



# **KAIPARA DISTRICT COUNCIL**

## **Summary Annual Report**

**2015/2016**



Kaipara te Oranganui

**KAIPARA  
DISTRICT**

Two Oceans Two Harbours

## **A word from the Commissioners**

It is a pleasure to present this Summary Annual Report to Kaipara residents and stakeholders.

The Kaipara District Council is in good shape. It is running, and can continue to run, a balanced budget. Debt reduction has been particularly significant this year with a total of \$10.9 million being paid off primarily towards the district-wide debt for the Mangawhai Community Wastewater Scheme (MCWWS). Nearly half of this was a payment in settlement from the Auditor-General as a result of mediation of the case taken by Council against her in the High Court.

The Statement of Comprehensive Revenue and Expense for the year ending 30 June 2016 advises of rate revenues of \$31.3 million (\$30.5 million 2015), of total revenues of \$56.9 million (\$49.4 million 2015), and of total expenditure of \$46.9 million (\$45.9 million 2015). Thus the net surplus in the year under review was \$10.0 million compared to the 2015 year surplus of \$3.6 million. Surpluses are forecasted to continue.

External debt has been reduced to \$65.0 million, an improvement of \$10.9 million over the 30 June 2015 position.

### **The east of the district continues to grow**

Mangawhai's growth has exceeded all predictions, and our Building Control Team is permitting an average of two new houses a week in Mangawhai and the surrounding area. This year, we have added 110 new connections to the Mangawhai Community Wastewater Scheme (MCWWS). Next year we expect continued growth.

The Community Advisory Panel appointed last year to assist Council with decision-making on future investment in the MCWWS, provided us with their report and recommendations in July 2015. Council values their contribution. It is clear that the scheme, with some extension of the disposal field on the Browns Road farm, can cope with all the new connections expected for some years. A further review should take place in 2018, alongside the review of the current Long Term Plan.

As a result of growth further infrastructure investment will be needed in the east. Council has initiated work on a Mangawhai Town Plan to ensure that there is an appropriate response to the future needs of this area.

### **The community is working with Council to care for their place**

The Commissioners and Council officers have continued to engage extensively with members of the community, proactively meeting with community groups and following up enquiries from individuals. In this year, community planning programmes continued in Kaiwaka, Dargaville and Mangawhai. Action plans were put in place, after community consultation, for Pouto Peninsula, Baylys, Tangiteroria and Mangawhai Village. We have contracts with 17 community groups who are caring for and developing public spaces for the community. We co-govern three premier parks in partnership with Iwi and community representatives.

### **Legal action continues**

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

Our attempt to bring the former Chief Executive to account continues.

**The organisation is in good shape**

The Council organisation is in good shape. In-house staff numbers have increased to replace contractors and consultants, with savings from this available to be applied to improving areas where we had gaps. The demand for building and resource consents has meant that we have increased our staff involved in consent processing so that we can continue to provide a good and timely service. This service is funded from fees charged.

We have built a Council that is well prepared for the return of elected representatives in October 2016. Chief Executive, Graham Sibery, who began on 04 July this year, will use his expertise to further improve the organisation and to provide professional support to the elected Council.

We thank the people of Kaipara, for their support as we have undertaken the task that we were given in September 2012.



John Robertson QSO

**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 and a Director of Northpower.

## **The year that was...**

The past year has seen further progress 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. The changing way we deliver services has been a particular feature this year.

We continue to roll out our 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.

### **Community Placemaking - a strong focus**

We have continued with our community planning programme and completed six community action plans in Pouto Peninsula, Baylys, Tangiteroria, Kelly's Bay, Glinks Gully and Mangawhai Village, with 14 other community plans updated. The focus for the year has been on implementing the larger projects identified by the planning in Dargaville and Kaiwaka, in conjunction with these communities.

The Dargaville Placemaking Vision Guide has been developed in consultation with an advisory group and community feedback. The Kaiwaka Improvement Plan, developed to improve traffic and pedestrian safety, has been developed in partnership with the community and NZ Transport Agency.

Reserve management planning has continued with a draft Reserve Management Plan (RMP) developed for Taharoa Domain (Kai Iwi Lakes). There was considerable interest in the development of this RMP which reflects the importance of this place to many people.

### **Kaipara's Premier Parks**

Community facilities are an important part of every community. We have refurbished the Baylys, Whakapirau, Omamari, Maunganui Bluff, Kellys Bay, Mangawhai Heads and Moir Street public toilet facilities. Newly built facilities at the Mangawhai Activity Zone and Alamar Crescent have been accomplished to meet increased demand from visitors.

We have continued to improve our smaller parks with the rollout of new signage and improved safety with the installation of bollards to separate pedestrians and cars. In response to feedback from community plans we have been upgrading gardens in Dargaville and Mangawhai to smarten up the look of our town centres.

The three premier parks, Pou Tu Te Rangi Harding Park, Taharoa Domain and Mangawhai Community Park are the focus of our capital development programme. Working in partnership with Te Uri o Hau we have rebranded Pou Tu Te Rangi Harding Park and developed new walkways, removed exotic trees to make the most of the panoramic views and installed interpretative signage. At Taharoa Domain we have continued to improve biodiversity with over 10,000 native plants in the ground this year. Good progress is being made in the pest plant removal programme and 60ha is being actively managed. New walking/cycling tracks have been developed around Lake Taharoa and Lake Kai Iwi that are getting positive comments from visitors and campers. After a slow start Mangawhai Community Park development is progressing with the Pioneer Village site works complete and ready for new buildings to arrive early next year.

### **Working in partnership regionally**

We have been actively working with Northland's other councils to find ways to work more closely together through shared service initiatives.

We began the process in the second half of the financial year as part of the establishment of the Kaipara Roding Business Unit. This unit has combined into the regional Northland Transportation Alliance (NTA), which began on 01 July 2016, with all four Northland councils contributing towards this. This alliance is primarily designed to bring about cost-savings, having internal capacity and capability which provides opportunities for knowledge sharing between councils.

We are teaming up with Whangarei District Council for the delivery of Animal Management, Noise Control and Parking activities, and are looking into efficiencies regionally for delivery of IT and Water Services.

### **Roding services progressing well**

Roding continues to, and will always, be a big ticket item with 67% of Council's capital expenditure budget spent here in 2015/2016. We have completed our planned sealed road rehabilitation projects as well as heavy maintenance on our unsealed roads. There are 1,573km of roads in our network, 92.5% rural and 7.5% urban, with 71.5% unsealed and 28.5% sealed.

Road safety promotion is also important to us. We have spent a total of \$90,506 on initiatives like the Drive Soba programme, which is part of the alcohol and drugs Safer Journeys Area. We assisted with the younger drivers' programme, with the mentor driving programmes and the Rotary Youth Driver Awareness (RYDA) programme. The RYDA programme is a partnership with Rotary, Road Safety Education, Safer Journeys and Council.

### **Enhancements to water and wastewater**

One of our objectives is to ensure we provide a reliable and sustainable infrastructure for Kaipara district. During the past year, we delivered the majority of our water services capital expenditure programme successfully, with some savings and some projects carried forward to the next financial year.

We successfully accomplished the key contract tender, awarding the Three Waters Operation and Maintenance Contract to the new contractor, Broadspectrum. The tendering was publicly notified and Broadspectrum started on 01 July 2016.

Council has reviewed the bulk water supply agreement with Fonterra resulting in an increase to the annual charges. Water services has continued to install SCADA (Supervisory Control and Data Acquisition) at key locations to have better control and improve overall efficiency. We also reviewed our critical assets for Three Waters, leading to a more focused and targeted condition assessment programme to improve our knowledge of the condition of our assets.

### **Improved service from strengthening our capability**

In keeping with 'making it easy' we now have a projects office with project management and business analysis resource delivering projects and initiatives across the organisation, the prime project being the Business Plan. We look to make improvements across the entire organisation supporting the Commissioners intention that Council be a high performing organisation. Other projects include Mangawhai Community Wastewater Scheme

---

Extension, Taxonomy/EDRMS, Mangawhai Harbour Water Quality, Customer Database, Northland Transportation Alliance (NTA), Land Information Memorandum (LIM) Improvement and Mangawhai Town Plan. Project methodology and disciplines are utilised and the organisation is able to undertake and deliver projects alongside ongoing operational activity.

### **Economic growth increases**

A positive sign for 2015/2016 was an increase in residential building consents and resource consents. Kaipara's economic growth accelerated in the second half of the 2015/2016 year.

Building activity meant an increase in resourcing and in-house capability for Council. Implementing a training needs analysis programme to assist staff training skills and preparing for Building Control Authority accreditation were highlights for 2015/2016.

Planning was another area of strong growth for the year. Additional internal resourcing and use of external contractors was a beneficial tool in managing peaks in applications due to economic growth.

Internal capability was also strengthened in Regulatory for alcohol management, environmental health and consent monitoring. Transitioning of the new contractor for Animal Management, Noise Control and Parking will begin shortly.

### **Financial position improved**

Council's position has improved significantly again with debt of \$65.0 million compared with the budgeted \$74.5 million at 30 June 2016. This was due in part to the settlement with the Office of the Auditor-General (OAG). Council acceded to the Local Government Funding Agency (LGFA) in March 2016. As a result of this, Council is able to refinance debt at a lower cost and can access a wide range of funding maturities. We thank our banking partners for their continued support.

## Summary Statements of Service Performance

Council has a number of performance measures by which it monitors its progress during the year. These performance measures are derived from the Long Term Plan 2015/2025. A summary of some of the key measures are listed below. For the full list of measures refer to the full Annual Report.

### Status Key



Achieved



Not Achieved



Not Measured

## Community Activities

Council has applied its Community Assistance Policy this year. Organisations throughout the district received a total of \$353,423 funding support.



Levels of service statement	Performance measures	Status	Comments
<b>Community Housing</b>			
To provide housing suitable for members of the community who have difficulty providing it themselves.	Annual occupancy rate		Achieved
<b>Reserves and Open Space</b>			
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.		Not achieved The community is generally satisfied with the spread of premier parks being developed and the level of maintenance across the district.
	Percentage of residents who are very/fairly satisfied with their public conveniences.		Achieved



Levels of service statement	Performance measures	Status	Comments
	User satisfaction with cleanliness and lack of litter and graffiti.		Achieved
<b>Community Assistance</b>			
Implementing the Community Assistance Policy including Grants, Contract for Service, Licence to Occupy and the Mangawhai Endowment Lands Account.	Contract for Service, Operational and Capital Grants, Mangawhai Endowment Lands Account applications called for and processed within timeframes.		Achieved
<b>Libraries</b>			
<b>Quality</b> To provide a range of quality resources and material relevant to the residents of Kaipara.	Percentage of library users who are very/fairly satisfied with the Kaipara district's library services.		Achieved

## Regulatory Management

The RMA Consents Team has now brought all services, including development engineering, in-house but is continuing to use consultants and contractors to help with processing consents, which have increased by 33% on the previous financial year.



Levels of service statement	Performance measures	Status	Comments
<b>Building Control Inspections, Compliance and Enforcement</b>			
<b>Customer Benefits</b> Ensure effective response to customer enquiries about building standards	Percentage of customers who rate request for service responses as excellent/good.		Achieved
<b>Responsiveness</b> To process applications in accordance with statutory timeframes.	Percentage of building consents processed within 19 working days.		Achieved
	Percentage of project information memoranda processed within 19 working days.		Achieved
	Percentage of code compliance certificates (CCC) issued within 20 working days.		Not achieved There were 446 CCC's issued within the 2015/2016 financial year. The average time to issue a CCC was 0.51 days.
<b>Quality</b> Monitoring building consent applications and inspections to ensure projects comply with New Zealand Building Code.	All new buildings in the Kaipara district for which Building Consent has been issued comply with the NZ Building Code (includes approval of building plan, as well as confirmation that the resulting building matches the approved plans).		Achieved

Levels of service statement	Performance measures	Status	Comments
<b>Resource consents</b>			
<b>Customer Benefits</b> Ensure effective response to customer enquiries about District Plan/Resource Consent requirements.	Percentage of customers who rate Request for Service responses as excellent/good.		Not achieved Target not met due this being the first full financial year a full RMA Consents service was offered.
<b>Responsiveness</b> To process applications in accordance with statutory timeframes.	Percentage of non-notified Resource Consents processed within 18 working days.		Not achieved The average processing days was 11.5. The number of consents deferred was 61. Target not met as resource consents were deferred to allow customers time to review their subdivision consent conditions. This reduces the likelihood of costly, non-recoverable objections to conditions. However a deferral extends the timeframe.
<b>Quality</b> Resolving of complaints concerning breaches of conditions of resource consent and other non-compliance with the District Plan.	Percentage of complaints regarding unconsented works and non-compliance with the District Plan and Resource Consent investigated within 5 working days.		Achieved
<b>Environmental Health</b>			
<b>Health and Safety Customer Service</b> Regulate commercial operations to protect public health.	Percentage of food premises inspected at least once per year.		Achieved
<b>Animal Management</b>			
<b>Reliability</b> Respond to animal management issues.	Percentage of priority response times being met.		Achieved

## Emergency Management

A civil defence emergency exercise was carried out in April 2016. The exercise was used to test the ability and capacity of Kaipara District Council's Emergency Operations Centre's (EOC) response to the notification of a near source tsunami that would impact on the entire coastline of upper Northland.



Levels of service statement	Performance measures	Status	Comments
<b>Civil defence</b>			
<b>Reliability</b> 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.		Achieved
	Time taken to activate the Emergency Operations Centre after notification of a local civil defence emergency.		Not measured as no emergencies occurred.
<b>Rural fire</b>			
<b>Health and Safety</b> 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.		Achieved
Fire safe behavior and practices through public education and rural fire co-ordination.	The number of public awareness campaigns run each year.		Achieved

## Flood Protection and Control Works

For improvement of the Land Drainage GIS information, it was decided that in this year we will capture information about drain lines and floodgates. Of the 29 catchments 28 have now been captured into the GIS system.



Levels of service statement	Performance measures	Status	Comments
<b>Reliability</b> Monitor drainage of rivers and streams. Ensure minimal flood risk and coastal erosion to the community.	The number of schemes maintained to their full service potential.		Achieved
	Council inspection of drainage network to ensure that a 1 in 5 year flood is contained by the network.		Achieved
	Targeted maintenance of the stopbank system in the Raupo Drainage District to prevent tidal flows from inundating private property during high tide and/or when the river is in flood.		Achieved

## District Leadership

Commissioners appointed by the Minister of Local Government continue to govern the district, replacing the elected representatives until the triennial election scheduled for October 2016 (after a year's extension was made in April 2015). Governance arrangements continue to be open and transparent.

Levels of service statement	Performance measures	Status	Comments
<b>Governance</b>			
Compliance with legal requirements (as stipulated in the Local Government Act 2002 and Local Government Official Information and Meetings Act 1978) around formal meetings of Council and its Committees.	Meetings of Council and Committees are correctly convened and legislatively compliant.		Achieved
A proactive programme to develop good relationships with the community and mana whenua.	Percentage of residents who rate the performance of Commissioners/Elected Members as very good/fairly good.		Achieved
	That the Mana Whenua Forum meets regularly.		Not achieved Forum met twice during the year.
Processes established and maintained that provide opportunities for Maori to participated in decision-making (Section 81 LGA 2002)	Iwi Relationship Plan is developed and used.		Achieved
<b>Community Planning</b>			
Community Action Plans produced to build community trust in Council.	Number of Community Planning meetings held and Community Action Plans developed.		Achieved
All statutory required plans and documents are produced in accordance with legislative processes and requirements e.g. District Plan, Reserve Management Plans, Gambling Policy.	District Plan: Percentage of Building Consents that do not require a Resource Consent.		Not achieved The percentage has a small margin under the 30% target.
<b>Corporate Planning</b>			
Legal compliance of all statutory plans in accordance with the Local Government, with unqualified audit opinions.	Council has adopted Long Term Plan/Annual Plan at 30 June of each year.		Achieved



## Solid Waste

The Council owns two transfer stations in the District, one in Dargaville and the other at Hakaru. An investigation of options for the cost-effective management and disposal of the Hakaru Closed Landfill leachate has commenced and this investigation is expected to be completed in the 2016/2017 financial year. There are no operational landfills in the Kaipara District.

Recycling was expanded at Dargaville Transfer Station, this allows users to drop off their sorted recycling for free during opening hours.

In May 2016 the current contract for Eastern and Western Waste and Recyclables Collection Disposal and Transfer Station Operation was rolled for a further three year period commencing 01 November 2016.



Levels of service statement	Performance measures	Status	Comments
<b>Reliability</b> To provide regular community kerbside collections.	Percentage of residents who are satisfied with rubbish collection measured by the number of complaints received per calendar year regarding collection as a percentage of the total service requests.		Achieved
To ensure that closed landfill activities meet legislative compliance.	Percentage of compliance with our Resource Consents.		Achieved
To encourage recycling and reduction of waste to landfill.	Percentage of residents who are very/fairly satisfied with recycling collection in the annual Communitrak Survey.		Achieved

## Roads and Footpaths

The Roding and Footpath capex programme was largely completed. A few projects that were delayed were carried forward to the next financial year for completion during favourable weather conditions.



Levels of service statement	Performance measures	Status	Comments
<b>Roads</b>			
<b>Safety</b> The transportation network is designed and managed for safe use with low crash and injury rates.	Number of road fatalities and serious injuries caused by road factors.		Achieved
<b>Road Condition</b> The average quality of ride on a sealed local road network, measured by smooth travel exposure	Smoothness within average range as below: <90 smooth 90-110 average <110 rough.		Achieved
The Pavement Integrity Index (PII) is a combined index of the pavement faults in sealed road surfaces. It is a 'weighted sum' of the pavement defects divided by total lane length.	PII within average range as below: <90 poor >90 good >95 very good.		Achieved



Levels of service statement	Performance measures	Status	Comments
<b>Footpaths</b>			
The percentage of footpaths within the district that fall within the level of service as determined by the condition rating (facilities are up-to-date, in good condition and 'fit for purpose').	Percentage of residents who are satisfied with footpaths.		Not achieved This measure is the latest received as part of the KeyResearch report.
Response to service requests.	Percentage of customer service requests, approved for action, closed (customer informed of intended work schedule) within the target day timeframes set.		Achieved
<b>Road Maintenance</b>			
The length of the unsealed local road network that is graded per annum for Secondary Collector.	The length of the unsealed local road network that is graded per annum for Secondary Collector.		Not achieved Grading of secondary collector roads below minimum target.
The length of the unsealed* local road network that is graded.	The length of the unsealed local road network that is graded per annum for Access.		Achieved

\*One Network Road Classification (ONRC)

## Sewerage and the Treatment and Disposal of Sewage

The operation and maintenance contract for Three Waters was updated and went to tender. Broadspectrum was awarded the contract.



### Mangawhai Community Wastewater Scheme

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 provided a report to Council with 22 recommendations. Some of these recommendations have commenced, e.g. review of Council's Wastewater Bylaw. Funding to work through the remaining responses has been included in the 2016/2017 Annual Plan, and will also be included as part of the Long Term Plan 2018/2028.

Levels of service statement	Performance measures	Status	Comments
<b>Discharge compliance</b> Compliance with the Council's Resource Consents for discharge from its sewerage system.	The number of abatement notices received by the Council in relation to its resource consents for discharge from its sewerage system.		Achieved
<b>Fault response times</b> Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system.	<i>Attendance time:</i> from the time that the Council receives notification to the time that service personnel reach the site.		Achieved
<b>Customer Satisfaction</b> The total number of sewerage system complaints received by the Council.	Council's response time to complaints regarding its sewerage system		Achieved

## Stormwater Drainage

Council continued to deliver the current levels of service for stormwater drainage.



Levels of service statement	Performance measures	Status	Comments
<b>System Adequacy</b> To provide stormwater drainage systems in urban areas with the capacity to drain water from normal rainfall events and cope with a 1 in 10 year rain event.	The number of flooding events that occur in Kaipara District.		Achieved
<b>Discharge Compliance</b> Compliance with the Council's resource consents for discharge from its stormwater system.	The number of infringement notices received by the Council in relation those Resource Consents.		Achieved
<b>Customer Satisfaction</b> The total number of stormwater system complaints received by the Council.	The number of complaints received by Council about the performance of its stormwater system, expressed per year.		Not achieved Most complaints are in regards to blocked drains, with rubbish or leaves.

## Water Supply

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 Asset Management Plan produced. All systems operated without fault.



Levels of service statement	Performance measures	Status	Comments
Safety of drinking water in accordance with NZDW 2005 (2008)	The extent to which Council's drinking water supply complies with part 4 of the NZDWS (bacteria compliance criteria).		Achieved
	The extent to which Council's drinking water supplies complies part 5 of the NZDWS (protozoal compliance criteria).		Dargaville - Achieved
			Ruawai - Achieved
			Maungaturoto – Not achieved
<b>Fault response times</b> Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system.	The median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.		Achieved
	The median response time for resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.		Not achieved The 12 month average was adversely affected due to a single failure that took 11 hours 20 minutes to resolve.

Levels of service statement	Performance measures	Status	Comments
<b>Demand Management</b> The average consumption of drinking water per day per resident within Kaipara District = <u>Billed Metered Consumption</u> (m <sup>3</sup> ) x 1,000 Number of connections x 365 x 2.5 (occupancy rate).	Dargaville                      275		Not achieved
	Maungaturoto                      340		Achieved
	Ruawai                                      130		Not achieved
	Glinks Gully                              52		Achieved
	Mangawhai                              230		Not achieved



## Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2016

The Statement of Comprehensive Revenue and Expense shows the revenues received and expenditure paid by the Council for the financial year.

For the year ended:	Actual	Annual Plan	Annual Report
30 June	2015-2016 \$'000	2015-2016 \$'000	2014-2015 \$'000
<b>Revenue</b>			
Rates	31,297	31,751	30,511
Subsidies and grants	10,202	10,269	11,971
Activity income	9,216	3,915	4,393
Contributions	3,984	897	1,595
Investments and other income	2,228	440	962
<b>Total revenue</b>	56,928	47,271	49,432
<b>Expenses</b>			
Activity costs	26,516	22,450	25,974
Employee benefits	6,726	6,714	6,016
Finance costs	3,613	4,294	4,119
Depreciation	10,091	9,458	9,747
<b>Total expenses</b>	46,946	42,916	45,856
<b>Surplus/(deficit) for the period</b>	9,981	4,355	3,576
<b>Other comprehensive revenue and expense</b> (Items that will not be reclassified subsequently to surplus or deficit)			
Gain/(loss) on revaluation	15,849	13,239	25,713
<b>Total comprehensive revenue and expense for the period</b>	25,830	17,594	29,289

---

## Explanation of major revenue and expenditure variances against Annual Plan

### Revenue

**Rates:** Rates revenue is \$0.4 million lower than budget due to lower water by meter charges and an adjustment for prepaid rates.

**Activity income:** Activity income is \$5.3 million above budget due to a settlement with Office of the Auditor-General (OAG) and increased building control and resource consent income.

**Contributions:** Contributions are \$3.1 million above budget due to development and financial contributions received reflecting increased activity in the district.

**Investment and other income:** The favourable variance against budget of \$1.8 million is due to the revaluation of forestry, land assets vested in Council and gains on sale of assets.

### Expenditure

**Activity costs:** The major factors contributing to the unfavourable variance of \$4.1 million are:

- Revaluation of interest rate swap derivatives to fair market value \$3.7 million
- Higher contracting and professional services costs of \$0.3 million.
- Consultancy and legal advice to support Council with rating issues, the Judicial Review and other organisational service delivery matters \$0.9 million.

Partially offsetting these increases were below plan costs for:

- Lower maintenance costs of (\$0.8 million)

**Finance costs:** The favourable variance in finance costs of \$0.7 million is due to lower than budget external interest costs as a result of lower debt levels.

**Gain on revaluation:** The favourable variance of \$2.6 million is due to higher than budget gain on revaluation of Council's roading, water supply, stormwater and flood protection and control works infrastructure, as assessed by independent engineers at 30 June 2016.

**Statement of Changes in Net Assets/Equity for the Year Ended 30 June 2016**

For the year ended:	Actual	Annual Plan	Annual Report
30 June	2015-2016 \$'000	2015-2016 \$'000	2014-2015 \$'000
<b>Balance at 1 July</b>	533,238	514,222	503,949
<b>Comprehensive revenue and expense for the period</b>			
Surplus/(deficit) for the period	9,981	4,355	3,576
<b>Other comprehensive revenue and expense for the period</b>			
Surplus on Revaluation of Infrastructure	15,849	13,239	25,713
<b>Total comprehensive revenue and expense for the period</b>	25,831	17,594	29,289
<b>Balance at 30 June</b>	<u>559,070</u>	<u>531,816</u>	<u>533,238</u>

Note: Total Comprehensive Revenue and Expense is entirely attributable to the Kaipara District Council.



## Summary Statement of Financial Position as at 30 June 2016

The Statement of Financial Position outlines the resources of the Council and its liabilities. The difference between the assets and liabilities is the ratepayers' equity.

As at 30 June	Actual 2015-2016 \$'000	Annual Plan 2015-2016 \$'000	Annual Report 2014-2015 \$'000
<b>Net assets/equity</b>			
Accumulated comprehensive revenue and expense	370,863	374,153	362,805
Asset revaluation reserves	199,499	171,175	183,649
Restricted reserves	5,673	5,618	5,692
Council created reserves	-16,965	-19,130	-18,909
<b>Total net assets/equity</b>	<b>559,070</b>	<b>531,816</b>	<b>533,238</b>
<i>represented by</i>			
<b>Current assets</b>			
Cash and cash equivalents	7,285	3,821	9,926
Trade and other receivables	6,180	7,688	7,208
Accrued revenue	1,883	2,700	1,079
Other financial assets	115	2	115
Non current assets held for sale	186	0	380
<b>Total current assets</b>	<b>15,649</b>	<b>14,211</b>	<b>18,708</b>
<i>less</i>			
<b>Current liabilities</b>			
Trade and other payables	8,254	7,485	9,611
Provisions	139	1	185
Employee entitlements	512	413	545
Public debt	6,983	1,986	5,609
<b>Total current liabilities</b>	<b>15,889</b>	<b>9,885</b>	<b>15,950</b>
<b>Working capital/(deficit)</b>	<b>-239</b>	<b>4,326</b>	<b>2,758</b>
<i>plus</i>			
<b>Non current assets</b>			
Property, plant, equipment	624,003	603,839	604,882
LGFA Borrower notes	560	0	0
Biological assets	3,466	2,372	2,697
Derivative financial assets	0	85	0
Other financial assets	276	148	273
<b>Total non current assets</b>	<b>628,306</b>	<b>606,444</b>	<b>607,853</b>
<i>less</i>			
<b>Non current liabilities</b>			
Public debt	57,978	72,550	70,258
Provisions	4,570	3,756	4,295
Derivative financial liabilities	6,448	2,648	2,819
<b>Total non current liabilities</b>	<b>68,997</b>	<b>78,954</b>	<b>77,372</b>
<b>Net assets</b>	<b>559,070</b>	<b>531,816</b>	<b>533,238</b>

---

## Explanation of major variances against Annual Plan

**Equity:** The favourable variance relates to the revaluation of infrastructure assets and higher than budgeted net surplus.

**Cash and cash equivalents:** Cash and cash equivalents are \$3.5 million higher than planned. Cash is being retained to meet capital commitments now planned for the next two years.

**Trade and other receivables:** Trade and other receivables are \$1.5 million lower than budget due to continuing focus on collecting outstanding debt.

**Accrued revenue:** Accrued revenue is lower than budget by \$0.8 million primarily due to timing of receipts for the NZTA subsidy.

**Non-current assets held for sale:** A number of properties were sold in the year. Efforts continue to dispose of the remaining non-strategic properties.

**Trade and other payables:** An increase in revenue in advance and bond money held has increased payables.

**Property, plant and equipment:** Revaluation of roading, water supply, stormwater and flood protection and control coupled with capital works programme have increased the value.

**New Zealand Local Government Funding Agency (LGFA) Borrower notes:** Deposits required to be held as part of joining LGFA in April 2016.

**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 2016.

**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 \$3.8 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. This resulted in an increase in the liability Council has on some derivatives.

**Public debt:** Approximately \$10.9 million of existing debt was retired during the year which was \$9.6 million higher than planned. 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 reflects the repayment and classification of the current loan maturity dates.

**Provisions:** The increase reflects the calculation of the aftercare costs for closed landfills based on engineering estimates over the term of the care.

## Summary Statement of Cash Flows for the Year Ended 30 June 2016

The Cash Flow Statement summarises the cash movements in and out of the Council through the year. It takes no account of monies owed or owing but not paid, and therefore differs from the Statement of Comprehensive Revenue and Expense.

For the year ended:	Actual	Annual Plan	Annual Report
30 June	2015-2016 \$'000	2015-2016 \$'000	2014-2015 \$'000
<b>Cash Flow from Operating Activities</b>			
<i>Receipts:</i>			
Rates	31,605	28,601	28,929
Fees, charges and other	13,225	8,262	8,230
Grants and subsidies	11,570	10,269	11,250
Interest received	28	50	70
<i>sub total</i>	<b>56,428</b>	<b>47,182</b>	<b>48,479</b>
<i>Payments:</i>			
Suppliers and employees	31,912	29,161	24,772
Taxes (including the net effect of GST)	20	0	-250
Interest expense	3,613	4,294	4,119
<i>sub total</i>	<b>35,546</b>	<b>33,455</b>	<b>28,641</b>
<b>Net Cash Flow from/(to) Operating Activities</b>	<b>20,882</b>	<b>13,727</b>	<b>19,838</b>
<b>Cash Flow from Investing Activities</b>			
<i>Receipts:</i>			
Sale of Property, plant and equipment	1,369	150	57
<i>sub total</i>	<b>1,369</b>	<b>150</b>	<b>57</b>
<i>Payments:</i>			
LGFA Borrower notes	560	0	0
Mortgage advances	0	0	100
Property, plant and equipment purchases	13,425	15,150	14,025
<i>sub total</i>	<b>13,985</b>	<b>15,150</b>	<b>14,125</b>
<b>Net Cash Flow from/(to) Investing Activities</b>	<b>-12,616</b>	<b>-15,000</b>	<b>-14,068</b>
<b>Cash Flow from Financing Activities</b>			
<i>Receipts:</i>			
Loans raised (Net)	0	0	0
<i>Payments:</i>			
Loans repayment (Net)	-10,906	-1,332	-432
<b>Net Cash Flow from/(to) Financing Activities</b>	<b>-10,906</b>	<b>-1,332</b>	<b>-432</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>-2,640</b>	<b>-2,605</b>	<b>5,338</b>
Cash and cash equivalents at beginning of period	9,926	6,426	4,588
Cash and cash equivalents at end of period	7,285	3,821	9,926

## **Disclosures to the Summary Financial Statements**

This Summary Annual Report for the Kaipara District Council was authorised for issue by the Chief Executive on 26 September 2016. The specific disclosures included in this Report have been extracted from the full Annual Report which was adopted by the Council on 26 September 2016. The Summary Annual Report does not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full Annual Report of the financial and service performance, financial position, movements in equity and cash flows of the Council. This Summary Annual Report has been audited for consistency with the full annual report and the audit opinion issued by Deloitte, on behalf of the Auditor-General, is included as part of this document.

### **Subsequent Events**

There has been no significant events following balance date that would affect the result for the year.

### **Full Annual Report**

A copy of the full Annual Report and Audit Report from which this Summary is prepared, is available on Council's website [www.kaipara.govt.nz](http://www.kaipara.govt.nz) and at Council's offices in Dargaville and Mangawhai.

The full Annual Report received an unmodified Audit Report and was adopted by Council on 26 September 2016.

The full financial statements have been prepared on a historical cost basis, modified by the revaluation of certain infrastructural assets, biological assets and derivative financial instruments. They have also been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply Tier 1 Public Benefit Entity Standards (PBES).

The accounting policies set out in the full Annual Report have been applied consistently to all periods presented in these financial statements.

### **Mangawhai Ratepayers and Residents Association and RB and HE Rogan (CIV-2015-488-95)**

On 16 July 2015 Northland Regional Council (NRC) and Kaipara District Council (KDC) were served with a Notice of Proceeding by Mangawhai Ratepayers and Residents Association (MRRA) and Richard Bruce Rogan & 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 was jointly defended by NRC and KDC. The Rogan's also appealed the decision of the District Court that they were required to pay their outstanding rates in full (RB and HE Rogan v KDC and NRC (CIV-2015-288-182)). Both cases were heard in the High Court by Judge Duffy in May 2016. The final decision has yet to be released. The Court indicated that if any of the judicial review is upheld, a further hearing will be required to establish what relief, if any, is granted. It is not possible to quantify liability at this time but in respect of Mr and Mrs Rogan as the only ratepayers in the proceeding, Council has assessed the risk and does not consider this to be a material issue.



**INDEPENDENT AUDITOR'S REPORT  
TO THE READERS OF  
KAIPARA DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2016**

The summary annual report was derived from the annual report of the Kaipara District Council (the District Council) for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 7 to 27:

- the summary Statement of Financial Position as at 30 June 2016;
- the summaries of the Statement of Comprehensive Revenue and Expense, Statement of Changes in Net Assets/Equity and Statement of Cash Flows for the year ended 30 June 2016;
- the Disclosures to the Summary Financial Statements; and
- the summary Statements of Service Performance of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 26 September 2016.

### **Opinion**

In our opinion:

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

### **Basis of opinion**

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full audited statements in the annual report of the District Council.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

---

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

**Independence**

We draw your attention to the fact that the Council has settled a claim 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 of Deloitte to carry out audits of the Council on her behalf to reduce any independence threat to an acceptable level.

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



Peter Gulliver

**Deloitte**

**On behalf of the Auditor-General**

Auckland, New Zealand

26 September 2016

---

## Council Directory

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