance with Liability Management Policy

	Target	Achievement	Policy Compliance	Comment
	%	%	Y/N	
Overall Fixed: Floating Mix	60%-90%	75%	Yes	Achieved
Debt and Facilities/Current External Debt	110%	117%	Yes	Achieved
Net Debt as a percentage of Total Revenue	<250%	155%	Yes	Achieved
Net Interest as a percentage of Total Revenue	<20%	8%	Yes	Achieved
Net Interest as a percentage of Annual Rates Income	<30%	15%	Yes	Achieved
Fixed Rate Debt Maturity Profile:				
1 - 3 years	15% - 60%	16%	Yes	Achieved
3 - 5 years	15% - 60%	25%	Yes	Achieved
5 - 10 years	0% - 60%	59%	Yes	Achieved
Debt Maturity Profile:				
0 - 3 years	15% - 60%	100%	No	Out of policy position approved by Council 15 May 2015
3 - 5 years	15% - 60%	0%	No	Out of policy position approved by Council 15 May 2015
5 years plus	10% - 40%	0%	No	Out of policy position approved by Council 15 May 2015

19 Financial Instruments

All financial instruments in the Financial Statements are carried at their amortised costs with the exception of shares in companies, interest rate swaps and ETS units - refer Notes 11(c) and 11(d). Financial Instruments, which potentially subject Council to credit risk, consist of bank and debtor balances. Rates debtors are secured by a lien over land. There is no collateral for other debtors. Council is not exposed to any concentration of credit risk.

Council is risk averse and seeks to minimise exposure arising from its treasury activities. To this end, Council invests funds in deposits with registered banks.

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20(a) Property, Plant and Equipment

	Opening Cost \$'000	Opening Accumulated Depreciation & Impairment Charges \$'000	Carrying Amount \$'000	Additions Current Year \$'000	Reclass Current Year \$'000	Net Disposals Current Year \$'000	Transfer to Assets Held for Sale \$'000	Impairments Current Year \$'000	Depreciation Current Year \$'000	Revaluation Surplus/(Loss) Current Year \$'000	Closing Cost/ Revaluation \$'000	Closing Accumulated Depreciation & Impairment Charges \$'000	Carrying Amount \$'000
	1-Jul-14	1-Jul-14	1-Jul-14								30-Jun-15	30-Jun-15	30-Jun-15
Property, Plant and Equipment: 2015													
<i>Infrastructural Assets</i>													
Roads and Footpaths	426,511	0	426,511	9,878	431	0	0	0	-6,279	25,713	456,254	0	456,254
Stormwater Drainage	21,372	-364	21,008	196	22	0	0	0	-367	0	21,590	-731	20,859
Flood Protection and Control Works	12,285	-101	12,184	140	0	0	0	0	-104	0	12,425	-205	12,220
Sewerage and the Treatment and Disposal of Sewage Plant	48,765	0	48,765	296	93	0	0	0	-1,340		49,154	-1,340	47,814
Sewerage and the Treatment and Disposal of Sewage Land	4,548		4,548	0	0	0	0	0	0	-878	3,670	0	3,670
Water Supply	27,831	-1,110	26,721	853	117	0	0	0	-1,153	0	28,801	-2,263	26,538
Solid Waste	1,314	-1,194	120	4	0	0	0	0	0	0	1,318	-1,194	124
Work in Progress	698	0	698	1,705	-671	0	0	0	0	0	1,732	0	1,732
Total Infrastructural Assets	543,324	-2,769	540,555	13,072	-8	0	0	0	-9,243	24,835	574,944	-5,733	569,211
<i>Restricted Assets</i>													
Reserves	17,481	0	17,481	166	0	0	0	0	0	0	17,647	0	17,647
Community Housing	2,238	-301	1,937	75	0	0	0	0	-45	0	2,313	-346	1,967
MEF Property	817	0	817	0	0	0	0	0	0	0	817	0	817
Halls	2,108	-476	1,632	0	0	0	0	0	-41	0	2,108	-517	1,591
Total Restricted Assets	22,644	-777	21,867	241	0	0	0	0	-86	0	22,885	-863	22,022
<i>Operational Assets</i>													
Land	7,415	-102	7,313	0	0	0	0	0	0	0	7,415	-102	7,313
Buildings	6,144	-1,189	4,955	323	0	0	0	0	-126	0	6,467	-1,315	5,152
Building Contents	1,388	-1,109	279	19	0	0	0	0	-32	0	1,388	-1,122	266
Mobile Plant (incl MV's)	979	-755	224	162	0	-47	0	0	-68	0	740	-469	271
Static Plant	106	-106	0	0	0	0	0	0	0	0	106	-106	0
Library Books	183	-37	146	58	0	0	0	0	-42	0	241	-79	162
Office Equipment	3,270	-2,853	417	218	0	0	0	0	-150	0	3,488	-3,003	485
Total Operational Assets	19,485	-6,151	13,334	780	0	-47	0	0	-418	0	19,845	-6,196	13,649
Total Property, Plant and Equipment	585,453	-9,697	575,756	14,093	-8	-47	0	0	-9,747	24,835	617,674	-12,792	604,882

	Opening Cost	Opening Accumulated Depreciation & Impairment Charges	Carrying Amount	Additions Current Year	Reclass Current Year	Net Disposals Current Year	Transfer to Assets Held for Sale	Impairments Current Year	Depreciation Current Year	Revaluation Surplus/(Loss) Current Year	Closing Cost/Revaluation	Closing Accumulated Depreciation & Impairment Charges	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment: 2014	1-Jul-13	1-Jul-13	1-Jul-13								30-Jun-14	30-Jun-14	30-Jun-14
Infrastructural Assets													
Roads and Footpaths	415,625	0	415,625	3,640	618	-5	0	0	-6,086	12,719	426,511	0	426,511
Stormwater Drainage	21,372	0	21,372	0	0	0	0	0	-364	0	21,372	-364	21,008
Flood Protection and Control Works	12,240	0	12,240	45	0	0	0	0	-101	0	12,285	-101	12,184
Sewerage and the Treatment and Disposal of Sewage Plant	54,952	-3,706	51,246	415	0	0	0	0	-1,288	-1,608	48,765	0	48,765
Sewerage and the Treatment and Disposal of Sewage Land	4,548		4,548								4,548		4,548
Water Supply	27,053	0	27,053	778	0	0	0	0	-1,110	0	27,831	-1,110	26,721
Solid Waste	1,314	-1,194	120	0	0	0	0	0	0	0	1,314	-1,194	120
Work in Progress - Roads and Footpaths	618	0	618	698	-618	0	0	0	0	0	698	0	698
Total Infrastructural Assets	537,722	-4,900	532,822	5,576	0	-5	0	0	-8,949	11,111	543,324	-2,769	540,555
Restricted Assets													
Reserves	17,450	0	17,450	52	0	0	-21	0	0	0	17,481	0	17,481
Community Housing	2,238	-257	1,981	0	0	0	0	0	-44	0	2,238	-301	1,937
Swimming Pool (old)	0	0	0	0	0	0	0	0	0	0	0	0	0
MEF Property	817	0	817	0	0	0	0	0	0	0	817	0	817
Halls	2,220	-434	1,786	0	0	-112	0	0	-42	0	2,108	-476	1,632
Total Restricted Assets	22,725	-691	22,034	52	0	-112	-21	0	-86	0	22,644	-777	21,867
Operational Assets													
Land	8,115	-102	8,013	0	0	-510	-190	0	0	0	7,415	-102	7,313
Buildings	6,072	-1,067	5,005	72	0	0	0	0	-122	0	6,144	-1,189	4,955
Building Contents	1,323	-1,083	240	65	0	0	0	0	-26	0	1,388	-1,109	279
Mobile Plant (incl MV's)	946	-688	258	33	0	0	0	0	-67	0	979	-755	224
Static Plant	106	-106	0	0	0	0	0	0	0	0	106	-106	0
Library Books	130	-6	124	53	0	0	0	0	-31	0	183	-37	146
Office Equipment	2,930	-2,720	210	340	0	0	0	0	-133	0	3,270	-2,853	417
Total Operational Assets	19,622	-5,772	13,850	563	0	-510	-190	0	-379	0	19,485	-6,151	13,334
Total Property, Plant and Equipment	580,069	-11,363	568,706	6,191	0	-627	-211	0	-9,414	11,111	585,453	-9,697	575,756

Council has applied the historical cost method under PBE IPSAS for buildings and land other than land under roads. Land under roads will, like all other infrastructural assets, continue to be revalued periodically, but at least every three years. .

Restricted assets are held by Council for the benefit of the community and are not, because of their nature or the title to their ownership, generally available for disposal by Council.

Land associated with sewerage and the treatment and disposal of sewerage has been reclassified in both the current year and the comparatives.

Urban portions of the State Highway network

The ownership of urban portions of the State Highway network is unclear although there is legal opinion indicating that the ownership rests with local authorities. NZTA maintains these highways in their entirety without any costs accruing to local authorities. The Kaipara district contains 17.7kms of urban State Highway.

As a consequence, even if ownership resides with local authorities, in practice NZTA controls the economic resources. Pending clarification of ownership and further consideration of the accounting issue which may arise, Council has not recognised the urban portion of the State Highway network as an asset in these financial statements.

Land with a value of \$501,000 was identified as an error in the Fixed Asset Register. This has been corrected as a prior year adjustment by amending the comparative values for fixed assets and equity. As a consequence the comparatives published differ from the previous year.

Accounting for revaluations

The most recent valuations were effective as at 30 June 2015. The names, and asset responsibility, of the valuers engaged are as follows:

Accounting for revaluations

The most recent valuations were effective as at 30 June 2015. The names, and asset responsibility, of the valuers engaged are as follows:

Valuer	Asset responsibility
MWH New Zealand Limited (independent external professional engineers and valuers)	Roads and Footpaths
Quotable Value	Land under Sewerage

The methodology base of all infrastructural valuations was Depreciated Replacement Cost, with reference as necessary to the following standards - PB IPSAS17 (Property, Plant and Equipment), PB IPSAS21 (Impairment of Assets), National Asset Management Steering Group (NAMS Group), NZ Infrastructural Asset Valuation and Depreciation Guidelines (version 2), the Local Government Act 2002, and NZPI Standards.

Infrastructure valuations

Roads and Footpaths, Stormwater Drainage, Flood Protection and Control Works, Sewerage and the Treatment and Disposal of Sewage and Water Supply assets are valued under at least a three-yearly valuation cycle. Stormwater Drainage, Flood Protection and Control Works and Water Supply assets were not revalued as at 30 June 2015. These will be revalued in 2015/2016. Sewerage and the Treatment and Disposal of Sewage will be revalued in 2016/2017.

The previous valuation for the roads and footpaths was completed 30 June 2014 by MWH New Zealand Limited who is an independent firm of professional advisors.

There are a number of estimates and assumptions exercised when valuing infrastructure assets using the Depreciated Replacement Cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement costs of the asset. The replacement cost is derived from recent contracts in the region for similar assets.
- Estimating the remaining useful life over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset the Council could be over/or under-estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise the risk infrastructure asset useful lives have been determined with reference to the NZ Infrastructure Asset Valuation and Depreciation Guidelines published by the NAMS Group and have been adjusted for local conditions based on past experience.

Community halls

- Council is currently in the process of handing back community halls to local communities. No halls were transferred in the current year. There has been no adjustment to the fixed assets note 20(a) in the 2014/2015 financial year to reflect the pending transfer of assets back to the community.

Impairment

Impairment losses of \$nil (2014: \$nil) have been recognised for property, plant and equipment.

20(b) Property, Plant and Equipment – Analysis

	Closing Book Value	Acquisitions Constructed	Acquisitions Vested	Latest Estimate of Replacement Cost
	\$'000	\$'000	\$'000	\$'000
	30-Jun-15	30-Jun-15	30-Jun-15	30-Jun-15
Property, Plant and Equipment: 2015				
<i>Infrastructural Assets</i>				
Roads and Footpaths	456,254	9,811	67	574,328
Stormwater Drainage	20,859	196	0	30,432
Flood Protection and Control Works	12,220	140	0	16,102
<i>Sewerage and the Treatment and Disposal of Sewage</i>				
Treatment Plants and Facilities	32,479	125	0	44,179
Other Assets	19,005	171	0	29,538
<i>Water Supply</i>				
Treatment Plants and Facilities	13,412	121	0	29,764
Other Assets	13,126	732	0	38,582
Property, Plant and Equipment: 2014				
<i>Infrastructural Assets</i>				
Roads and Footpaths	426,509	4,143	115	524,638
Stormwater Drainage	21,005	0	0	30,432
Flood Protection and Control Works	12,185	45	0	16,102
<i>Sewerage and the Treatment and Disposal of Sewage</i>				
Treatment Plants and Facilities	34,048	324	0	45,057
Other Assets	19,264	91	0	29,538
<i>Water Supply</i>				
Treatment Plants and Facilities	13,791	404	0	29,764
Other Assets	12,930	374	0	38,582

20(c) Capital Expenditure (Disposals) for Year

For the year ended:	Actual	Annual
30 June	2014-2015	Report
	\$'000	2013-2014
	\$'000	\$'000
Capital Expenditure		
Community Activities	513	52
Regulatory Management	0	0
Emergency Management	0	0
District Leadership	508	563
Solid Waste	4	0
Roads and Footpaths	11,583	4,093
Stormwater Drainage	196	36
Flood Protection and Control Works	140	45
Sewerage and the Treatment and Disposal of Sewage	296	507
Water Supply	853	895
Total Capital Expenditure	14,093	6,191
Disposals		
Community Development	0	-112
MEF Property	0	0
Other	-47	-516
Total Disposals	-47	-628

Explanations - significant variances from Annual Plan

An accelerated programme of work was planned for 2014/2015 following the collection of outstanding rates. Limited resources have meant an underspend in the current year. Completion of these works are now planned for future years.

21(a) Depreciation Summary

For the year ended:	Actual	Annual Plan	Annual Report
30 June	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000

by Groups of activities

Community Activities	146	153	136
Regulatory Management	0	13	14
Emergency Management	0	15	0
District Leadership	362	275	315
Solid Waste	0	1	0
Roads and Footpaths	6,280	6,598	6,086
Stormwater Drainage	367	378	364
Flood Protection and Control Works	104	103	101
Sewerage and the Treatment and Disposal of Sewage	1,335	1,325	1,288
Water Supply	1,153	1,140	1,110
Total Groups of activities Depreciation	9,747	10,001	9,414

21(b) Insurance of Assets

The following disclosures are made in accordance with the Local Government Act 2002, Amendment Act 2014, clause 31A of Schedule 10:

		2015 \$000's	2014 \$000's
A	Total value of all assets that are covered by insurance contracts	108,574	108,067
	Maximum amount to which these assets are insured	91,141	88,586
B	Total value of all assets that are covered by financial risk sharing arrangements	Nil	Nil
	Maximum amount available to Council under those arrangements	Nil	Nil
C	Total value of all assets that are self-insured	514,227	488,823
	Value of any fund maintained by Council for that purpose	Nil	Nil

22 Biological Assets

In accordance with Council's accounting policy requiring annual revaluations, Chandler Fraser and Keating (Forestry Consultants) performed an independent Desk-Top valuation of the forests as at 30 June 2015. The calculation of the revaluation was fair value less estimated point of sale costs. Fair value was determined based on:

- The present value of expected net cash flows discounted at a current market determined rate of 11% (2014:12%) for mature trees, and
- The replacement cost method for younger trees.

The movement in asset value is as follows:

For the year ended:	Actual	Annual
30 June	2014-2015	Report
	\$'000	2013-2014
	\$'000	\$'000
Forestry Assets Movements		
Opening balance	2,289	2,200
Annual revaluation movement	488	169
Harvesting removals	-80	-80
Closing balance	2,697	2,289

Council acquired the Hobson County Council forestry estate as a consequence of the 1989 Local Government Amalgamation process which formed Kaipara District Council.

Council owns and leases nine small forest blocks of radiata pine (656 productive hectares) which are at strongly biased toward young replanted strands (2-15 years) and an area of 22-24 year strands. The overall weighted average is 11.6 years.

Valuation assumptions

- A discount rate of 11% (2014; 12%) has been used in discounting the present value of future cash flows;
- Notional land rental costs have been included for freehold land;
- The forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis;

- Log prices are based upon the valuers latest survey supplemented by local prices to reflect the Northland market and takes into account key price drivers (market prices, exchange rates and shipping). It is assumed beyond five years prices remain flat;
- The replacement cost methodology has been applied for the younger strands at \$1,250 per hectares to provide a 'floor value'.

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices, foreign exchange rates, disease, climatic conditions and potential plagues (rodent and insect). Council reviews these risks regularly in considering the need for active financial management.

Council strategy in respect of these forestry assets involves outsourcing the annual maintenance and harvesting, of all the individual blocks, to a specialist firm of forest management professionals, with a view to maximising financial returns. Such returns are then utilised on an annual basis for capital improvements across the District. There is no rating input into the operation of this activity.

23 GST in Statement of Cash Flows

The GST (net) component of operating activities reflects the net GST paid and received with the IRD. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

24 Reconciliation of Net Surplus/(Deficit) to Net Cash Flow from Operating Activities

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Surplus/(Deficit)	Note	
Surplus/(Deficit)	3,576	579
add Non-cash movements		
Property, Plant and Equipment vested to Council	-67	-115
Gain/(Loss) on sale of assets	-4	567
Forest Estate and Shareholding Revaluations	-408	-89
Grants made for divestment of community halls	0	100
Amortisation of loan commitment fees	0	39
Asset revaluation through Profit and Loss	878	1,608
Increase/(Decrease) in Provisions	242	-318
Depreciation	20, 21 9,747	9,414
Unrealised (gain)/loss on interest rate swaps	3,233	-1,044
Allocation of Emission Trading Scheme NZUs	-99	-89
Other	0	38
Total Non-cash Movements	13,522	10,111
add/(deduct) Movements in Working Capital Items		
Trade and Other Receivables	190	681
Accrued Revenue	457	-149
Employee Entitlements	31	116
Trade and Other Payables (net of capital accruals)	2,062	110
Total Movement in Working Capital Items	2,740	758
Net Cash Inflow from Operating Activities	19,838	11,448

25 Capital Commitments and Operating Leases

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
Capital commitments		
Property, Plant and Equipment	1,806	1,366
Total Capital commitments	1,806	1,366
Operational non-cancellable contracts		
Not later than one year	11,871	13,827
Later than one year and not later than five years	3,080	4,668
Later than five years	265	277
Total Operational non-cancellable contracts	15,216	18,772
Operating leases as lessee		
Not later than one year	156	158
Later than one year and not later than five years	101	253
Total Operating leases as lessee	257	411
Operating leases as lessor		
Not later than one year	32	60
Later than one year and not later than five years	78	94
Later than five years	61	76
Total Operating leases as lessor	171	230

The operating leases are in relation to Council properties.

26 Contingent Liabilities

For the year ended:	Actual	Annual
30 June	2014-2015	Report
	\$'000	2013-2014
	\$'000	\$'000
Contingent Liabilities		
Guarantees to other organisations	1,003	1,003
Total Contingent Liabilities	1,003	1,003

Guarantees

Council has given a \$750,000 guarantee to Westpac Banking Corporation Ltd on loan advances to the Mangawhai Harbour Restoration Society. The purpose of the loan advance was to fund the Society's harbour restoration project. The Society funds the loan repayments from Council grants. Council has for many years and plans to continue to rate properties in the catchment area of the Mangawhai Harbour to fund the grants. The Society controls all of the activities of the restoration project. The Society's loan balance at 30 June 2015 was \$181,034 (2014 \$193,103).

Council has given a \$100,000 guarantee to the ASB Bank Limited in respect of their loan to the Mangawhai Club Incorporated.

In 1998 a \$108,000 letter of credit was issued in favour of the NRC, being a performance bond in respect of the future capping of District landfills.

A \$45,000 guarantee to the Bank of New Zealand exists, for Council credit card limits.

In respect of all of the above guarantees, Council has assessed the risk factor and any uncertainty at zero. Therefore any question of reimbursement is not applicable.

Mangawhai Ratepayers and Residents Association Appeal (CA 331/2014)

The Mangawhai Ratepayers and Residents Association (MRRA) laid Judicial Review proceedings (CIV- 2013-488-00152) against Council in the High Court in March 2013. The proceedings originally had three causes of action. The first relates to the decision-making process followed by Council in approving construction of the Mangawhai Community Wastewater Scheme and entering into the borrowing arrangements required to finance the scheme. The second relates to historical rating irregularities and the third to the 2009 Development Contributions Policy.

The matter was heard by Justice Heath in February 2014 and decisions subsequently issued on 28 May 2014 and 18 July 2014. In its decisions the Court has found that:

- While the decisions made by Council in 2006 and 2007 to enter into agreements which provided for the construction of the scheme and its funding were entered into in breach of Part 6 of the Local Government Act 2002 and were therefore unlawful, the agreements constitute protected transactions, under the Local Government Act 2002, and hence Council has an obligation to repay the debt.
- The passing of the Kaipara District Council (Validation of Rates and Other Matters) Act 2013 validated previous rating and development contribution irregularities.

The MRRA has now appealed the High Court decision to the Court of Appeal. If the MRRA was to win, Council may need to refund historical rates. Council could also be prevented from setting rates to service the debt. Council considers it unlikely that the MRRA will be granted the relief it is seeking. The hearing dates for of the appeal were 25 and 26 August 2015.

Mangawhai Ratepayers and Residents Association and RB and HE Rogan (CIV–2015–488–95)

On 16 July 2015 Northland Regional Council and Kaipara District Council were served with a Notice of Proceeding by Mangawhai Ratepayers and Residents and Richard Bruce Rogan and Heather Elizabeth Rogan who have applied for a Judicial Review in regard to the validity of rates from 2011/2012 to 2015/2016. The proceeding is being jointly defended by Northland Regional Council and Kaipara District Council. Council has assessed the risk and does not consider this to be a material issue. A date has yet to be set for a hearing.

Building weathertightness claims

Council is subject to two building claims in respect of repair costs for leaky buildings. At balance date there was one claim for \$7,000 which has been inactive for several years, being dealt with through the Weathertight Homes Resolution Service. There has been no activity on the other claim of \$25,000 since December 2007. This claim is being handled through Council's insurers.

Council no longer has insurance cover for any weathertightness claims received after 30 June 2009. No provision has been made due to the low likelihood of any additional claims in relation to weathertightness.

Community housing caveat

Council undertook the modernisation of 34 of its community housing units. The works programme was completed in March 2009. The programme was funded by the Housing New Zealand Corporation by way of an interest-free suspensory loan, conditional on the completion of the work, after which the liability ceased. A

caveat remains, however, requiring Council to neither withdraw from providing community housing, nor significantly altering its investment in this joint-funded housing modernisation programme.

At this time Council does not expect to withdraw or significantly alter its investment in social housing. The total value of the interest-free suspensory loan is \$1,020,000 which was previously recognised as revenue.

Riskpool exposure

New Zealand Mutual Liability Riskpool (Riskpool) provides public liability and professional indemnity insurance for its members. 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 re-insurance recoveries) in any fund year, then the Board may make a call on members for that fund year. Council has no knowledge of any further calls.

Earthquake risk to buildings

Council is required, under the Building Act 2004 to have an Earthquake Prone Buildings Policy. Under this policy Council is required to assess whether there is any risk to buildings in the Kaipara District. At this point Council has only just begun the task of evaluating buildings to determine if they may be earthquake prone. The former Municipal Chambers Building in Dargaville has been identified as having an earthquake risk and is defined as earthquake prone under the building code New Building Standard (N.B.S). Assessments by qualified building engineers estimated structural repairs could cost up to a maximum of \$425,000. The chances of a moderate earthquake that would cause structural damage actually occurring in Dargaville are deemed to be a low risk.

27 Related Party Transactions

For the year ended:	Actual	Annual Report
30 June	2014-2015	2013-2014
	\$'000	\$'000
<i>Key Management Personnel Compensation</i>		
Salaries and other short term employee benefits	928	1,102
<i>Total Key Management Personnel Compensation</i>	928	1,102

Key management personnel include the Chief Executive, senior management and a team of three Commissioners. In 2015 the key Management Team was increased to six members (2014: five members).

During the year Council purchased no services from any key management personnel other than as disclosed in this note. During the year the Commissioners and senior management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates etcetera).

There are no material amounts owing to related parties at year end.

28 Statutory Disclosures and Remuneration

For the year ended:	Actual	Annual
30 June	2014/2015	Report 2013/2014
Chief Executive Remuneration:		
<i>Note</i>		
Outgoing Chief Executive (ceased 3 Oct 2014)		
Salary	100,615	222,453
Lump sum payment	0	15,000
Vehicle	5,000	20,000
Other Benefits	4,092	10,925
Total Outgoing Chief Executive Remuneration	109,707	268,378
Acting Chief Executive (commenced 3 Oct 2014)		
Salary	68,110	0
Lump sum payment	0	0
Vehicle	4,644	0
Other Benefits	6,312	0
Total Acting Chief Executive Remuneration	79,066	0
Commissioners Remuneration:		
Chairperson of Commissioners:		
John Robertson	194,261	194,600
Commissioners:		
Richard Booth	60,577	48,825
Colin Dale	0	41,625
Peter Winder	55,575	52,533
Total Commissioners Remuneration	310,413	337,583

For the year ended:	Actual	Annual
30 June	2014/2015	Report 2013/2014
Council Employees remuneration:		
Annual Remuneration by band:		
\$0 - \$60,000	46	45
\$60,000 - \$80,000	22	21
\$80,000 - \$100,000	8	7
\$100,000 - \$120,000	9	7
\$120,000 - \$160,000		4
\$120,000 - \$180,000	4	
\$220,000 - \$240,000	1	
\$240,000 - \$280,000		1
Total Employees by remuneration band	90	85
Number of Employees:		
Full time employees	77	68
Part time employees (FTE)	5.9	9.2
Total Employees (FTE)	82.9	77.2
Severance Payments to Employees	0	21,000
Redundancy Payments to Employees	14,067	-
Number of Employees	1	1

29(a) Categories of Financial Assets and Liabilities

For the year ended:		Actual	Annual
30 June		2014-2015	Report
		\$'000	2013-2014
			\$'000
Loans and Receivables			
Cash and Cash Equivalents	10	9,926	4,588
Trade and Other Receivables	12	7,208	7,398
Property Mortgage	11	0	0
Loan	11	115	15
Total Loans and Receivables		17,249	12,001
Financial assets:			
Fair Value through Profit and Loss			
Interest Rate Swaps	29	0	463
Financial Assets - Shares	11	16	15
Emission Trading Scheme - NZU's	11	257	158
Total Fair Value through Profit and Loss		273	636
Financial Liabilities measured at Amortised Cost			
Trade and Other Payables	15	9,611	7,549
Public Debt	18	75,867	76,299
Total Financial Liabilities measured at Amortised Cost		85,478	83,848
Financial Liabilities at Fair Value through Profit and Loss			
Interest Rate Swaps	29	2,819	49
Total Financial Liabilities at Fair Value through Profit and Loss		2,819	49

For the year ended:		Actual	Annual
30 June		2014-2015	Report
		\$'000	2013-2014
			\$'000
Fair Value Hierarchy			
ETS - NZU's		Level 1	
Interest Rate Swaps		Level 2	
Financial Assets - shares		Level 3	

Financial instrument risks

Council has a series of policies to manage the risk associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Maximum exposure to credit risk

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

Council's Investment Policy limits the amount of credit exposure to any one financial institution or organisation. Investments in other local authorities are secured by charges over rates. Other than other local authorities, the group only invests funds with entities that have a Standard and Poor's credit rating of at least AA-.

Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

29(b) Financial Instrument Risks

For the year ended:		Actual	Annual
30 June		2014-2015	Report
		\$'000	2013-2014
			\$'000
Council's maximum credit exposure by class	Note		
Cash and Cash Equivalents	10	9,926	4,588
Trade and Other Receivables	12	7,208	7,398
Interest Rate Swaps	29	0	463
Total Council's maximum credit exposure by class		17,134	12,449

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit rating (if available) or to historical information about counterparty default rates:

For the year ended:		Actual	Annual
30 June		2014-2015	Report
		\$'000	2013-2014
			\$'000
Counterparties with Credit Ratings			
Cash and Cash Equivalents:			
	AA	0	0
	AA-	9,926	4,588
	Total Cash and Cash Equivalents	9,926	4,588
	AA	0	0
	AA-	0	463
	Total Interest Rate Swaps	0	463
	Total Financial Instrument Assets	9,926	5,051

Debtors and other receivables mainly arise from Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. Council has no significant concentrations of credit risk in relation to debtors and other receivables. The Local Government (Rating) Act 2002 provides powers to recover outstanding debts from ratepayers.

29(c) Contractual Maturity of Financial Liabilities

The table below analyses Council's non-derivative financial liabilities to relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

		Principal Carrying Amount \$'000	Contractual Cash Flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Maturity Analysis Financial Liabilities							
<i>Council 2015</i>							
Trade and Other Payables	15	9,611	9,611	9,611	0	0	0
Public Debt	18	75,867	82,999	26,242	2,516	54,240	0
Total Council 2015		85,478	92,610	35,853	2,516	54,240	0
<i>Council 2014</i>							
Trade and Other Payables	15	7,549	7,549	7,549	0	0	0
Public Debt	18	76,299	78,667	60,847	17,820	0	0
Total Council 2014		83,848	86,216	68,396	17,820	0	0

Note: Contractual cash flows includes principal and interest.

29(d) Contractual Maturity of Derivative Financial Assets and Liabilities

	Notional Value \$'000	Fair Value \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
Maturity Analysis - Council 2015						
<i>Derivative Financial Assets</i>						
Interest Rate Swaps	0	0	0	0	0	0
Total Derivative Financial Assets	0	0	0	0	0	0
<i>Derivative Financial Liabilities</i>						
Interest Rate Swaps	87,000	2,819	3	36	913	1,867
Total Derivative Financial Liabilities	87,000	2,819	3	36	913	1,867
Maturity Analysis - Council 2014						
<i>Derivative Financial Assets</i>						
Interest Rate Swaps	35,000	463	14	25	157	267
Total Derivative Financial Assets	35,000	463	14	25	157	267
<i>Derivative Financial Liabilities</i>						
Interest Rate Swaps	44,000	49	0	0	13	36
Total Derivative Financial Liabilities	44,000	49	0	0	13	36

Liquidity Risk**Management of Liquidity Risk**

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

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months. Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted as part of Council's Long Term Plan 2012/2022.

29(e) Sensitivity Analysis

The following table illustrates the potential profit and loss and equity (excluding retained earnings) impact for reasonable possible market movements, with all other variables held constant, based on Council's non-derivative financial instrument exposures at balance date.

	Actual 2014-2015 \$'000 -100bps Profit	Actual 2014-2015 \$'000 -100bps Equity	Actual 2014-2015 \$'000 +100bps Profit	Actual 2014-2015 \$'000 +100bps Equity	Actual 2013-2014 \$'000 -100bps Profit	Actual 2013-2014 \$'000 -100bps Equity	Actual 2013-2014 \$'000 +100bps Profit	Actual 2013-2014 \$'000 +100bps Equity
Interest Rate Risk								
Financial Assets								
Cash and Deposits	-99	-99	99	99	-46	-46	46	46
Total Financial Assets	-99	-99	99	99	-46	-46	46	46
Financial Liabilities								
Public Debt	191	191	-191	-191	213	213	-213	-213
Total Financial Liabilities	191	191	-191	-191	213	213	-213	-213
Total Sensitivity to Interest Rate risk	92	92	-92	-92	167	167	-167	-167

30 Capital Management

The Council's capital is its ratepayers' equity, which comprises retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Local Government Act 2002 and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, Council has in place AMPs for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Local Government Act 2002 requires the Council to make adequate and effective provision in its Long Term Plan and in its Annual Plan (where applicable) to meet the expenditure needs identified in those Plans. The Local Government Act 2002 sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's Long Term Plan.

Details of Council's various reserves can be found in Note 9.

31 Service Concession Arrangement

Council has a service concession arrangement, with the Trility Pty Ltd (2014: Works Infrastructure Group now renamed Trility Pty Ltd), in respect of operation of the MCWWS. The obligation on Council, under the arrangement, is the payment of an annual operating toll for a period of 10 years, which commenced on 01 August 2009. The total financial commitment during those 10 years, excluding the annual inflation adjustments which apply to the contract, is approximately \$9.3 million spread fairly evenly by year. The \$9.3 million is the present value, and includes a quantum of asset renewal expenditure being provided by, and paid for, by Trility Pty Ltd.

There have been no changes in the service arrangement since its inception.

The arrangement may, or may not, be renegotiated toward the end of the 10 year period. Council has a contractual option to require the operator to enter a new arrangement, for a further five years, on the same terms and conditions, subject to agreement on the quantum of toll payments.

The services arrangement reflects in these annual accounts only to the extent of the \$903,166 booked as wastewater operating expenses for 2014/2015 (2014: \$1,047,447).



How to read this section

What we do

This section includes a description of the services offered in each activity.

Why we do it

This section includes a brief description of why we undertake this activity on your behalf, including the benefits to the community and which community outcome the activity contributes to.

What we did this year

This section includes a brief description of what we did in that activity over the last year.

What levels of service we agreed to provide

This section includes service level statements, our targets for performance against each service level, and our measure on how we performed against those targets. Where targets are not achieved, an explanation is provided.

A number of these performance measures are based on the Communitrak Survey 2015 which was completed in January 2015. The survey was conducted via telephone interviews with 303 respondents, 74 from the Dargaville Ward, 122 from the Otamatea Ward and 107 from the West Coast/Central Ward. This survey is intended to give an indication of residents' satisfaction with Council services.

Significant negative effects

This note outlines the significant negative effects (if any) from the activity and the initiatives planned or in place to address these effects.

Operating expenditure and revenue

This section details the expenditure and revenue for each group of activities, and how the financial performance compares to what was budgeted for the year. Variances are explained.

Funding Impact Statement – Whole of Council – Operating and Capital

For the year ended:	Actual	Annual	Annual	Annual
30 June 2015	2014-2015	Plan	Report	Plan
	\$'000	2014-2015	2013-2014	2013-2014
		\$'000	\$'000	\$'000
Operating funding				
Sources of operating funding				
General rates, uniform annual general charges, rate penalties	20,903	20,255	20,431	19,851
Targeted rates (other than a targeted rate for water supply)	6,934	6,855	6,891	6,959
Subsidies and grants for operating purposes	5,201	3,834	4,254	3,658
Fees, charges and targeted rates for water supply	7,066	6,723	6,887	6,407
Interest and dividends from investments	70	72	20	194
Local authorities fuel tax, fines, infringement fees and other receipts	384	164	439	286
Total operating funding	40,558	37,903	38,922	37,355
Application of operating funding				
Payments to staff and suppliers	28,205	25,944	28,870	26,112
Finance costs	4,119	4,504	3,853	4,027
Other operating funding applications	0	0	0	0
Total applications of operating funding	32,324	30,448	32,723	30,139
Surplus (deficit) of operating funding	8,234	7,455	6,199	7,216

For the year ended:	Actual	Annual	Annual	Annual
30 June 2015	2014-2015	Plan	Report	Plan
	\$'000	2014-2015	2013-2014	2013-2014
		\$'000	\$'000	\$'000
Capital funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	6,770	10,544	2,200	6,292
Development and financial contributions	1,595	1,423	941	1,177
Increase (decrease) in debt	-432	2,754	-1,280	-950
Gross proceeds from sale of assets	219	15	635	15
Lump Sum Contributions	0	0	0	0
Total sources of capital funding	8,152	14,736	2,496	6,534
Applications of capital funding				
Capital Expenditure - to meet additional demand	351	372	152	185
Capital Expenditure - to improve the level of service	2,066	5,291	1,347	3,129
Capital Expenditure - to replace existing assets	11,609	16,612	4,692	10,377
Increase (decrease) in reserves	2,360	-84	2,504	59
Increase (decrease) of investments	0	0	0	0
Total applications of capital funding	16,386	22,191	8,695	13,750
Surplus (deficit) of capital funding	-8,234	-7,455	-6,199	-7,216
Funding Balance	0	0	0	0

Funding Impact Statement –Whole of Council - Comparatives as reported in 2013/2014

For the year ending:	Actual	Annual Plan	Annual Report	Annual Plan	For the year ending:	Actual	Annual Plan	Annual Report	Annual Plan
30 June 2014	2013-2014	2013-2014	2012-2013	2012-2013	30 June 2014	2013-2014	2013-2014	2012-2013	2012-2013
	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
Operating funding					Capital funding				
Sources of operating funding					Sources of capital funding				
General rates, uniform annual general charges, rate penalties	20,431	19,851	9,398	9,284	Subsidies and grants for capital expenditure	2,200	6,292	2,733	5,775
Targeted rates (other than a targeted rate for water supply)	6,891	6,959	15,067	14,680	Development and financial contributions	941	1,177	696	1,155
Subsidies and grants for operating purposes	4,254	3,658	4,103	3,657	Increase (decrease) in debt	-1,280	-950	-1,546	-877
Fees, charges and targeted rates for water supply	6,887	6,407	7,008	6,714	Gross proceeds from sale of assets	134	15	330	15
Local authorities fuel tax, fines, infringement fees and other receipts	1,680	421	2,946	468	Lump Sum Contributions	0	0	0	0
Total operating funding	40,143	37,296	38,522	34,803	Total sources of capital funding	1,995	6,534	2,213	6,068
Application of operating funding					Applications of capital funding				
Payments to staff and suppliers	28,937	26,112	27,098	23,862	Capital Expenditure - to meet additional demand	152	185	12	249
Finance costs	3,853	4,027	4,580	4,133	Capital Expenditure - to improve the level of service	1,347	3,129	1,626	2,773
Other operating funding applications	0	0	0	0	Capital Expenditure - to replace existing assets	4,692	10,377	4,936	9,588
Total applications of operating funding	32,790	30,139	31,678	27,995	Increase (decrease) in reserves	2,984	0	2,370	266
Surplus (deficit) of operating funding	7,353	7,157	6,844	6,808	Increase (decrease) of investments	173	0	113	0
					Total applications of capital funding	9,348	13,691	9,057	12,876
					Surplus (deficit) of capital funding	-7,353	-7,157	-6,844	-6,808
					Funding Balance	0	0	0	0

The comparatives have been adjusted and the prior year's report included for ease of reference. The Funding Impact Statements have been adjusted to specifically exclude any non-cash items. This has resulted in some change to the Whole of Council Funding Impact Statement and Reconciliation to the Comprehensive Revenue and Expense.

Reconciliation of Funding Impact Statement to Statement of Comprehensive Revenue and Expense

For the year ended:	Actual	Annual Plan	Annual Report
30 June	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000
Revenue			
Statement of Comprehensive Revenue and Expense			
Total Revenue	<u>49,432</u>	<u>49,953</u>	<u>43,284</u>
Funding Impact Statement			
Total operating funding	40,559	37,903	38,922
Total sources of capital funding	8,365	11,967	3,141
add Provisions	508	83	1,221
Total Revenue	<u>49,432</u>	<u>49,953</u>	<u>43,284</u>
Expenses			
Statement of Comprehensive Revenue and Expense			
Total Expenses	<u>45,856</u>	<u>40,248</u>	<u>42,705</u>
Funding Impact Statement			
Total applications of operating funding	32,324	30,448	32,723
Restatement - Land write-off	-501	0	501
add Depreciation expense	9,747	10,001	9,414
add Provisions	4,286	-201	67
Total Expenses	<u>45,856</u>	<u>40,248</u>	<u>42,705</u>

Reconciliation of Funding Impact Statement to Statement of Comprehensive Revenue and Expense – Comparatives as reported in 2013/2014

For the year ending:	Actual	Annual	Annual
30 June	2013-2014	Plan	Report
	\$'000	2013-2014	2012-2013
	\$'000	\$'000	\$'000
Revenue			
Statement of Comprehensive Income			
<i>Total Revenue</i>	<u>43,284</u>	<u>44,765</u>	<u>41,951</u>
Funding Impact Statement			
Total Operating Funding	40,143	37,296	38,522
Sources of Capital Funding	3,141	7,469	3,429
<i>Total Sources of Funding</i>	<u>43,284</u>	<u>44,765</u>	<u>41,951</u>
<i>Total Revenue</i>	<u>43,284</u>	<u>44,765</u>	<u>41,951</u>
Expenditure			
Statement of Comprehensive Income			
<i>Total Expenditure</i>	<u>42,204</u>	<u>44,012</u>	<u>40,969</u>
Funding Impact Statement			
Total applications of operating funding	32,790	29,942	31,678
add Depreciation Expense	9,414	14,070	9,291
<i>Total Expenditure</i>	<u>42,204</u>	<u>44,012</u>	<u>40,969</u>

Community Activities

What we do

Community activities that Council supports or delivers include an open space network, libraries, community spaces, street amenities, public toilets, community housing, and grants. Council owns the Northern Wairoa War Memorial Hall (Dargaville Town Hall). Other halls in the District are now owned and/or managed by community volunteer organisations.

Community assistance

Council offers grants to community organisations that apply under the Community Assistance Policy, and meet the criteria. The grants are discretionary and the final decision is made as a Council resolution. Council continues to distribute the income from the Mangawhai Endowment Land Account (MELA). Decisions are made by the MELA Committee which consists of two Commissioners and two appointed members from the Mangawhai community.

Open spaces

Council provides a network of open spaces to cater for physical exercise, visual amenity, and environmental protection. The maintenance is contracted out through competitive tender, with the exception of some development work at Taharoa Domain (Kai Iwi Lakes) which is done directly by Council.

Council has one camp ground at Taharoa Domain (Kai Iwi Lakes), that it owns and operates and five that are owned by Council but are run by independent operators under lease or other contractual agreements.

Community housing

Council owns 56 residential units in Dargaville, Ruawai and Mangawhai for single person accommodation. Tenants need to be over the age of 55 and capable of independent living.

Libraries

Council operates the Dargaville Library. This is the only Council library within Kaipara. There are a further four volunteer libraries in:

- Papanui;
- Maungaturoto;
- Kaiwaka; and
- Mangawhai.

There is a joint school/community library in Ruawai.

All libraries share a catalogue, and collection. All libraries except Ruawai use the same Council computer system.

Why we do it

Most functions within this activity are discretionary. However, there is significant community support for many of the functions and most are listed in the Local Government Act 2002 as core services for a Council.

What we did this year

Community assistance

The Community Assistance Policy was applied as usual this year. The applicants for Operational one-off grants were considered and funds allocated in February 2015. Applications for funds from the MELA were also considered and agreed by the MELA Committee, made up of two Commissioners and two community members. Applicants for Contracts for Service and Capital Grants assistance were considered and agreed as part of the Annual Plan 2014/2015.

This past year the following organisations received Council funding support:

Applicant	Amount
Pouto Marine Hall	\$6,500 for each of the next three years for care of two public toilets
Kaiwaka Cemetery Board	\$1,000 for each of the next three years for care of the cemetery
Tara Road Cemetery Trust	\$1,000 for each of the next three years for care of the cemetery
Tinopai Community Hall Society Inc.	\$9,853 for each of the next three years for care of the public toilets
Pahi Reserve Society Inc.	\$7,000 for care of the public toilets
Dargaville Gardens Trust	\$62,192 for care of the gardens
Mangawhai Information Centre	\$3,700 for each of the next three years for operating the Information Centre
Sport Northland	\$26,000 as a contribution towards sport and recreation programmes in Kaipara District
Surf Lifesaving Northern Region	\$23,000 for services provided at Kaipara District's two beaches over summer
Kauri Coast Community Pool Trust	\$250,000 for running the community pool

Applicant	Amount
Dargaville Citizens Advice Bureau	\$8,000 for each of the next three years for operating a community advice service
Paparoa Rural Fire Service	\$4,844 for each of the next three years for rent on the property used for the service
Ruawai Library	\$2,100
Mangawhai Library	\$8,900
Kaiwaka Library	\$3,000
Maungaturoto Public Library	\$10,978
Paparoa Community Library	\$11,102
Hakaru Community Hall	\$875 for hall insurance
Insurance for all handed-back community halls	Additional \$16,500
Maungaturoto Centennial Community Hall	Capital grant of \$10,000 as a contribution to the upgrade of the hall's carpark
Paparoa War Memorial Hall	Capital grant of \$10,000 as a contribution to the upgrade of the hall's carpark

The Kellys Bay Improvement Society received materials for progressing the existing seawall at Kellys Bay to the approximate value of \$3,000.

The capital expenditure programme has been delivered as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Replacement of northern ablution block at Mangawhai Camp	Cancelled	\$159,000	Project cancelled as this camp ground is now leased out commercially.
Renewal of northern ablution block Mangawhai Holiday Park	Cancelled	\$155,000	Project cancelled as this camp ground is now leased out commercially.
High window mechanical/electrical operating system at the Northern Wairoa War Memorial Hall, Dargaville	Completed	\$11,000	\$11,500 was spent on replacing 26 windows in the Hall which had been indicated as urgent by Award inspection building report.
Library collection purchases	Completed	\$60,000	\$58,270 spent on book purchases.

Description of project	Stage	Budget from Annual Plan	Progress description
New public toilet (1)	In progress	\$61,000	Alamar Crescent Toilet. The toilet design has been confirmed and built off-site. Once building consent is approved the toilet can be located on-site and connected to services which is expected to happen early 2015/2016.
Public toilet and park surround renewal	Carried over	\$131,000	Project not completed and funds carried forward.
Toilet refurbishment (1)	Completed	\$61,000	Toilets at Victoria Street and Maungaturoto refurbished.
North Settlement Reserve/Alamar Crescent/boat ramp area at Mangawhai Heads capacity improvements	Carried over	\$100,000	Project not completed and funds carried forward.
Implementation of Mangawhai Park Master Plan	In progress	\$100,000	A new toilet adjacent to the MAZ site has been designed and constructed off-site. Once building consent is approved the toilet will be located on-site and connected to services. This is expected to happen early 2015/2016. Work was also undertaken on establishing the Historic Village on-site.
Implementation of the Pou Tu o Te Rangi/Harding Park Reserve Management Plan	In progress	\$100,000	Although priority projects were identified they were put on hold as an archaeological authority is required to undertake these works.
Improve drainage within Mangawhai Domain to allow all-season use	Completed	\$30,000	Project complete.
Improve drainage within Selwyn Park, Dargaville to allow all-season use	Carried over	\$30,000	Project not complete and funds carried forward.
Taharoa Domain Reserve Management Plan review (Kai Iwi Lakes)	Ongoing	\$40,000	Plan review has made substantial progress last year.
Memorial Park changing sheds	Carried over	\$100,000	Project not complete and funds carried forward.

Description of project	Stage	Budget from Annual Plan	Progress description
Memorial Park Reserve Management Plan	Completed	\$50,000	This Reserve Management Plan is now completed and adopted by Council.
Omnibus Reserve Management Plan for similar types of reserves	Initial stage	\$80,000	While initial work has started, this project will be completed in the 2015/2016 year.
Reserves projects identified through Community Planning	N/A	\$60,000	Parks and reserve improvement projects have been undertaken as identified by the community through the community planning programme.
Mangawhai Tracks Charitable Trust	Completed	\$5,000	Complete.
Replace shower units/fittings in social housing units	Not completed	\$9,000	Building condition assessment completed placing priority on roofing and insulation at Awakino Road. First stage completed for three units at a cost of \$16,000.
Shed for mobility scooters at Awakino Road units	Not completed	\$5,000	One shelter for scooters away from the units has proved to be unpopular amongst the tenants as they do not want to have to walk to their scooters. Tenants would prefer individual housing attached to their units. The possibility and cost of a lockable dry shed attached to each unit is currently being investigated.
Mangawhai housing for the elderly shower renewal	Not completed	\$22,000	Nil spent.
Stove and window replacements	Partially completed	\$9,000	\$6,200 has been spent. There has been a lot of correspondence back and forth about concern at unnecessary expense over replacing windows at Kauri Court. Stove and windows are replaced as required.
Total		\$1,378,000	

Open spaces

Council has entered into a management agreement for the Mangawhai Heads Camp Ground. This was signalled in the Long Term Plan 2012/2022.

A large part of the budget for the planned works has been transferred to the 2015/2016 year. The source of all the funding is reserves contributions. Reserve contributions are collected from property development under provisions in the Resource Management Act and Kaipara District Plan, for investment in open space enhancements and must be used for that purpose.

Council has developed a new toilet at Memorial Park and upgraded toilets at Selwyn Park, Dargaville.

At Taharoa Domain, Council has installed power points at Pine Beach Camp Ground, Kai Iwi Lakes and constructed five boardwalks for beach access. In partnership with the NRC, Council has planted 300 plants, removed acacia, wattle and wilding pines, and aerial sprayed pampas.

Council has not completed the Baylys Beach toilet renewal, construction of new toilets at Mangawhai Community Park (MAZ) and Alamar Crescent/North Avenue, and planned drainage improvements at Selwyn Park. These projects will be completed in the 2015/2016 year.

Council has also deferred work at Harding Park/Pou Tu o Te Rangi that included track development and pa site clearance and is applying for an Archaeological Authority from Heritage New Zealand. Again, these projects will be completed in the 2015/2016 year.

Council has three parks that are now co-governed: Harding Park/Pou Tu o Te Rangi with Te Uri o Hau; Taharoa Domain with Te Roroa and Te Kuihi; and Mangawhai Community Park with members of the community. The development of these reserves has been slowed down as the new governance committees are established and get up to speed in the case of Mangawhai and Harding/Pou Tu o Te Rangi arks, and while the RMP review for Taharoa Domain is processed. The new RMP for Memorial Park in Dargaville has been completed.

A first version of an Asset Management Plan (AMP) for Reserves and Open Spaces was completed. This is still a work in progress.

All other work on reserves and open space was delivered as planned. This included a Council contribution of \$30,000 to improve drainage at the Mangawhai Domain.

Community housing

The units are fully occupied although there has been regular turnover, mainly due to residents requiring additional health services. The units have been refurbished on a case-by-case basis, between tenancies. In May 2014 a request was received from the Dargaville Foundation Trust to manage the community houses in

Dargaville and Ruawai. Council agreed to a due diligence period for the Trust to work with Council to further develop their business case. This has yet to reach a conclusion.

The units in Awakino Road Dargaville received major works throughout the year which included resealing of the driveway at the units, reroofing and installing insulation in three of the six roofs that require replacement. The remaining three units are scheduled for reroofing in 2015/2016.

Libraries

Libraries were operated as usual for this year. Feedback continues to be received that the Dargaville Library is too small. While there are aspirations to grow the service, there is currently no ability for Council to fund any sizeable service improvements. Council is investigating a new layout for the library to utilise the space more efficiently.

Northern Wairoa War Memorial Hall/old Municipal Chambers Building

This hall was reasonably well used this year. A community cinema and the Citizens Advice Bureau also operate out of the hall. Some maintenance issues have been identified in regard to the hall and the adjacent Municipal Chambers Building. Currently, 26 windows along the back of the hall are being replaced and the roof on the Municipal Chambers Building is also being replaced. The Municipal Chambers Building has been left vacant while the roof is being replaced.

The contribution of this activity to community outcomes

Community outcome	How this activity or service contributes
Sustainable economy	Provides open spaces and facilities that encourage tourism, visitors and travellers.
Strong communities	Provides open spaces and facilities that encourage social interaction and healthy pursuits.
Safety and good quality of life	Provides open spaces and facilities that are safe and meet community expectations.
Special character and healthy environment	Provides open spaces and facilities that safeguard the environment.

Community Activities – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June 2015	2014-2015	2014-2015	2013-2014	30 June 2015	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
Operating funding				Capital funding			
Sources of operating funding				Sources of capital funding			
General rates, uniform annual general charges, rate penalties	2,951	2,914	2,653	Subsidies and grants for capital expenditure	0	0	0
Targeted rates (other than a targeted rate for water supply)	283	282	282	Development and financial contributions	653	511	270
Subsidies and grants for operating purposes	61	0	0	Increase (decrease) in debt	0	492	228
Fees, charges and targeted rates for water supply	850	1,046	980	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	190	190	248	Lump Sum Contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	10	5	5	Total sources of capital funding	653	1,003	498
Total operating funding	4,345	4,437	4,168	Applications of capital funding			
Application of operating funding				Capital Expenditure - to meet additional demand	0	0	0
Payments to staff and suppliers	3,268	3,422	3,376	Capital Expenditure - to improve the level of service	336	1,123	458
Finance costs	152	152	168	Capital Expenditure - to replace existing assets	255	255	170
Internal charges and overheads applied	489	488	494	Increase (decrease) in reserves	498	0	0
Other operating funding applications	0	0	0	Increase (decrease) of investments	0	0	0
Total applications of operating funding	3,909	4,062	4,038	Total applications of capital funding	1,089	1,378	628
Surplus (deficit) of operating funding	436	375	130	Surplus (deficit) of capital funding	-436	-375	-130
				Funding Balance	0	0	0

Financial comment

- Lower fees received due to the leasing of the Mangawhai Camp Ground during the year. This also reduced payments to staff and suppliers and \$0.3 million of capital expenditure; and
- Capital expenditure is further below budget due to timing of construction works affecting public toilets and reserves.

Community Activities – Performance Measures

Community assistance						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Council supports the assistance of its communities by enabling them to implement their own community initiatives.	Percentage of Council local grant funding is distributed to local organisations for specific projects or for the maintenance of a facility which is of benefit to the community.	100%	100%	82%	100%	Achieved.

Community spaces						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Community benefits To provide and enhance open spaces, linkages and facilities to promote community well-being and enjoyment.	Percentage of residents who are very/fairly satisfied with their local parks and sports fields.	85%	76%	85%	74%	Not achieved. Council recognised that a number of parks required deferred maintenance to be undertaken at a number of high profile areas such as Taharoa Domain, Selwyn Park, Taha Awa Gardens, and Mangawhai Heads. Council has also lifted the level of active auditing of the

Community spaces						
						main contractor to ensure the specifications are being delivered.
	Percentage of residents who are very/fairly satisfied with their public conveniences.	65%	64%	67%	61%	Not achieved. Council has a programme to upgrade toilets to meet customer expectations. Selwyn Park and Victoria Street were refurbished. New hand driers and soaps dispensers have been installed in our high profile locations.
	User satisfaction with cleanliness and lack of litter and graffiti.	70%	80%	83%	82%	Achieved.

Facilities						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Affordability To provide housing suitable for the elderly who have difficulty providing it themselves.	Percentage of tenants satisfied with standard of accommodation and services.	95%	94%	95%	91%	Not achieved. Tenants are requiring a better standard of maintenance and additional facilities.

Facilities						
	Percentage of tenants who rate responses as excellent/good.	94%	92%	90%	94%	Achieved.
	Net cost to ratepayers for Council's housing services.	Zero	Zero	Zero	Zero	Achieved.
	Annual occupancy rate.	90%	100%	90%	97%	Achieved.

Libraries						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Accessibility To provide accessible library services to the residents of Kaipara.	Percentage of households that have used the District's libraries in the past 12 months.	75%	52%	53%	54%	Not achieved. On par with previous years.
Quality To provide a range of quality resources and material relevant to the residents of Kaipara.	Percentage of residents who are very/fairly satisfied with Kaipara District's library services.	81%	78%	89%	86%	Achieved.
	To comply with Library and Information Association of New Zealand Aotearoa (LIANZA) guidelines for populations of 5,000 or more the Public Library	Achieved	Achieved	Achieved	Achieved	Achieved.

Libraries						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
	in Dargaville is open for 43 hours per week including Saturdays.					

Community Activities – Significant Negative Effects

- Sometimes when Council takes a step in providing support it can create an expectation of ongoing assistance – dependency can be created. This is the opposite of what Council seeks to achieve – resilient, vibrant, sustainable communities albeit supported strategically by Council;
- The desire by the community to access the coast can raise cultural issues if access is close to sacred Māori land;
- Insufficient parking provided at parks can cause spill-over onto adjacent roads; and
- Traffic management issues can arise from significant community events.

Regulatory Management

What we do

Council delivers:

- Building control services – Council processes building consents and undertakes inspection work. Council issues Property Information Memoranda (PIMs);
- Resource management services – processing of resource consent applications, issuing Land Information Memoranda (LIMs);
- Environmental health services – controlling food safety, sale of liquor, registering premises where there is a restricted use, monitoring gambling and responding to complaints; and
- Animal management services – including dog licensing, managing through contract impounding facilities for stock and dogs, responding to complaints and public education.

Council is an accredited Building Control Authority and, as part of this, intends to continually improve consent processing times, quality assurance systems and address the backlog of outstanding code compliance certificates.

Why we do it

Council delivers regulatory services as required under multiple Acts and regulations on behalf of central government. These include:

- Building Act 2004, and associated regulations including the New Zealand Building Code;
- Resource Management Act 1991 and the Kaipara District Plan;
- Sale and Supply of Alcohol Act 2012;
- Health Act 1956;
- Food Act 1981;
- Dog Control Act 1996; and
- Impounding Act 1955.

What we did this year***Building control services***

Council's Regulatory Team received a clean International Accreditation New Zealand (IANZ) audit of the Building Control function in September 2014. This was after the previous audit in December 2013 identified 13 corrective actions that needed to be addressed. All corrective actions and further recommendations have been addressed. Council also installed new software as a service (AlphaOne) consent processing and inspections system that went live in the previous financial year, with excellent results continuing from its use this year in a time of increasing workloads from more demand. Field-based technology using tablets has also been introduced as planned, restricted only by coverage. Council received a highly commended award for the improvement process from the New Zealand Society of Local Government Managers (SOLGM) this year. The improvement programme required some unbudgeted investment. Fees and charges for building services have been reviewed for implementation in July 2015.

Council ensured building quality was checked by carrying out inspections of new buildings to ensure they comply with consented building plans and inspecting construction of a building to ensure that the code of compliance is achieved. Properties were also visited where enforcement by Council for breaches of the Building Act was required. This included illegal activity that the inspectors became aware of either through complaints about unauthorised work or while carrying out their other duties in the field.

Resource management

Council has transferred most of its resource management activities to an in-house team. This is working well with improvements in efficiency even at a time when the number of consent applications has significantly increased. Fees and charges for resource consents have also been reviewed for the new financial year.

Council has also undertaken proactive monitoring to ensure compliance with resource consents conditions. Properties were also visited where enforcement by Council for breaches of the district plan or resource consents was required. This included illegal activity or unauthorised work that the monitoring officer became aware of either through complaints or while carrying out their other duties in the field.

Animal management

Council purchased another software programme as a service this year – Reg the Dog. It was implemented during the last week of June 2015 and allows online registration and payment of dog fees. Customers are already appreciating the new service. The animal control contract was extended for a further year (minus dog registration) with ENL.

Environmental health

The new Alcohol Act is now fully implemented and going well. The new Food Act has begun to be implemented, however the full cost of this will not occur until the 2015/2018 years as premises transition. The Northland District Health Board has been contracted for a further year to manage food and licensed premises regulations.

The contribution of this activity to community outcomes

Community outcome	How this activity or service contributes
Strong communities	Provides for community participation in resource management issues.
Safety and good quality of life	Public health and safety protected through administration of rules, and monitoring of standards.
Special character and healthy environment	Works within development framework to ensure the environment is protected.

Regulatory Management – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual	Annual	For the year ended:	Actual	Annual	Annual
30 June 2015	2014-2015	Plan	Plan	30 June 2015	2014-2015	Plan	Plan
	\$'000	2014-2015	2013-2014		\$'000	2014-2015	2013-2014
		\$'000	\$'000			\$'000	\$'000
Operating funding				Capital funding			
Sources of operating funding				Sources of capital funding			
General rates, uniform annual general charges, rate penalties	425	400	329	Subsidies and grants for capital expenditure	0	0	0
Targeted rates (other than a targeted rate for water supply)	0	0	0	Development and financial contributions	0	0	0
Subsidies and grants for operating purposes	0	0	0	Increase (decrease) in debt	0	0	-1
Fees, charges and targeted rates for water supply	2,336	2,026	1,709	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	359	359	180	Lump Sum Contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	8	78	0	Total sources of capital funding	0	0	-1
Total operating funding	3,128	2,863	2,218	Applications of capital funding			
Application of operating funding				Capital Expenditure - to meet additional demand	0	0	0
Payments to staff and suppliers	2,399	2,291	1,831	Capital Expenditure - to improve the level of service	0	0	0
Finance costs	0	0	0	Capital Expenditure - to replace existing assets	0	0	0
Internal charges and overheads applied	572	572	386	Increase (decrease) in reserves	157	0	0
Other operating funding applications	0	0	0	Increase (decrease) of investments	0	0	0
Total applications of operating funding	2,971	2,863	2,217	Total applications of capital funding	157	0	0
Surplus (deficit) of operating funding	157	0	1	Surplus (deficit) of capital funding	-157	0	-1
				Funding Balance	0	0	0

Financial comment

- Total operating surplus is \$0.2 million higher than budget primarily due to higher fees from increased resource consent volumes which is partially offset by higher payments to staff and suppliers.

Regulatory Management – Performance Measures

Building control						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Customer benefits Ensure effective response to customer enquiries about building standards.	Percentage of customers who rate requests for service responses as excellent/good.	90%	64%	Not measured	Not measured	This question was not included in the 2013/2014 or the 2014/2015 annual surveys. It has been put back into the survey questions for 2015/2016.
Responsiveness To process applications in accordance with statutory timeframes.	Percentage of building consents processed within 18 working days.	95%	98%	92%	98.5%	Achieved.
	Percentage of project information memoranda processed within 18 working days.	95%	98%	100%	100%	Achieved.
	Percentage of code compliance certificates (CCC) issued within 20 working days.	100%	96%	99%	100%	Achieved.
Quality Monitoring building consent applications and inspections to ensure projects comply with New Zealand Building Code.	Advise building owners / occupiers of the expiry date of their warrant of fitness one month before the expiry date.	95%	100%	100%	100%	Achieved.

Part of Council's role is the monitoring and enforcement of building standards. This is achieved through onsite inspections and where necessary by the requirement for certificates of acceptances to be applied for, or by the issuing of notices to fix.

Resource consents						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Customer benefit Ensure effective response to customer enquiries about District Plan/resource consent requirements.	Percentage of customers who rate requests for service responses as excellent/good.	90%	51%	Not measured	Not Measured	This question was not included in the 2013/2014 or the 2014/2015 annual surveys. It has been put back into the survey questions for 2015/2016.
Responsiveness To process applications in accordance with statutory timeframes.	Percentage of non-notified resource consents processed within 18 working days.	95%	88%	43%	95%	Achieved.
	Percentage of resource consents notified by Council subject to objections/appeals against consent condition.	<=3%	66%	33%	2%	Achieved.
	Percentage of land information memoranda processed within 10 working days.	100%	100%	100%	100%	Achieved.
Quality Resolving of complaints concerning breaches of earthwork and sediment control conditions.	Percentage of complaints concerning breaches of resource consent conditions for earthworks and/or sediment control that are resolved to ensure compliance within 5 working days.	96%	94%	62%	100%	Achieved.

In addition to responding to and monitoring complaints about breaches of resource consent conditions, Council also undertakes proactive monitoring of compliance some of which is covered by fees and charges.

Environmental health						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Health and safety customer service Regulate commercial operations to protect public health.	Percentage of food premises inspected at least once per year.	100%	100%	100%	100%	Achieved.
	Percentage of liquor premises inspected at least once per year.	100%	100%	100%	100%	Achieved.
Reliability Respond to environmental issues in the interest of protecting public health.	Percentage of customers who rate requests for service responses as excellent/good.	95%	Not measured	Not measured	Not Measured	This question was not included in the 2013/2014 or the 2014/2015 annual surveys. It has been put back into the survey questions for 2015/2016.

Animal management						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Reliability Respond to animal management issues.	Percentage of customers who rate requests for service responses as excellent/good.	95%	53%	47%	46%	Not achieved. New key performance indicators and measurements have been

Animal management						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
(Note: This performance statement has changed as the previous statement repeated that for Reliability under Environmental Health).						devised for ENL to improve public opinion. It is also believed that the new Reg the Dog online registration will bring increased customer satisfaction.

Regulatory Management – Significant Negative Effects

- There are no significant negative effects arising from provision of this activity. The provision of regulatory services may, however, cause a negative reaction against Council as a regulatory authority determining what people can or cannot do on private land or as part of a private business or for the level of charges levied for these services; and
- There may be potential adverse economic effects if the processing of consents is carried out in a non-efficient or non-timely manner.

Emergency Management

What we do

Emergency management consists of two activities – civil defence and rural fire. In civil defence, Council's role is to increase community awareness, understanding and preparedness for emergencies, reduce the risk from natural hazards to the District and enhance the District's capability to manage and recover from emergencies. In rural fire, Council's role is to safeguard life, property and the environment by firstly, prevention and secondly, the control of fires if they occur in forest and rural areas within the Kaipara District Council Rural Fire Authority boundaries.

Why we do it

These duties are defined by statute in the Civil Defence Emergency Act 2002, the Forest and Rural Fires Act 1977 and the Forest and Rural Fire Regulations 2005.

What we did this year

Civil defence

We continued to work with communities to assist them to plan to mitigate risks, and improve their preparedness for emergency situations. We also made provision for emergency power supply and telecommunications backup for us to function as headquarters.

The development of a community response plan for civil defence purposes for Dargaville has been completed. Community response plans are already in place for Ruawai, Matakohe, Paparoa, Maungaturoto, Kaiwaka and Mangawhai. Five of these areas have local plans published on <http://www.nrc.govt.nz/civildefence/Community-Response-Plans/>. No more are scheduled.

A civil defence emergency exercise was carried out in May 2015. The exercise "Cyclone Sally" was used to test the ability and capacity of Kaipara District Council to establish its Emergency Operations Centre (EOC).

Rural fire

We continue to upgrade rural fire equipment on a planned basis, recruit and train volunteers and provide rural fire forces with depots for housing fire appliances and equipment.

It was a quiet fire season, with only 38 fires and 7.5 hectares burnt, with no other assets lost. The largest fire was at Mangawhai Heads which incurred total expenditure of \$41,132 to extinguish. The costs of this fire were mostly recovered by way of claim against the National Rural Fire Authority.

An offender was caught and prosecuted for the Mangawhai Heads fire. Dry conditions three years in a row caused increased risk. All fires were fought successfully.

The capital expenditure programme has been delivered as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Replace fire appliance		\$153,000	Deferred to 2015/2016.

The contribution of this activity to community outcomes

Community outcome	How this activity or service contributes
Sustainable economy	Provides safe and efficient management in times of emergencies and effective response times so as to minimise impact on local economy.
Strong communities	Provides for community participation in emergency management planning and response.
Safety and good quality of life	Communities can feel safe in any emergency event.

Emergency Management – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual	Annual	For the year ended:	Actual	Annual	Annual
30 June 2015	2014-2015	Plan	Plan	30 June 2015	2014-2015	Plan	Plan
	\$'000	2014-2015	2013-2014		\$'000	2014-2015	2013-2014
		\$'000	\$'000			\$'000	\$'000
Operating funding				Capital funding			
Sources of operating funding				Sources of capital funding			
General rates, uniform annual general charges, rate penalties	356	356	286	Subsidies and grants for capital expenditure	0	0	0
Targeted rates (other than a targeted rate for water supply)	0	0	0	Development and financial contributions	0	0	0
Subsidies and grants for operating purposes	60	0	0	Increase (decrease) in debt	0	0	1
Fees, charges and targeted rates for water supply	8	118	104	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	0	0	0	Lump Sum Contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	8	0	0	Total sources of capital funding	0	0	1
Total operating funding	432	474	390	Applications of capital funding			
Application of operating funding				Capital Expenditure - to meet additional demand	0	0	0
Payments to staff and suppliers	275	283	287	Capital Expenditure - to improve the level of service	0	0	0
Finance costs	0	0	0	Capital Expenditure - to replace existing assets	0	153	65
Internal charges and overheads applied	38	38	39	Increase (decrease) in reserves	119	0	0
Other operating funding applications	0	0	0	Increase (decrease) of investments	0	0	0
Total applications of operating funding	313	321	326	Total applications of capital funding	119	153	65
Surplus (deficit) of operating funding	119	153	64	Surplus (deficit) of capital funding	-119	-153	-64
				Funding Balance	0	0	0

Financial comment

- Capital expenditure is \$0.1 million lower than budget due to the planned replacement of a fire engine not being required this year.

Emergency Management – Performance Measures

Civil defence						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Reliability To build a resilient and safer Kaipara District with communities understanding and managing their hazards and risks.	Number of civil defence training exercises conducted per annum.	1	1	1	1	Achieved. A civil defence training exercise was conducted in May.
	Time taken to activate the Emergency Operations Centre after notification of a local civil defence emergency.	<1 hour	n/a	n/a	n/a	Not measured as no emergencies occurred.

Rural fire						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Health and Safety To protect life and property from rural fires with trained personnel within the Kaipara District Rural Fire Authority Area.	Percentage of fire fighters who meet the National Rural Fire Authority Training Standards.	53%	71%	100%	100%	Achieved. All active firefighters trained to appropriate standards.

Emergency Management – Significant Negative Effects

- Extinguishing rural fires may require the use of chemical suppressants resulting in some release of chemicals to the environment. This is mitigated through limiting the use of suppressants to essential requirements and in compliance with National Rural Fire Authority standards; and
- Setting aside budgets for emergency management ties up funds that could be allocated to other activities. A risk associated with this is that funds spent on preparing for an emergency may not be recoverable in the event that the emergency never eventuates.

Flood Protection and Control Works

What we do

We aim to protect people and property from flooding caused by severe weather events, and possible damage caused by coastal erosion. The flood protection and control works includes:

- Flood control schemes;
- Rivers alignment control; and
- Land drainage.

Land drainage work is undertaken in 29 drainage districts, each of which is currently self-funded and self-managed. The Raupo Drainage District, administered by a committee of Council, is the largest.

Flood protection is carried out through control schemes and a system of stopbanks. Rivers are also monitored in storm events to warn of potential flooding. Council also:

- Maintains floodgates; and
- Monitors floodbank settlement rates.

Why we do it

Council has a long history of involvement in this activity. It was historically done through drainage boards. Only the Raupo Drainage District continues under a similar model in Kaipara. Responsibilities are also mixed between Council and the NRC. Council has chosen to continue with drainage districts across parts of the District, in addition to the Raupo area and areas managed by the regional council. The rationale for this was the importance to the District that people and property, especially productive land and infrastructure, are protected from flooding and tidal flows.

What we did this year

Raupo Drainage District

Programmed maintenance consisting of drain spraying, machine cleaning and stopbank maintenance has been completed on time and within budget.

Following the condition assessments of two floodgates, a new concrete box culvert floodgate has been installed in the Galvin Road outlet. The second floodgate will be replaced this summer.

Stopbank improvements have been completed along the main tidal bank for 288m from Wilson Landing Road. This work will continue.

The Raupo Drainage Committee met quarterly.

Other Drainage Districts

Programmed maintenance was completed on time and within budget to maintain the current capacity of the land drainage network consisting of:

- Weed spraying;
- Drain cleaning; and
- Floodbank and stopbank inspections and maintenance.

The drainage network was inspected twice to ensure it was working well.

All performance measures were reviewed for inclusion in the new Long Term Plan 2015/2025.

A review of our land drainage activities has been completed. While no legal issues have been raised in the review, there is room for improvement. Actions from this review will be considered in late 2015. Little improvement work was done for asset management. It is planned that this will occur in 2015/2016.

The July 2014 storm coinciding with high tide levels led to flooding in the Tangiteroria area. The waters topped floodbanks in areas north and water was trapped behind the stopbanks. This had downstream consequences of damage to a number of Kaipara's floodgate outlet wing walls which have since been repaired.

The contribution of this activity to community outcomes

Community outcome	How this activity or service contributes
Sustainable economy	Provides safe and efficient management in times of flood protection and effective response times so as to minimise impact on local economy.
Strong communities	Provides for community participation in flood protection management planning and response.
Safety and good quality of life	Communities can feel safe in any emergency event.

Flood Protection and Control Works – Funding Impact Statement – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June 2015	2014-2015	2014-2015	2013-2014	30 June 2015	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
Operating funding				Capital funding			
Sources of operating funding				Sources of capital funding			
General rates, uniform annual general charges, rate penalties	7	7	7	Subsidies and grants for capital expenditure	0	0	0
Targeted rates (other than a targeted rate for water supply)	600	595	526	Development and financial contributions	0	0	0
Subsidies and grants for operating purposes	0	0	0	Increase (decrease) in debt	0	-69	-73
Fees, charges and targeted rates for water supply	5	0	0	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	0	0	0	Lump Sum Contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	Total sources of capital funding	0	-69	-73
Total operating funding	612	602	533	Applications of capital funding			
Application of operating funding				Capital Expenditure - to meet additional demand	0	0	0
Payments to staff and suppliers	302	433	360	Capital Expenditure - to improve the level of service	37	0	0
Finance costs	0	0	0	Capital Expenditure - to replace existing assets	103	0	0
Internal charges and overheads applied	100	100	100	Increase (decrease) in reserves	70	0	0
Other operating funding applications	0	0	0	Increase (decrease) of investments	0	0	0
Total applications of operating funding	402	533	460	Total applications of capital funding	210	0	0
Surplus (deficit) of operating funding	210	69	73	Surplus (deficit) of capital funding	-210	-69	-73
				Funding Balance	0	0	0

Financial comment

- Payments to all staff and suppliers are \$0.1 million below budget due to a floodgate renewal being charged as a capital expenditure item.

Flood Protection and Control Works - Performance Measures

Flood protection and control works						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Reliability Monitor drainage of rivers and streams. Ensure minimal flood risk and coastal erosion to the community.	Land drains contain a one in five year flood.	100%	100%	100%	100%	Achieved. July 2014 weather events resulted in flooding in four drainage districts which took longer than two days to drain due to extreme tides. However this was due to a greater than one in five year flood event.

Flood Protection and Control Works – Significant Negative Effects

- Channelisation of natural water courses and the loss of wetlands associated with construction of drainage schemes have resulted in loss of indigenous habitat;
- Rapidly draining flood-prone areas, instead of allowing them to flood and withhold water, increases flood peaks and river flows downstream during storm events. This results in higher river levels and flooding risk downstream. What is more, the loss of water storage in wetlands and flood plains results in significantly lower base flows during dry periods. Not allowing land to flood also prevents the supply of natural river sediment to the plains while allowing it to accumulate in waterways; and
- A well-working flood protection system often creates a false sense of security among local residents. They begin to forget that a flood risk exists. This may lead them to build valuable infrastructure on flood plains and to oppose obtrusive maintenance of flood control works such as raising stopbanks or drain cleaning on private land.

District Leadership

What we do

Governance

Through its governance activities, Council plans, makes decisions and takes action for and on behalf of communities to promote the well-being of the Kaipara District now and for the future.

A key part of Council's representation work is to ensure that Council and Committee meetings are well-run and managed. Council staff provide advice, information and administration support to enable these functions to occur. They make sure that meetings follow correct processes and comply with legislation, record decisions and subsequently communicate these decisions to the community and other stakeholders.

Officers involved with District Leadership support and enable Council (and Commissioners) to make plans that are in line with strategic goals and to make appropriate decisions.

Community planning

Change in the Kaipara District is ongoing. Over recent years we have seen population growth in some communities, while experiencing population decreases in others.

The community planning area of activity deals with managing and providing Council's strategic and corporate policy development and assisting resource and district planners in their roles and the development of the District Plan.

Council no longer has a direct provision of economic development services, however has incorporated local economic development outcomes into community planning work.

Corporate planning

This includes the organisation's internal documents such as business plans, as well as external documents like Council's Long Term Plan, Annual Plan and Annual Report.

Why we do it

Council is required to work in compliance with multiple Acts of Parliament including:

- Local Government Act 2002;
- Local Government (Rating) Act 2002;
- Resource Management Act 2007;
- Local Government Official Information and Meetings and Act 1987;
- Public Records Act 2005;
- Local Authorities (Members' Interests) Act 1968; and
- Kaipara District Council (Validation of Rates and Other Matters) Act 2013.

What we did this year

Overall, Council delivered the current levels of service within this Activity.

Governance

Commissioners appointed by the Minister of Local Government continue to govern the District, replacing the elected representatives until new elections scheduled for October 2016 (after a year's extension was made in April 2015). Governance activities outlined in the Annual Plans give the Commissioners the support required to enable them to fulfil the various roles which they undertake. Governance arrangements continue to be open and transparent.

Significant milestones were achieved during the year addressing past issues:

- Council filed a statement of claim against the Auditor-General, and a statement of problem against the former Chief Executive to work towards holding them responsible for past errors;
- Council has completed a business improvement programme to respond to the recommendations of the inquiry into Kaipara District Council and the Mangawhai Community Wastewater Scheme;
- Council has collected most of the rates in arrears as a result of the choice to withhold payment of rates by some property owners. Where they have not paid, Council is in the process of Court action to force payment; and
- We await the hearing of the Mangawhai Ratepayers and Residents Association (MRRA) notice of appeal on the decision of the High Court on the legality of prior Council decisions which found Council was legally able to impose rates.

The Commissioners have had many engagements with communities, public interest groups and key stakeholders to identify their priorities and preferences, and keep people informed of Council activities. This helps to ensure that decisions are made that take into consideration the preferences of the wide range of communities across the District.

Community planning

The Kaipara District Plan was made operative last year, with the exception of one appeal remaining on a single property which has been settled this year. Council has initiated a plan change to reduce the water storage requirements for firefighting.

Council has:

- Undertaken research into growth trends including population, dwellings, business, and land availability;
- Instituted a 50kph vehicle speed limit on Ripiro Beach, Dargaville;
- Held community planning meetings and developed community action plans for Maungaturoto, Wood Street shops in Mangawhai, Dargaville, Kaiwaka and Ruawai; and
- Commenced plan changes to the District Plan to make it more workable, and processed a private plan change for land in Tinopai.

Corporate planning

The Annual Report 2013/2014 was adopted in September 2014, a month early. The only emphasis of matter noted by the auditors was the outstanding appeal by MRRA to the High Court decision that Council was legally able to collect rates. The new Long Term Plan and associated rating resolutions were adopted in June 2015, as required by the Local Government Act 2002. Once again the only matter of emphasis noted by the auditors was the outstanding MRRA appeal.

A comprehensive business improvement programme has been launched across the organisation including customer service improvements. Significant investment in the IT system has improved reliability and capacity, although Council remains modest in its use of technology.

The capital expenditure programme has been delivered as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Vehicles	Completed	\$61,000	Six vehicles were acquired. Four to replace existing vehicles and two new vehicles.

Description of project	Stage	Budget from Annual Plan	Progress description
Information systems	Completed	\$57,000	Budget exceeded due to necessary upgrades of AV equipment and servers at the Mangawhai office.
Council buildings	Completed	\$55,000	Mangawhai office extended to cater for building consent and resource management staff and front office alterations in Dargaville.
Total		\$173,000	

The contribution of this activity to community outcomes

Community outcome	How this activity or service contributes
Sustainable economy	Provides regular, timely, transparent and accessible communication along with clear and simple procedures. Enables commercial and industrial development to occur without undue restrictions.
Strong communities	Encourages communities to work together in moving forward by actively providing various methods of support. Provides the community with the opportunity to be involved in decisions which affect them. Provides support to the business community to develop.
Special character and healthy environment	Reflects the Kaipara culture with a small, friendly, approachable organisation which tailors services to cater for Kaipara's unique needs. Provides a development framework while safeguarding the environment. Economic growth enables improved social conditions.

District Leadership – Funding Impact Statement – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June 2015	2014-2015	2014-2015	2013-2014	30 June 2015	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
Operating funding				Capital funding			
Sources of operating funding				Sources of capital funding			
General rates, uniform annual general charges, rate penalties	4,562	3,850	4,227	Subsidies and grants for capital expenditure	0	0	0
Targeted rates (other than a targeted rate for water supply)	0	0	0	Development and financial contributions	0	0	0
Subsidies and grants for operating purposes	0	0	0	Increase (decrease) in debt	-432	-1,477	-1,333
Fees, charges and targeted rates for water supply	1,010	611	1,007	Gross proceeds from sale of assets	219	15	15
Internal charges and overheads recovered	5,271	5,279	4,498	Lump Sum Contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	383	328	418	Total sources of capital funding	-213	-1,462	-1,318
Total operating funding	11,226	10,068	10,150	Applications of capital funding			
Application of operating funding				Capital Expenditure - to meet additional demand	0	0	0
Payments to staff and suppliers	10,300	7,925	8,023	Capital Expenditure - to improve the level of service	176	0	0
Finance costs	-144	241	265	Capital Expenditure - to replace existing assets	254	173	151
Internal charges and overheads applied	140	149	559	Increase (decrease) in reserves	287	118	-166
Other operating funding applications	0	0	0	Increase (decrease) of investments	0	0	0
Total applications of operating funding	10,296	8,315	8,847	Total applications of capital funding	717	291	-15
Surplus (deficit) of operating funding	930	1,753	1,303	Surplus (deficit) of capital funding	-930	-1,753	-1,303
				Funding Balance	0	0	0

Financial comment

- Total operating funding is \$1.2 million higher than budget due to higher rates penalties during the year and higher harvesting income;
- Payments to staff and suppliers are \$2.4 million higher than budget due to the impact of swaps revaluation and continuing consulting and legal advice required to support Council with rating issues, Judicial Review and other organisational service delivery projects;
- Finance costs are \$0.4 million lower than budget due to lower than budget public debt levels during the year; and
- Capital expenditure is \$0.2 million higher than budget primarily due to computer system upgrades and vehicle purchases.

District Leadership - Performance Measures

Representation						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Community benefits To promote community spirit and participation.	Percentage of residents who are very/fairly satisfied with how rates are spent on services and facilities provided by Council.	70%	47%	56%	56%	Not achieved. Percentage who state they are “not very satisfied” has dropped from 40% to 36%. Council continues to operate a conservative budget.
	Percentage of residents who are very/fairly satisfied with the way Council involves the public in the decisions it makes.	60%	35%	33%	47%	Not achieved. However, this result is higher than the national average (41%) and close to the peer group average (52%) and is a significant increase on the previous year. The trend continues in the right direction.
	Percentage of residents who rate the performance of the Commissioners as very good/fairly good.	60%	39%	41%	43%	Not achieved. However the trend is improving and the number of respondents who rated the performance as “not very good/poor” has fallen.

Representation						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Community benefits Assisting Council in building strong relationships with the Maori community by providing advice on matters that impact on local iwi.	Commissioners are very/fairly satisfied with the level of liaison with local iwi.	75%	75%	75%	75%	Achieved. Commissioners are comfortable with the level of engagement and that it meets with iwi expectations.

Forward planning						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Customer service Clear, timely and useful information is available to the public/stakeholders.	Compliance with legislative planning requirements	Achieved	Achieved	Achieved	Achieved	As achieved by the Long Term Plan 2015/2025.
	Of those who have a view, the percentage of resident and non-resident ratepayers who have some level of confidence in the Council to make plans for the future that are in the best interests of the District.	Increasing Trend	38%	43%	51%	Achieved. Full February 2015 survey results included 31% who said 'no' and 18% who 'don't know'. 51% for 'yes' is a good positive trend.

Economic Development						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Deliver advice, information and programmes to attract new business investment, develop and grow a skilled workforce.	Percentage of stakeholders who are pleased with provision of business advice, start-up, training and mentoring programmes.	85%	Not measured	Not measured	Not measured	Council has very limited service on this matter, preferring to rely on Northland Inc. for the provision of economic development services. As such this is not specifically measured.
	Increase growth in tourism by measuring the number of accommodation beds being utilised within the District.	Increasing Trend	4.3% increase	18.1%	23%	Achieved. Total guest nights in Kaipara District increased by 23% in the year to March 2015. This compares with an increase of 6.1% in New Zealand. Visitors stayed a total of 140,707 nights in Kaipara District during the year to March 2015, which was up from 114,210 a year ago.

District Leadership – Significant Negative Effects

- By its very nature, future planning requires balancing the desires of some citizens with the desires of the wider community. This often takes the form of influencing or controlling development activities so that the development of a property does not unreasonably detract from the quality of life of their neighbours or the wider community. These controls can be seen as inhibiting for some whose aspirations do not fit within Council's plans;
- Where Council's plans are too lenient, economic activity without regard to environmental values in ecologically sensitive areas could result in adverse economic and environmental outcomes;
- The significant resourcing needed to address matters of the past makes it challenging for Commissioners and officers to maintain an equal focus on future planning. Commissioners are bound by their Terms of Reference which could create a perception that they are less able to represent the community on issues that fall outside those Terms of Reference; and
- Continued legal proceedings against Council has taken a financial toll on Council's ability to provide current levels of service. As rating arrears return to near normal levels, deferred capital projects can proceed.

Solid Waste

What we do

Solid waste activities include:

- Kerbside refuse bag collection;
- Recycling collection in key urban areas;
- Two transfer stations for residential and residual waste disposal;
- Public litterbins;
- Illegally dumped rubbish (often referred to as “fly tipping”);
- Abandoned vehicles;
- Supporting waste minimisation initiatives; and
- Monitoring, maintaining and management of a number of closed landfills in the District.

The aims and objectives of the solid waste activity are outlined in the Refuse AMP for the District.

Why we do it

We said we would deliver affordable, hygienic, refuse collection and disposal that is environmentally sustainable, meets our statutory requirements and meets the needs of our communities, at the current levels of service.

The statutory requirements are defined in the following Acts:

- Local Government Act 2002;
- Waste Minimisation Act 2008;
- Resource Management Act 1991;
- Hazardous Substances and New Organisms Act 1996; and
- Litter Act 1979.

What we did this year

Private operators are responsible for all waste collection, recycling and disposal services for Council. A new contract for eastern and western waste and recycling collection, and the operation of the Dargaville Transfer Station was awarded last year. Council owns two transfer stations in the District, the other being at Hakaru. There are no operational landfills in the Kaipara District.

Council has found that there is a stormwater flow path under the Hakaru Landfill that means there is considerable leachate needing disposal. Resolution of the management of this closed landfill was expected this year however this has been delayed. The AMP for solid waste was not reviewed as expected this year. The Omamari Landfill was re-consented and some extra funding received from the Waste Minimisation Levy was used to fund a recycling initiative.

The capital expenditure programme has been delivered as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Awakino Road closed landfill	Completed	\$6,000	Used to fund new or replacement litterbins.

The contribution of this activity to community outcomes

Community outcome	How this activity or service contributes
Safety and good quality of life	Communities are able to dispose of refuse in a hygienic and sustainable manner.
Special character and healthy environment	Transfer stations, landfills and removal of illegally dumped rubbish minimise possible environmental impacts.

Solid Waste – Funding Impact Statement – Operating and Capital

For the year ended:	Actual	Annual	Annual	For the year ended:	Actual	Annual	Annual
30 June 2015	2014-2015	Plan	Plan	30 June 2015	2014-2015	Plan	Plan
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
Operating funding				Capital funding			
Sources of operating funding				Sources of capital funding			
General rates, uniform annual general charges, rate penalties	843	859	694	Subsidies and grants for capital expenditure	0	0	0
Targeted rates (other than a targeted rate for water supply)	0	0	0	Development and financial contributions	0	0	0
Subsidies and grants for operating purposes	0	0	0	Increase (decrease) in debt	0	-47	102
Fees, charges and targeted rates for water supply	68	61	60	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	399	0	0	Lump Sum Contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	2	3	Total sources of capital funding	0	-47	102
Total operating funding	1,310	922	757	Applications of capital funding			
Application of operating funding				Capital Expenditure			
Payments to staff and suppliers	1,023	718	724	- to meet additional demand	0	0	0
Finance costs	43	43	47	Capital Expenditure			
Internal charges and overheads applied	108	108	82	- to improve the level of service	0	0	0
Other operating funding applications	0	0	0	Capital Expenditure			
Total applications of operating funding	1,174	869	853	- to replace existing assets	4	6	6
Surplus (deficit) of operating funding	136	53	-96	Increase (decrease) in reserves	132	0	0
				Increase (decrease) of investments	0	0	0
				Total applications of capital funding	136	6	6
				Surplus (deficit) of capital funding	-136	-53	96
				Funding Balance	0	0	0

Financial comment

- Total operating funding is \$0.4 million higher than budget due to changes made to the reporting of internal charges and overheads recovered for Roads and Footpaths and Solid Waste. This is a presentation variance between the two activities only, and has no effect on Council's overall performance.

Solid Waste - Performance Measures

Solid Waste						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Reliability To provide community recycling facilities and regular kerbside collections to encourage recycling and waste reduction.	Percentage of customers who rate requests for service responses as excellent/good.	89%	Not measured	Not measured	Not measured	This question is not formally asked in the Communitrak Survey. However, 84% of users of the refuse bag collection service rate it as very/fairly satisfied, which is in line with the 2014/2015 Year 3 target.
	Percentage of residents who are very/fairly satisfied with rubbish collection.	73%	74%	66%	72%	Not achieved. Results have improved from the last year and are on track with target.
	<p>The contractors performing this service work well in the community to provide a service that sees a high percentage rating in very/fairly satisfied result for the year. New Key Performance Indicators have now been introduced and the contractors' performance against these newly introduced objectives will be reported on in the next Annual Report.</p> <p>Council will also review options on recycling initiatives this coming financial year as recycling features as a reason for residents not being satisfied with Council's solid waste services.</p>					

Solid Waste						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Health and safety To provide clean safe litterbins and to ensure litter free public places.	Litterbins in townships and reserves in urban areas are emptied on a weekly basis.	Achieved	Achieved	Achieved	Achieved	Litterbins in townships and reserves are emptied on a weekly basis as set out in the contract specification. This contract specifies not less than 126 public litterbins to be emptied per week or 6.552 per year. Seasonal variation requires that some bins are emptied more frequently to ensure capacity is available. 20,521 public litterbins were emptied in the last year.

Solid Waste – Significant Negative Effects

- Leachate production is a significant negative effect and is a by-product of landfills. While Council has no active landfills, closed landfills still require monitoring and leachate disposal;
- Street-side collection of refuse by heavy vehicles can be disruptive to other traffic and the community. This is mitigated by implementing proper practice and the use of reflective warning signs; and
- Illegally dumped rubbish is a significant negative effect of solid waste activity. This is mitigated by Contractors collecting and disposing of this rubbish. Where identifiable, infringements are sent to offenders of this behaviour.

Roads and Footpaths

What we do

Council roads and footpaths activity consists of:

- Managing all the District's roads and footpaths except State Highways;
- Promoting road safety;
- Advocating on Kaipara's behalf to central government on transport matters, especially in response to the reduction in the NZ Transport Agency (NZTA) subsidy;
- Extending seal where there is local (residents or developers) and/or NZTA funding;
- Resealing approximately 30kms of road annually;
- Responding to damage from storm events;
- Improving road signage; and
- Upgrading footpaths as funding allows.

Why we do it

Roading is a Council core business. It is the service most used by people of the District and is essential for communication, social connection and doing business. The majority of Council's capital expenditure is spent on roads.

What we did this year

The status of the capital works programme at the end of the financial year was as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Pavement rehabilitation	Under construction	\$3,884,000	These three budgets have been combined. Except for two contracts (Paparoa-Oakleigh 1 and 2) all planned pavement rehabilitation contracts have been completed. We have achieved 13.784kms out of the 18.014kms planned for 2014/2015.
New rehabilitations		\$2,670,000	
Minor rehabilitation		\$940,000	

Description of project	Stage	Budget from Annual Plan	Progress description
Heavy unsealed road re-metalling – various sites	Under construction	\$1,767,000	Planned 117kms, achieved 170kms for 2014/2015.
2013/2014 Resurfacing	Completed	\$1,041,000	Planned length 22.397kms, achieved 30.4kms for 2014/2015. The remainder of the resurfacing allocation was transferred to storm damage.
Resurfacing		\$846,000	
Thin asphalt resurfacing		\$216,000	
2013/2014 Minor improvements	Under construction	\$1,102,000	Minor improvements were carried out by various contractors as well as the maintenance contractor. \$810,000 was identified to carry over to the 2015/2016 year.
Minor improvements		\$690,000	
Development contribution works	On hold	\$994,000	Not spent as no seal extensions were approved for this financial year.
Culvert works and renewals	Under construction	\$477,000	These two budgets were combined. \$334,704 was allocated to replace culverts. The remaining expenditure is for new drainage works in Mangawhai.
Drainage renewals		\$432,000	
Ordered drainage – urban	Reallocated	\$84,000	This was reallocated to the June and July 2014 storm damage budget.
Bridge replacements	Reallocated	\$423,122	This was reallocated to the June and July 2014 storm damage budget.
Structural components replacement	Under construction	\$400,000	Structural component contract uncompleted by 30 June 2015. 61% complete.
Traffic services renewals	Under construction	\$257,000	Typically a reactive job replacing damaged signs and other road marking devices. Estimated work less than budgeted.
New footpaths	Under construction	\$62,000	Molesworth Drive Footpath budget was unspent due to footpath portion of contract not being complete by 30 June 2015.

Description of project	Stage	Budget from Annual Plan	Progress description
Lighting improvements	Completed	\$51,000	Number of new lights installed less than expected.
Transport studies	Completed	\$88,000	AMP and ONRC Transition Plan.
Preventative maintenance	Reallocated	\$400,000	This was reallocated to the June and July 2014 storm damage budget.
2013/2014 Preventative maintenance	Reallocated	\$170,000	This was reallocated to the June and July 2014 storm damage budget.
Storm damage	Complete	\$251,000	Previous storm damage work that has been completed.
Storm damage (June/July 2014 Event)	Under construction		70% of sites completed.
Major damage	Under construction	\$291,000	This was included in the storm events.
New footpaths (non-subsidised)	Reallocated	\$40,000	This was reallocated to the June and July 2014 storm damage budget.
Total		\$17,576,000	

The AMP has been improved again this year, and the professional service contract with MWH has been rolled over for a further year. The contract for road maintenance with Transfield was also rolled over for a further year in May 2015. Two reviews of Transfield's performance were received during the year and both showed steady improvement of service.

A forestry study was completed during the year in collaboration with other Northland councils. This study supported the claim that forestry trucks were damaging the unsealed network. Council agreed to a targeted rate on forestry owners to address this, for the six years beginning July 2015.

The "Roads Efficiency Group" has devised a new classification system for roads that all councils are required to implement – One Network Roads Classification (ONRC). A three-year transition plan has been completed for this. The impact on roads funding and levels of service is still being explored.

The contribution of this activity to community outcomes

Community outcome	How this activity or service contributes
Sustainable economy	Provides for safe and efficient transport of people, goods and materials. This is achieved by maintaining pavement surfaces, replacing one lane and weight restricted bridges and removing road hazards.
Strong communities	Appropriate transportation links between and within communities and access to properties. This is achieved by maintaining all-weather surfaces, providing adequate directional signage and by repairing road instabilities.
Safety and good quality of life	Safe road network that is well-delineated and minimises road hazards. This is achieved by providing skid resistant surfaces, improving warning signage and markings, and by removing roadside hazards.
Special character and healthy environment	Provides access and directional signage to key areas of natural, cultural and historic significance.

Roads and Footpaths – Funding Impact Statement – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June 2015	2014-2015	2014-2015	2013-2014	30 June 2015	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
Operating funding				Capital funding			
Sources of operating funding				Sources of capital funding			
General rates, uniform annual general charges, rate penalties	9,868	9,853	10,102	Subsidies and grants for capital expenditure	6,770	10,544	6,292
Targeted rates (other than a targeted rate for water supply)	0	0	0	Development and financial contributions	432	217	214
Subsidies and grants for operating purposes	5,080	3,834	3,658	Increase (decrease) in debt	0	3,062	-203
Fees, charges and targeted rates for water supply	18	0	0	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	0	399	523	Lump Sum Contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	45	4	5	Total sources of capital funding	7,202	13,823	6,303
Total operating funding	15,011	14,090	14,288	Applications of capital funding			
Application of operating funding				Capital Expenditure - to meet additional demand	350	0	0
Payments to staff and suppliers	7,859	6,621	6,651	Capital Expenditure - to improve the level of service	1,075	3,350	1,835
Finance costs	86	86	88	Capital Expenditure - to replace existing assets	10,091	14,226	8,644
Internal charges and overheads applied	3,630	3,630	3,373	Increase (decrease) in reserves	-878	0	0
Other operating funding applications	0	0	0	Increase (decrease) of investments	0	0	0
Total applications of operating funding	11,575	10,337	10,112	Total applications of capital funding	10,638	17,576	10,479
Surplus (deficit) of operating funding	3,436	3,753	4,176	Surplus (deficit) of capital funding	-3,436	-3,753	-4,176
				Funding Balance	0	0	0

Financial comment

- Total operating funding is higher than budget due to more maintenance work completed during the year which resulted in higher operating subsidies from NZTA. Payments to staff and suppliers are higher to reflect the work undertaken. These favourable variances are partially offset by lower than budgeted internal charges and recoveries which are shown in the Solid Waste activity as a result of changes made to Council's financial reporting system; and
- Capital expenditure is \$6.1 million lower than budget and related capital funding is \$3.8 million lower than budget as a result of planned works not completed in the year. This work is now planned for future years and funding is being held.

Roads and Footpaths – Performance Measures

Roads						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
<p>Reliability and responsiveness</p> <p>The transportation network is reliable and travel times are predictable.</p>	Percentage of customers who rate requests for service responses as excellent/good for roading.	73%	53%	48%	22%	<p>Not achieved.</p> <p>It is likely that the dissatisfaction is related to no action being taken as the requests exceed the level of service provided e.g. request for dust suppression.</p> <p>Council has made improvements by the recent introduction of an Infrastructure Field Officer to help improve customer service relationships.</p>
<p>Quality and quantity</p> <p>The transportation network and its facilities are up to date, in good condition and 'fit for purpose'.</p>	Percentage of residents who are very/fairly satisfied with Council roads (excluding State Highways).	70%	78%	70	67%	<p>Not achieved.</p> <p>Council's rehabilitation programme has been affected due to rates strike which may have contributed to the slight decline in satisfaction.</p> <p>Council is spreading the deferred works from this year over the 2015/2018 period to catch-up on the deferred works.</p>

Roads						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
	Smoothness within average range as below: <90 smooth 90-110 average >110 rough	90-110	99	98	98	Achieved. Note that Council undertakes a roughness survey every alternate year and these measures are based on the 2013/2014 survey. The next roughness survey is programmed for the 2015/2016 financial year.
	Minimum reseal length of 30kms shall be undertaken each year to keep up with surface determination rates.	30km	22km	27km	30.4	Achieved.
Safety The transportation network is designed and managed for safe use with low crash and injury rates.	Number of road fatalities caused by road factors.	Zero	Zero	Zero	Zero	Achieved. One fatal crash – no road factors

Footpaths						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
<p>Quality and quantity</p> <p>Facilities are up to date, in good condition and 'fit for purpose'.</p>	Percentage of residents who are very/fairly satisfied with footpaths.	73%	56%	62%	52%	<p>Not achieved.</p> <p>Council will need to consider increasing its budget to renew or provide new footpaths in order to achieve a higher satisfaction rating.</p> <p>Council has refocussed its footpath budgets in the Long Term Plan 2015/2025 to renew or provide new footpaths in order to try an address the performance measure.</p>

Roads and Footpaths – Significant Negative Effects

- Significant negative effects from the roading network and vehicles using the roads include traffic hazards and accidents, dust, noise, emissions and other amenity effects and environmental effects. Council's Roads and Footpaths AMP describes its roading assets and details the practices used to manage those assets which helps to reduce possible negative effects and risks; and
- The quality of surface runoff from roads that discharges into adjacent coastal or other waters may also be an issue.

Sewerage and the Treatment and Disposal of Sewage

What we do

Council provides wastewater collection and treatment systems in:

- Dargaville – servicing the urban area except part of the Beach Road industrial area. The system includes around 46kms of pipeline, 15 pump stations and a treatment plant (oxidation pond, maturation pond and wetland) with a continuous discharge to the Northern Wairoa River;
- Glinks Gully – servicing 24 houses. The system includes approximately 450m of pipeline and 1 pump station to a treatment plant and disposal area;
- Kaiwaka – servicing 163 houses. The system includes approximately 5.3kms of pipeline, 1 pump station and a treatment plant (oxidation pond and wetland) discharging to the Kaiwaka Stream;
- Maungaturoto – servicing approximately 369 sites. The system includes approximately 12kms of pipeline, 3 pump stations and a treatment plant (oxidation pond) discharging into the Wairoa River on each outgoing tide;
- Te Kopuru – servicing the urban area. The system includes approximately 6.3kms of pipeline and a treatment plant (oxidation pond and wetland) discharging to the Northern Wairoa River;
- Mangawhai – servicing or able to service approximately 1,800 users in the Mangawhai Village and Heads areas. The system includes approximately 68kms of pipeline and 18 pump stations, a water reclamation plant, and a transfer main to Lincoln Downs where the treated water is stored awaiting irrigation to pasture; and
- Council also regulates trade waste discharges to the wastewater system.

Council's Wastewater AMP determines wastewater standards, levels of service, and funding levels to maintain sustainable and affordable services in the above communities.

Why we do it

We provide services to ensure that the District's wastewater is collected, treated and disposed of in a cost-effective, sustainable and environmentally friendly manner. The provision also protects public and environmental health through economic and environmentally sustainable treatment and disposal of wastewater.

What we did this year

General operations: It was business as usual for most of the wastewater operations. Supervisory Control and Data Acquisition (SCADA) has been implemented at Dargaville and Maungaturoto wastewater treatment plants and wastewater pump stations. The SCADA will help in monitoring of the pump stations – overflows, remote operations and overall improvement in efficiency.

Resource consents: There have been no major issues regarding the resource consents apart from minor transgressions of some parameters, the same have been investigated and managed with the help of consultants and NRC.

The increasing cost of wastewater infrastructure and environmental compliance is continuing to place a considerable amount of pressure on communities.

The status of the capital works programme at the end of the financial year was as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Dargaville – Increase pump station capacity	Preliminary study commenced	\$99,000	Deferred to 2015/2016
Dargaville - Renewal of reticulation areas	Planning completed	\$150,000	Deferred to 2015/2016.
Dargaville - Step screen at oxidation ponds (SCADA)	Completed	\$96,000	
Dargaville - Various projects generated from 2013/2014 condition assessment	Completed	\$175,000	PS 1 Rising Main Stage 2 - This job was completed 30 March 2015.
Glinks Gully - Effluent flow meter	Completed	\$5,000	
Kaiwaka - Various projects generated from 2013/2014 condition assessment	Completed	\$12,000	Flow meter, installation and data logger for pond.
Mangawhai - Disposal system improvements and expansion	Preliminary study commenced	\$280,000	. Awaiting recommendations from Community Advisory Panel.

Description of project	Stage	Budget from Annual Plan	Progress description
Mangawhai - Reticulation extension	Contract awarded	\$143,000	Physical works for the Estuary Drive extension to commence July 2015.
Maungaturoto - Upgrade telemetry	Completed	\$10,000	
Maungaturoto - Pipe renewal	Carried over	\$50,000	
Maungaturoto – Upgrade telemetry	Completed	\$40,000	
Te Kopuru - Discharge monitoring mechanism	Completed	\$10,000	This flow meter has been purchased and installed.
Total		\$1,070,000	

Mangawhai Community Wastewater Scheme

Since opening, the Water Infrastructure Group has operated the Wastewater Treatment Plant. The company was sold during the year to Trility, an Australian-based Company. The current contract remains in place.

A Community Advisory Panel was appointed to recommend to Council how the scheme might be extended to cater for more connections in the future, the Panel to report its findings in July 2015.

The contribution of this activity to community outcomes

Community outcome	How this activity or service contributes
Sustainable economy	To process the wastewater generated from industry and commercial activities.
Safety and good quality of life	To maintain a good standard of public health.
Special character and healthy environment	Treatment of pollutants to reduce the impact on the environment.

Sewerage and the Treatment and Disposal of Sewage – Funding Impact Statement – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June 2015	2014-2015	2014-2015	2013-2014	30 June 2015	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
Operating funding				Capital funding			
Sources of operating funding				Sources of capital funding			
General rates, uniform annual general charges, rate penalties	1,891	1,891	1,419	Subsidies and grants for capital expenditure	0	0	0
Targeted rates (other than a targeted rate for water supply)	4,949	4,901	4,978	Development and financial contributions	480	645	644
Subsidies and grants for operating purposes	0	0	0	Increase (decrease) in debt	0	194	498
Fees, charges and targeted rates for water supply	26	9	9	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	0	0	0	Lump Sum Contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	8	13	Total sources of capital funding	480	839	1,142
Total operating funding	6,866	6,809	6,419	Applications of capital funding			
Application of operating funding				Capital Expenditure - to meet additional demand	0	173	70
Payments to staff and suppliers	1,439	2,591	3,071	Capital Expenditure - to improve the level of service	60	412	565
Finance costs	3,375	3,375	2,829	Capital Expenditure - to replace existing assets	235	485	611
Internal charges and overheads applied	612	612	415	Increase (decrease) in reserves	1,624	0	0
Other operating funding applications	0	0	0	Increase (decrease) of investments	0	0	0
Total applications of operating funding	5,426	6,578	6,315	Total applications of capital funding	1,920	1,070	1,246
Surplus (deficit) of operating funding	1,440	231	104	Surplus (deficit) of capital funding	-1,440	-231	-104
				Funding Balance	0	0	0

Financial comment

- Payments to staff and suppliers are \$1.2 million lower than budget due to lower desludging costs as a result of using an enzyme treatment rather than mechanical desludging;
- Engineering consultancy, plant running costs and maintenance costs are also lower than budget; and
- Capital expenditure is \$0.8 million lower than budget primarily due to the deferral of the Mangawhai irrigation extension while Council considered alternative effluent disposal options and timing of the Dargaville mains upgrade.

Sewerage and the Treatment and Disposal of Sewage – Performance Measures

Sewerage and the Treatment and Disposal of Sewage						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Reliability Provides a modern and convenient way to use wastewater reticulation system which protects public health.	Number of requests for service regarding odours.	<=32	10	26	41	Not achieved. The odour requests need to be analysed to determine the areas the odour occurs.
	Number of requests for services regarding blockages.	<=105	38	35	25	Achieved.
	Percentage of residents who are very/fairly satisfied with the Kaipara District's sewerage system.	55%	44%	75%	87%	Achieved. This is based on the residents who have the service provided.
Quality To protect the physical environment through the treatment and discharge of effluent.	Compliance with outfall waste consent conditions.	90%	81%	91%	100%	Achieved. Consents generally complied with – some minor non-compliance reported. However, Council did not receive any abatement notices from NRC. Trility, Council's operator of the Mangawhai Community Wastewater Scheme, submitted

Sewerage and the Treatment and Disposal of Sewage						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
						<p>the annual report to NRC in July 2015.</p> <p>The report reveals that generally the scheme complied with its consents. The Total Dissolved Solids exceeded the limits on a few occasions however, deviations were minor and mostly within the laboratory margin of error.</p>
	The annual number of events where sewage is discharged from Council's reticulation into rivers or streams.	<=5	4	11	6	<p>Not achieved.</p> <p>There were five overflows discharged into the Northern Wairoa River in May 2015 due to heavy rainfall. There is provision for discharges due to heavy rainfall and power failure under the resource consent and this does not result in non-compliance.</p>

Sewerage and the Treatment and Disposal of Sewage – Significant Negative Effects

- Possible negative effects of this activity could include system failure or pipeline breakages that result in contamination of public waterways which may result in an environmental, cultural or public health risk;
- Sewage spills to water can affect public access for bathing and recreational shellfish collection, as well as commercial oyster farming and tourism; and
- Council's Wastewater AMP describes its wastewater assets and details the practices used to manage those assets which helps to reduce possible negative effects and risks.

Stormwater Drainage

What we do

The primary stormwater system consists of pipes, drains, swales, sumps and channels.

The secondary stormwater system comes into effect during significant heavy rain events, and carries excess stormwater which the primary system cannot contain. This consists of stormwater overland flowpaths through reserves, private properties and along road corridors.

Stormwater is managed differently across the District:

- Council provides a piped stormwater system in the Dargaville urban area with some open drains;
- Stormwater control in Mangawhai is provided by a combination of soakage, stormwater reticulation and open drains;
- Stormwater systems in Bayliss, Te Kopuru, Kaiwaka, Pahi, Whakapirau, Tinopai, Paparoa and Maungaturoto are predominantly related to the road network;
- Road culverts are provided in Tinopai, Kelly's Bay and Glinks Gully; and
- Stormwater management in Ruawai is integrated into the Raupo Drainage District works.

The Stormwater AMP has been developed alongside an Engineering Standard (2011) to determine priorities and maintenance activities. Investment is balanced against a community's ability to pay. The stormwater quality is regularly monitored across the District.

Planning and building controls are used to reduce harm to property in flood-prone areas by, for example, imposing minimum floor levels and other building restrictions.

Why we do it

Stormwater is managed to protect people and property from flooding, and to ensure roads remain safe in most weather events. Stormwater is piped in most urban areas.

What we did this year

Council continued to deliver the current levels of service for stormwater drainage, to ensure that stormwater flooding and discharge to the environment is contained and managed to minimise the impact on people, property and the environment. Severe storms were experienced in July and November 2014 which resulted in

some flooding. Pollutants in stormwater that is discharged into natural waterways is reduced by measures such as swale drains, green infrastructure (e.g. wetlands, low impact design and soakage) and education.

Council has improved its knowledge of its assets and produced an improved AMP.

The capital works programme has been delivered as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Dargaville - Pipeline connections - Colville Road, Liverpool and Logan Streets	Investigation	\$40,000	Investigation work being done in-house.
Dargaville - Pipeline renewal - Ranfurly, Portland and Parore Streets	Completed	\$50,000	Kauri Street stormwater upgrade was funded by this budget.
Dargaville - Pipeline renewal - Murdoch Street	Design complete	\$60,000	Physical works will be carried forward to 2015/2016 financial year.
Dargaville - Pipe open drain – Colville Road	Completed	\$20,000	\$16,000 funded from unused pipe renewal budget.
Dargaville – various projects generated from condition assessment 2013/2014	Completed	\$41,000	This project has been completed.
Baylys - Replacement of culvert	Completed	\$44,000	Combined project.
Mangawhai - Stormwater Improvement - Estuary Drive	Investigation underway	\$169,000	The report submitted by MWH has highlighted issues and potential solutions which far exceed the budget. The report shall be included in the review and update of the Stormwater AMP to be reviewed in the next financial year once the stormwater resource consent has been issued.

Description of project	Stage	Budget from Annual Plan	Progress description
Mangawhai - resource consent project	Investigation underway	\$100,000	The works will be identified as the stormwater resource consent application process proceeds. The resource consent application is at the affected parties' assessment stage with letters being drafted and sent to relevant property owners. NRC is likely to ask Council to implement some mitigation measures prior to issuing resource consent. The budget will be carried over to the next financial year.
Kaiwaka – various projects	Cancelled	\$20,000	Projects reprioritised and deferred.
Total		\$544,000	

General operations: It was business as usual for most of the stormwater operations. There were no major flooding issues identified or received from the community. There were few issues of floodgates being damaged due to heavy rainfall events. They have been analysed with the help of engaging experts and undertaking physical works.

We have also engaged a consultant to prepare/update the Stormwater AMP for Dargaville and Baylys. The consultant has submitted a draft report and identified areas of potential flooding, which will be studied and analysed further by conducting field verification by the Operations Team.

We have also submitted a renewal application to discharge stormwater at Mangawhai with the NRC. As part of the same, we have sent letters to the affected parties to inform them before they receive the notification from the NRC.

The contribution of this activity to community outcomes

Community outcome	How this activity or service contributes
Sustainable economy	Minimises flood damage to properties by ensuring stormwater systems have adequate capacity.
Safety and good quality of life	Minimises flooding of dwellings by ensuring stormwater overland flowpaths have adequate freeboard to buildings. Ensures that stormwater systems do not present a safety hazard.
Special character and healthy environment	Minimises scour from stormwater by controlling and discharging stormwater flows at protected outfalls.

Stormwater Drainage – Funding Impact Statement – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June 2015	2014-2015	2014-2015	2013-2014	30 June 2015	2014-2015	2014-2015	2013-2014
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
Operating funding				Capital funding			
Sources of operating funding				Sources of capital funding			
General rates, uniform annual general charges, rate penalties	0	124	135	Subsidies and grants for capital expenditure	0	0	0
Targeted rates (other than a targeted rate for water supply)	1,089	1,078	1,174	Development and financial contributions	3	13	13
Subsidies and grants for operating purposes	0	0	0	Increase (decrease) in debt	0	304	-75
Fees, charges and targeted rates for water supply	0	0	0	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	0	0	0	Lump Sum Contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	18	Total sources of capital funding	3	317	-62
Total operating funding	1,089	1,202	1,327	Applications of capital funding			
Application of operating funding				Capital Expenditure - to meet additional demand	0	51	50
Payments to staff and suppliers	243	538	616	Capital Expenditure - to improve the level of service	145	406	97
Finance costs	276	276	283	Capital Expenditure - to replace existing assets	51	87	101
Internal charges and overheads applied	161	161	118	Increase (decrease) in reserves	216	0	0
Other operating funding applications	0	0	0	Increase (decrease) of investments	0	0	0
Total applications of operating funding	680	975	1,017	Total applications of capital funding	412	544	248
Surplus (deficit) of operating funding	409	227	310	Surplus (deficit) of capital funding	-409	-227	-310
				Funding Balance	0	0	0

Financial comment

- Payments to staff and suppliers are \$0.3 million lower than budget due to lower maintenance costs; and
- Capital expenditure is \$0.3 million lower than budget due to timing of planned capital works.

Stormwater Drainage – Performance Measures

Stormwater Drainage						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Sustainability The removal of stormwater and contaminants to protect dwellings, people, private property and public areas from flooding.	Number of requests for service regarding blockages.	<=70	38	123	63	Achieved.
	Number of requests for service regarding emergency repairs.	<=50	0	0	1	Achieved.
	Percentage of customers who rate requests for service responses as excellent/good.	73%	76%	76%	49%	Not achieved. 72% rate the response to requests at least very/fairly satisfied or better. However only 49% rate the response to requests as excellent/good.
	Percentage of operational resource consent conditions complied with throughout the year.	100%	100%	100%	100%	Achieved.

Stormwater Drainage – Significant Negative Effects

- The greatest significant negative effect occurs when high levels of stormwater enter the wastewater reticulation. When this happens the wastewater system at Dargaville can be overloaded, requiring wastewater to be directly discharged into the Northern Wairoa River to deal with the overload. To respond to this issue, parts of Dargaville have been investigated and a number of issues confirmed which need to be rectified to reduce the stormwater infiltration into the wastewater network. Repairs to both the public stormwater system and privately owned stormwater pipes and gully traps still need to be completed;
- A further negative effect is the amount of gross pollutants (bottles, plastics, rubbish, hydrocarbons and various other pollutants) discharged into the natural receiving environment from the stormwater system.

Water Supply

What we do

Communities with water supplied are Dargaville (including Baylys), Maungaturoto, Ruawai, and Glinks Gully. Fonterra receives untreated (raw) water from the Maungaturoto supply. A smaller scheme at Mangawhai services the Mangawhai Heads Camp Ground, Wood Street shops, public toilets, community houses and 17 other connections. Council's Water Supply AMP defines the levels of service and funding requirements, including an engineering standard to guide maintenance.

Why we do it

To ensure communities with public water reticulation have a reliable supply of potable water, Council is continuing to improve levels of service to implement the 2005 (Dargaville scheme only) or 2000 New Zealand Drinking Water Standards. Those who receive this water pay the cost of its production.

What we did this year

The existing service levels were delivered for water supply. Knowledge of the condition of water infrastructure was improved again this year and a much improved AMP produced. All systems operated without fault.

General operations: It was business as usual for most of the water operations. Supervisory Control and Data Acquisition (SCADA) has been implemented at Dargaville and Maungaturoto water treatment plants (WTP) and after the initial implementation issues, the same has been working fine. The WTP complied with the bacterial requirements however due to old unreliable telemetry system of recording WTP data, the WTPs at Dargaville, Maungaturoto and Ruawai lost some data on turbidity. The loss of data is being discussed with the Northland District Health Board (NDHB) and we await their annual report on protozoa compliance of DWS 2005(08).

Council engaged a consultant to study and review water leakages for water supply schemes and recommend measures to reduce the water losses. Implementation of the recommended measures will be actioned in the 2015/2016 financial year. Council is also reviewing the quality of asset information in the system (AssetFinda) and looking to improve the same through desktop/field verifications.

Resource consents: Council identified that due to increased raw water take at Fonterra, there was genuine concern of Council breaching the resource consent limits imposed at the Cattlemount raw water take. Council held discussions with Fonterra and the Northland Regional Council (NRC) and engaged MWH to submit the variation to the resource consent application. The same was submitted to NRC and approval of the variation was approved in principle on 30 June 2015.

The capital works programme has been delivered as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Dargaville - duplication of raw water main pipe bridge - Parore Street	Completed	\$59,000	
Dargaville - protection of raw water main - Rotu Stream	Deferred	\$49,000	This project was deferred to the 2015/2016 financial year.
Dargaville - replace pipe bridges on Awakino Point and Baylys Coast Road	Completed	\$59,000	Only the Awakino Point project was completed due to budget restraints.
Dargaville - Gordon Street pipe renewal	Design complete	\$89,000	No tenders were received. The projects are scheduled for tender in the 2015/2016 financial year.
Dargaville - Ranfurly Street pipe renewal	Design complete	\$174,000	
Dargaville - Normanby Street pipe renewal	Deferred	\$52,000	This project was deferred to the 2015/2016 financial year.
Waiatua Dam improvements	Deferred	\$49,000	This project was deferred to the 2015/2016 financial year.
Mamaranui - Pump variable speed drive	Deferred	\$19,000	This project was deferred to the 2015/2016 financial year.
Automate shut-off valve at Dargaville Water Treatment Plant	Design complete	\$29,000	Funds carried over to the 2015/2016 financial year.
Gated weir across Kaihu River or Waiatua Stream	Deferred	\$59,000	This project was deferred to the 2015/2016 financial year.
Water meter renewal	Completed	\$20,000	
Glinks Gully - minor replacement projects	Not started	\$1,000	
Mangawhai - preferred option for Water Treatment Plant upgrade to meet DWS 2005(08)	Not started	\$31,000	Scheme analysis is to be done along with cost-benefit analysis.

Description of project	Stage	Budget from Annual Plan	Progress description
Maungaturoto - upgrade telemetry	Completed	\$50,000	Original SCADA project was implemented for \$50,000. Due to urgent request from Fonterra, a variation to the existing raw water take consent was filed with NRC. The cost of installing flow meters, SCADA and the actual variation application was for the amount \$85,000. Fonterra contributed \$49,500 as their contribution to the above works.
Maungaturoto - Whaka Street water main renewal	Completed	\$265,000	
Maungaturoto - renewal of Railway Village pipeline and bulk meters	Completed	\$100,000	This has been covered under the above project and the second phase is planned for 2015/2016.
Maungaturoto - State Highway 12 relocation of Maungaturoto town water main	Completed	\$60,000	
Ruawai - Water main upgrade	Completed	\$190,000	
Ruawai - upgrade telemetry	Not started	\$20,000	This project was deferred.
Total		\$1,375,000	

The contribution of this activity to community outcomes

Community outcome	How this activity or service contributes
Sustainable economy	Reliable and regularly available potable water supplies for commercial and industrial activity.
Strong communities	Promotes community growth by providing a safe and reliable water supply.
Safety and good quality of life	Raw water is treated to a sustainable standard against waterborne diseases.

Water Supply – Funding Impact Statement – Operating and Capital

For the year ended:	Actual	Annual	Annual	For the year ended:	Actual	Annual	Annual
30 June 2015	2014-2015	Plan	Plan	30 June 2015	2014-2015	Plan	Plan
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
Operating funding				Capital funding			
Sources of operating funding				Sources of capital funding			
General rates, uniform annual general charges, rate penalties	0	0	0	Subsidies and grants for capital expenditure	0	0	0
Targeted rates (other than a targeted rate for water supply)	14	0	0	Development and financial contributions	28	37	37
Subsidies and grants for operating purposes	0	0	0	Increase (decrease) in debt	0	296	-91
Fees, charges and targeted rates for water supply	2,744	2,851	2,614	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	0	0	0	Lump Sum Contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	12	18	Total sources of capital funding	28	333	-54
Total operating funding	2,758	2,863	2,632	Applications of capital funding			
Application of operating funding				Capital Expenditure - to meet additional demand	0	148	65
Payments to staff and suppliers	1,097	1,120	1,148	Capital Expenditure - to improve the level of service	238	0	175
Finance costs	332	332	349	Capital Expenditure - to replace existing assets	615	1,227	630
Internal charges and overheads applied	369	369	211	Increase (decrease) in reserves	135	0	0
Other operating funding applications	0	0	0	Increase (decrease) of investments	0	0	0
Total applications of operating funding	1,798	1,821	1,708	Total applications of capital funding	988	1,375	870
Surplus (deficit) of operating funding	960	1,042	924	Surplus (deficit) of capital funding	-960	-1,042	-924
				Funding Balance	0	0	0

Financial comment

- Capital expenditure is \$0.5 million lower than budget due to timing of planned capital works.

Water Supply – Performance Measures

Water Supply						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Health and Safety Provide water that is clean and safe to drink, bathe and wash in.	Number of complaints per annum regarding water quality for Council-owned controlled water supply.	Decreasing Trend	12	9	12	Not achieved. Need to monitor the actuals for a number of years to establish a realistic trend (target).
	Compliance with New Zealand Drinking Water Standards (NZDWS)	Dargaville compliant with 2005 NZDWS and all other schemes compliant with 2000 NZDWS	All schemes comply with 2000 NZDWS	Dargaville Plant is being upgraded to meet the Protozoa compliance and NZDWS	N/A	The water supply systems are operated in accordance with the NZDWS – no instructions have been received from the NDHB with regard to water quality. The 2014/2015 Annual Report has been submitted to the NDHB.

Water Supply						
Levels of service statement	Performance measures	Target Year 3 2014/2015	Actual			Comments
			Year 1 2012/2013	Year 2 2013/2014	Year 3 2014/2015	
Quality Water is available at an appropriate pressure, free from waste and odours and produced in an environmentally sustainable and affordable manner.	Number of requests for service regarding water leaks for Council-owned and controlled water supply.	<=100	226	185	169	Not achieved due to aged infrastructure. Council has increased its renewal programme for 2015/2016 and future years to proactively address the issue. Council's maintenance contractor is required to respond to the water leaks within one (1) hour. This was achieved for the assessment period.
	Percentage of residents who are very/fairly satisfied with the water supply.	82%	40%	74%	69%	Not achieved. One of the main reasons for dissatisfaction is the cost of water supply.
	Percentage of operational resource consent conditions complied with throughout the year.	100%	New measure	100%	100%	Achieved.

Water Supply – Significant Negative Effects

- Possible negative effects of this activity could include water treatment system failure that could affect dialysis patients or the flooding of property due to a breakage in the pipeline. Council's Contractors have a list of patients on dialysis and notify them immediately of any outages, supplying them with water if needed;
- Breaks in the lines are unpredictable however Council has an alarm activation system that triggers any change to the plant and a 24 hour service to repair faults; and
- Council's Water Supply AMP describes its water assets and details the practices used to manage those assets which helps to reduce possible negative effects and risks.

Council working with Maori

Council recognises its obligations to Maori under the Local Government Act 2002 and the Resource Management Act 1996, and continues to look for ways to facilitate Maori input into decision-making.

Council recognises the importance of its relationships with Te Uri o Hau, Ngati Whatua, and Te Iwi O Te Roroa.

Kaipara District Council is a member of the Northland Iwi and Local Government Chief Executives' Forum. This group meets quarterly with the key objective of bringing consistency to approaches across the Iwi organisations and councils.

Council's commitment to partnership with Iwi on matters of importance to Maori is further illustrated by:

- Council's contribution to the Integrated Kaipara Harbour Management Group (IKHMG) project which is led by Te Uri o Hau;
- Iwi is given the opportunity for input into the Long Term Plans and Annual Plans during the consultation process;
- Council and Te Iwi O Te Roroa / Te Kuihi joint management of the Taharoa Domain; and
- Council and Te Uri o Hau joint management of Harding Park and Pou Tu o Te Rangi in Dargaville.

Council remains open to considering further ways of supporting Iwi to improve their ability to contribute to decision-making processes that is mutually beneficial to both parties.

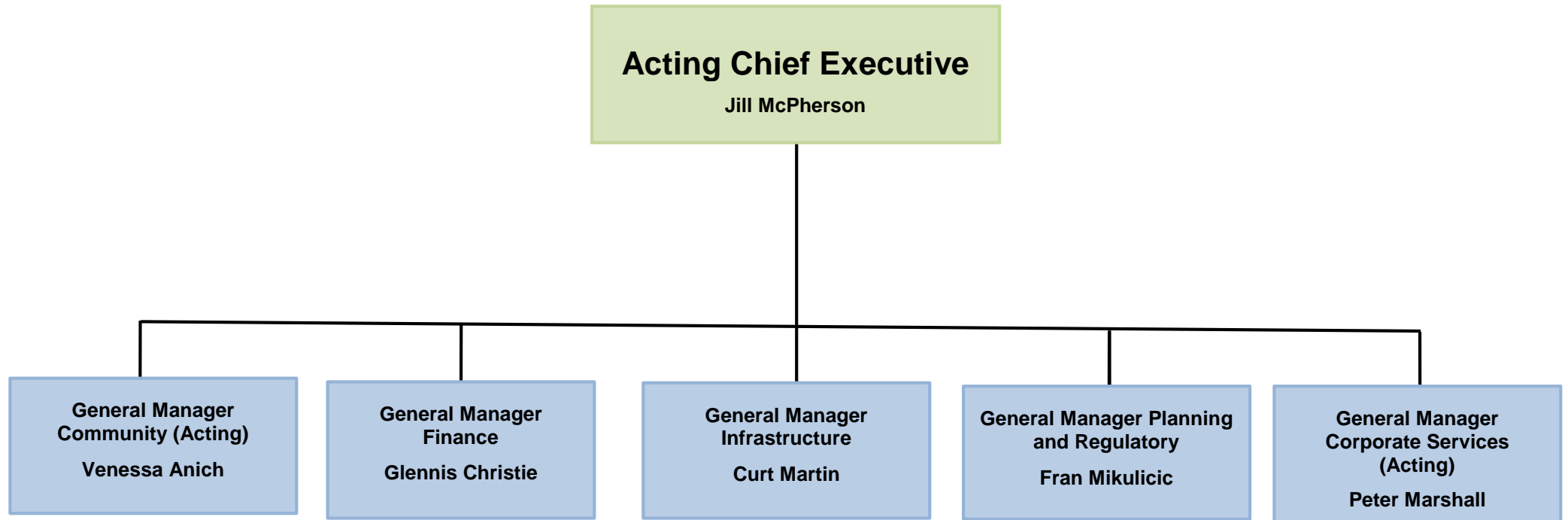


Appendix

Council Directory

Address:	Main Office 42 Hokianga Road Dargaville 0310	Mangawhai Service Centre Unit 6 The Hub 6 Molesworth Drive Mangawhai 0505
Postal address:	Private Bag 1001 Dargaville 0340	
Telephone:	(09) 439 3123 or 0800 727 059	
Facsimile:	(09) 439 6756	
Email:	council@kaipara.govt.nz	
Website:	www.kaipara.govt.nz	
Bankers:	Bank of New Zealand 69 - 71 Victoria Street Dargaville 0310	
	ANZ National Bank Corporate Banking 23-29 Albert Street Auckland 1010	
Auditors:	Deloitte on behalf of the Auditor-General Private Bag 15033 Auckland 1140	

Organisational Structure



Council/Committee Structures

Each Commissioner cannot be expected to have an in-depth knowledge of all components of Council's business. The appointment to both internal and external Committees means that each Commissioner gains an in-depth knowledge of his/her committee(s) which they in turn impart to their fellow Commissioners. A Committee Holder is the champion of the subject(s) of his/her Committee. There should be a close relationship with the relevant Manager(s) with the Commissioner providing the governance and political input and the Manager providing the technical and operations input. Together they should work to advance solutions and successes.

The following is a list of the current Committees and Committee Holders. It should be noted that Commissioner Colin Dale resigned from his position as a Commissioner at Kaipara District Council on 26 February 2014. As the Minister for Local Government made the decision not to replace him his positions on Council Committees were filled by other Commissioners as shown below:

Body	Meeting Frequency	Purpose	Members
Council	Monthly	Overall governance body.	John Robertson (Chair) Richard Booth Peter Winder
Audit and Risk Committee	Four times per year	To ensure Council has appropriate financial, risk management and internal control systems in place to provide: <ul style="list-style-type: none"> • An overview of the financial performance of the organisation; • Effective management of potential opportunities and adverse effects; and • Reasonable assurance as to the integrity and reliability of Council's financial and non-financial reporting. 	Richard Booth (Chair) Peter Winder John Robertson

Body	Meeting Frequency	Purpose	Members
Chief Executive Performance Review Committee	Twice per year	To comply with the provisions of local government and employment legislation and the requirements set out in the contract between the Chief Executive and Council.	John Robertson (Chair) Richard Booth Peter Winder
Taharoa Domain Governance Committee	Six times per year	Co-governance of the Taharoa Domain on behalf of Council and Iwi in accordance with the Taharoa Domain Reserve Management Plan.	John Robertson (Chair) Ric Parore Alan Nesbit Peter Winder
Raupo Drainage Committee	Four times per year	To make recommendations to Council on the maintenance of drains, floodgates and stopbanks in the Raupo Drainage District.	Ian Beattie (Chair) David Hart Brian Madsen Ross McKinley Ken Whitehead Peter Wilson Richard Booth (Council representative)
Harding Park Committee / Pou Tu o Te Rangi Joint Management Committee - Combined	Four times per year	Co-governance of Harding Park and Pou Tu o Te Rangi on behalf of Council and Iwi in accordance with the Harding Park / Pou Tu o Te Rangi Reserve Management Plan.	Mikaera Miru (Chair) Colleen Ulrich Robbie Sarich Hal Harding Peter Winder Richard Booth
Mangawhai Community Park	Four times per year	Governance of the Mangawhai Community Park in accordance with the Mangawhai Community Park Master Plan.	Peter Winder (Chair) Maurice Langdon Jim Wintle Richard Booth

Body	Meeting Frequency	Purpose	Members
District Licensing Committee	As required but generally twice monthly	To deal with licensing matters for its district	Peter Winder (Chair) Members pool: <ul style="list-style-type: none"> Gordon Lambeth Mark Vincent Mark Farnsworth
Mangawhai Endowment Lands Account Committee	As required but generally twice yearly	Determining grants to be made from the Mangawhai Endowment Lands Account (MELA) in accordance with the provisions of the <i>Mangawai Lands Empowering Act 1966</i> (sic).	John Robertson (Chair) Richard Booth Joanna Roberts Alan Russek
Sport NZ Local Funding Allocation Committee	Four times per year	To administer the Sport NZ Rural Travel Fund to support and encourage participation in local sport competitions of young people aged between 5-19 years old.	Chris Biddles (Chair) Roxanne Kelly Karen Smales Richard Booth Iwi Representative (vacant)
Creative Communities Local Funding Allocation Committee	Four times per year	The administration of the Creative Communities Scheme to support and encourage local communities to create and present diverse opportunities for accessing and participating in arts activities within their defined geographical area.	Debbie Evans (Chair) Allan Mortensen Maura Flower Elena Nikolaeva Bernard Makoare Peter Winder
Local Government New Zealand Zone One	As required		John Robertson (alternative: Peter Winder)

Body	Meeting Frequency	Purpose	Members
Local Government New Zealand Rural Sector	As required		John Robertson (alternative: Richard Booth)

The following is a list of the current external Committees that Council has representation on:

Body	Purpose	Representative
Civil Defence Emergency Management Group (NRC)	To improve and promote the sustainable management of hazards in a way that contributes to the social, economic, cultural and environmental well-being and safety of the public and also to the protection of property.	Peter Winder (alternative: Richard Booth)
Regional Transport Committee (NRC)	Governance of the region's land transport matters including policies, procedures and the Regional Land Transport Plan.	Peter Winder
Environmental Management Committee (NRC)	To provide an advisory service and make recommendations to Northland Regional Council on environmental matters.	Richard Booth
Kaihu River Liaison Committee (NRC)	To advise and make recommendations to the Northland Regional Council, via the Environmental Management Committee, on all matters pertaining to the development and implementation of the Kaihu River Management Plan.	Richard Booth
Kaipara Harbour Joint Political Committee	To promote effective integrated management of the Kaipara Harbour and its catchments by councils and Iwi for present and future generations until a formal governance structure is determined.	Richard Booth
Sport Northland Board of Trustees	Governance of Sport Northland.	Richard Booth
Pouto Catchment Group	To work collaboratively to maintain and improve the state and management of freshwater in the Pouto Catchment.	Richard Booth

Body	Purpose	Representative
Northland Chamber of Commerce	To positively influence the environment in which businesses operate and by providing “opportunities, products and services” that will improve the success and vitality of business.	Richard Booth
Northland Sport and Physical Activity Strategy Group		Chief Executive or nominee
Mangawhai Community Trust	The objects of the Trust are for the benefit of sport and recreation in the Mangawhai District.	Chief Executive or nominee
Matakohe Church and Reserve Committee	To support the maintenance of Matakohe Church and reserve.	Chief Executive or nominee
Paparoa County Depot Trust	Charitable purposes.	Chief Executive or nominee
Road Safety Committee	To progress and complement actions identified in the regional Road Safety Action Plans and local Road Safety Action Plans.	Chief Executive or nominee
Hughes Trust	Charitable purposes.	Mayor/Chair

Council’s decision-making function for resource consents requiring hearings

At its meeting dated 23 March 2011 the past Council resolved to appoint a panel of Independent Commissioners, any one of whom can act on Council’s behalf in determining resource consent applications which require a Hearing in terms of Council’s delegations. Having independent professionals involved produces consistent, high quality decisions, and ensures transparency in separating the Regulatory decision-making function from Council’s other roles.

Kaipara District Council
Private Bag 1001, Dargaville 0340
42 Hokianga Road, Dargaville 0310

Unit 6 The Hub, 6 Molesworth Drive, Mangawhai
PO Box 224, Mangawhai 0540

P: +64 9 439 3123 or 0800 727 059
F: +64 9 439 6756 E: council@kaipara.govt.nz
W: www.kaipara.govt.nz