

Kaipara District Council

Summary Annual Report For the Year Ended 30 June 2008

Summary Annual Report

This Summary Annual Report for the Kaipara District Council Group was authorised for issue by the Chief Executive on 22 October 2008. The specific disclosures included in this Report have been extracted from the full financial report dated 22 October 2008 on which an unqualified audit report opinion was issued and is included as part of that document. The Summary Annual Report cannot be expected to provide as complete an understanding as provided by the full Annual Report of the financial and service performance, financial position and cash flows of the Council. This Summary Annual Report has been audited for consistency with the full financial report and the unqualified audit report is included as part of this document.

The presentation currency is New Zealand dollars, and the rounding is to the nearest thousand dollars. There have been no significant events following balance date that would affect the result for the year (2007:nil).

Council has applied Financial Reporting Standard 43, for Summary Financial Statements.

In compliance with Schedule 10 Part 3 of the Local Government Act 2002, Council has prepared assessments of water and sanitary services and waste management plans. These are available from our 2006/16 Long Term Council Community Plan, a copy of which can be supplied on request.

Full Annual Report

A copy of the full Annual Report from which this Summary is prepared, is available on Council's website www.kaipara.govt.nz and at Council's offices in Dargaville and Kaiwaka. The Council and Management of Kaipara District Council confirm that all the statutory requirements in relation to the full Annual Report have been complied with, including compliance with Generally Accepted Accounting Practice for a public benefit entity. The full Annual Report includes a specific Statement of Compliance with the relevant International Financial Reporting Standards (IFRS).

Council Directory

Address:	Main Office 42 Hokianga Road Dargaville	Kaiwaka Service Centre 1919 State Highway 1 Kaiwaka
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Overview of the Year

The year to June 2008 has been a great year for the Council. This is the first fiscal year of the current Council which was elected in October 2007. The new Council was given an intensive induction process which included a two day tour of the district. Council has been functioning well and is tackling a punishing workload very effectively. The new Council is strongly debating issues and making decisions for the benefit of the Kaipara.

This Council has been very active in the community and this has encouraged greater willingness from you to participate in Council processes. Evidence of this is the significantly higher than usual number of people who took the opportunity to have a say through submissions to the 2008/09 Annual Plan. We have continued to build on our past improvements in communicating with the community as well as delivering services to the community. All this despite a very challenging work schedule.

Financial and Performance Results

Again, a very heavy workload this year, and Council finished the period with a surplus of \$1,135,000. Though below budget, this was still a satisfactory result. The principal reason for the shortfall over budget was in rates revenue. The 2006/16 *Kaipara's Future - Working Together* (Long Term Council Community Plan) made provision for recovery through rates of depreciation impacts arising out of the triennial revaluation of infrastructure. Those impacts turned out to be only minor in nature compared with the additional rating income provided for.

At \$21,672,000, total external debt has increased over the previous year, principally to fund essential infrastructure, and upgrade social housing stock at Ruawai and Dargaville. However, debt remains within the parameters set by Council in its Borrowing Management Policy and the budgets for the year. Overall, the Council's financial position remains strong.

Highlights

Talking with the Community

Consultation with the community has been rewarding this year with many more people taking the opportunity to participate in council decision making process. In excess of 900 submissions were received to the draft annual plan. Continual improvements over the last few years have paid off.

Ruawai Footpath

By engaging with the community, State Highway Authority, New Zealand Police and others, a solution was able to be found for an issue which has been of concern to the Ruawai community for some time. Walking to school from Ruawai was dangerous as students had to walk along the edge of the road just outside the delineator markers. This footpath was funded by the State Highway Authority and Kaipara District ratepayers.

District Plan Review

The District Plan review is an ongoing project and is a key strategic document for the Council. As the project progress it was decided that a more innovated approach was required than originally thought. Council's process for the District Plan review has three stages.

Overview of the Year

Stage One is identification of the need to carry out the review. Stage Two is to gather information on public views as well as gathering technical information. Stage Three bringing everything together and preparing a draft plan. During the year ten Council workshops were held on District Plan issues, and the outcomes sought from the plan were consulted with the community.

Water Supplies

The Ministry of Health has approved all Kaipara's Public Health Risk Management Plans which makes us well positioned for getting government subsidy for the provision of community water supplies.

Mangawhai Wastewater Scheme

The resource consent was finalised during the year with construction having been underway since mid January 2008. Work is being carried out under a "Design/Build/Operate" Contract with Earth Tech Pty Limited. Progress in June has been steady with approximately one third of the gravity and low pressure sewer reticulation complete. Earth Tech's present advice is that the current scope of works will be completed by August 2009.

Taharoa Domain

The caretaker continues to make improvements to camp management returning to its former family friendly atmosphere. The completion of the new state of the art wastewater system for the Pine Beach area was the highlight of the year. This is an important step forward in preserving this toanga for all, now and into the future.

Local Government Cadetship

This project aims at giving promising young people an opportunity to obtain employment skills and consider local government as a career. All three of Kaipara's cadets graduated in November 2007 and obtained permanent positions within the organisation.

Social Housing

The long overdue refurbishment of 34 Council units in Dargaville and Ruawai has started. These are due to be completed by December 2008. The success of this programme is already being demonstrated by a demand for the units.

Resource Consent Processing Results

There has been a significant improvement in compliance timeframes for processing resource consents. Of the 195 non-notified delegated decisions issued in respect of applications lodged in 2007/08 177 or 91% were processed within the statutory timeframe. In the last year when the Ministry for the Environment carried out its annual survey (2005/06) the national average figure was about 73%. All this is good news, and shows that Council has continued to improve turnaround times for consents.

Building Services Accreditation

Kaipara is the 46th Council to be accredited and registered. It has cost approximately \$180,000 over three years to upgrade systems and processes. The building team has increased to seven people. This reflects the more involved process when assessing building consent applications.

Overview of the Year

In presenting the Registration Certificate, the Minister praised Kaipara for meeting the target date for registration while a number of other councils had needed an extension of time.

Community Outcomes and Working Regionally

We of the Kaipara District Council work closely with government agencies to ensure the Kaipara District gains the maximum benefit from those agencies resources. This is done through two forums. The first is the Kaipara District Council Community Outcomes Steering Group and the second is the Northland Intersectoral Forum.

A number of agencies have worked with Council to obtain funding for initiatives in the community. These include the Department of Internal Affairs, Ministry for Youth, Department of Family and Community Services. The Northland Intersectoral Forum, colloquially known as the "Ministry of Northland" has also endorsed three specific projects either as Northland-wide projects or pilots. They are:

- Engaging Taitamariki.
- Otangerai Renewal
- Youth Connections Project

In addition to the above the Kaipara District Council provided for the employment of a part-time community facilitator in its 2007/08 Annual Plan. That position was filled in August 2007 and was appointed as a full time position working both as a community development facilitator assisting groups to make successes of their projects and managing Council's social housing. Projects underway or recently completed with assistance or support from the Community Development Facilitator include:

- Community Rubbish Cages
- Ruawai Promotions Group
- Children's Day Dargaville
- Sport Northland
- Whakapirau Wharf Memorial Seat
- Community Rubbish Pick-ups
- Beach Surveys
- Dargaville Centennial Celebrations

Conclusion

Overall 2007/08 has been a very successful year for us all. Council has been able to work with its community and government and other agencies to pursue the outcomes identified by the community as making the Kaipara a better place to live. The goodwill and willingness to work together has made a very busy year and has achieved excellent results for the community.



Jack McKerchar

Chief Executive

Audit Report

AUDIT REPORT

TO THE READERS OF KAIPARA DISTRICT COUNCIL AND GROUP'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2008

We have audited the summary annual report.

Unqualified 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 information reported in the summary financial statements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 22 October 2008, on:

- the full financial statements; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Kaipara District Council or its subsidiary.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.



J Scott
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand
22 October 2008

Statement of Service Performance

Council has a number of performance measures by which it monitors its progress during the year. A Summary of some of the key measures is listed below. For the full list of measures refer to the full Annual Report.

Economic Development

Performance Targets

Enterprise Northland achieving the outcomes contained in its business plan as submitted to Council annually, including achievement of specific Kaipara outcomes.

Achievement

Achieved in Part.

Enterprise Northland's 2007/08 Business Plan for the Kaipara Economic Development Officer shows twelve outcomes. Two have been achieved or substantially achieved; nine achieved in part; and one not achieved.

Social Development

Performance Targets

Facilitation of or assistance given to at least three significant community events by 30 June 2008.

Achievement

Achieved.

These events included the Northland Agricultural Field Days, Ugly Shakespeare Company performance and the Community Circus Convention.

Grants applied in accordance with Council's Grants Policy.

Achieved.

All grants were applied in accordance with Council's Grants Policy. Organisations included Citizens Advice Bureaus, Sport Northland, Mangawhai Information Group, Northern Lifeguards and 10,000 steps.

Involvement of at least three Kaipara schools in the Annual Plan process.

Achieved in Part.

Submissions were received from Mangawhai Beach Primary School and Dargaville Primary School. Pupils from both Dargaville Intermediate and Dargaville High School were involved in the Dargaville skatepark proposal.

Roading

Performance Targets

Greater than 95 per cent of public enquiries responded to within 10 working days.

Achievement

Achieved in Part.

For part of the year this was not formally measured due to the introduction of a new recording system.

More than 15 kilometres of heavy metalling on unsealed roads annually.

Achieved.

Approximately 28 kilometres of heavy metalling was completed.

Statement of Service Performance

Greater than 3.5 kilometres of unsealed roads are sealed subject to obtaining sufficient New Zealand Transport Agency subsidy.

Achieved.

Actual achievement was 7.2 kilometres of sealing completed for the 2007/08 year.

Water Supply

Performance Targets

Achievement

Public Health

Achieved.

All routine water quality tests confirm safe potable water supplies.

Constant testing throughout the year confirmed that Council supplied water that was safe and potable.

No unplanned water supply interruptions greater than four hours, in any 12 month period.

Achieved.

All breaks were repaired with a four hour restoration period.

Statutory Compliance

Achieved.

Compliance with Resource Consent conditions.

Monthly monitoring by the Northland Regional Council notifies Council of any non-compliance. No notices of non-compliance were received.

Wastewater

Performance Targets

Achievement

Statutory Compliance

Achieved.

Compliance with Resource Consent conditions.

Maungaturoto's current resource consent is due to be granted early in the 2008/09 year.

Maintenance of Assets

Not Applicable.

Capital projects approved by Council reflect community submissions.

No submissions were received from the community for capital projects for the 2007/08 year.

Urban Stormwater

Performance Targets

Achievement

Greater than 95 per cent of public enquiries responded to within 10 working days.

Achieved in Part.

For part of the year this was not formally measured due to the introduction of a new recording system.

Compliance held with resource consents.

Achieved.

Compliance was held with all resource consents.

Statement of Service Performance

Land Drainage

Performance Targets

Asset Management Plan completed for Raupo Drainage District by July 2008.

Achievement

Achieved.

The draft was completed and adopted by the committee at the May meeting.

Remaining Land Drainage

Committees

Works approved and undertaken by the self-managed committees are appropriate for maintaining or renewing the respective Land Drainage Committees' assets, and annual budgets set by Land Drainage Committees are sustainable.

Achieved.

All 28 active drainage districts (Raupo the 29th) had assets maintained within their individual drainage district budget.

Refuse

Performance Targets

Provision of a user-pays, domestic refuse collection service on a weekly basis in locations agreed to by the contractor.

Achievement

Achieved.

Weekly kerbside collections are operated across the district as agreed with the contractor.

Provision of a user-pays disposal facility¹ in both the east and west of the District.

Achieved.

Disposal facilities are provided in the east of the district at Hakaru Refuse Transfer Station and in the west at Awakino Road Transfer Station.

Community Spaces

Performance Targets

Reserve Management Plans underway in 2007/08 for two premier reserves as per Reserves and Open Spaces Strategy.

Achievement

Achieved.

The Reserves Management process is underway with two premier reserves, Mangawhai and Pou Tu O Te Rangi/Harding Park.

Council's accounts for all camping grounds show a positive return.

Achieved.

Camping grounds are operating at no cost to ratepayers.

¹Landfill or transfer station.

Statement of Service Performance

Annual survey of a random sample of District residents indicates that 75 per cent are satisfied with the overall quality of library services provided.²

Not Achieved.

Sixty nine per cent of the residents were satisfied. A review of services is being included in the Long Term Council Community Plan.

Policy and Planning

Performance Targets

Revised Kaipara District Plan prepared by June 2008.

Achievement

Achieved in Part.

The review of the District Plan is progressing well, however it will not be ready for public notification until October 2009.

Administer the Biodiversity Fund and to establish and administer the Heritage Fund to provide financial assistance to stakeholders to enable them to protect and enhance Kaipara's environment and heritage.

Achieved.

The Biodiversity Fund received six applications, all applications received some funding.

The Kaipara Heritage Assistance Fund received seventeen applications. Eight of the applicants received funding.

Council initiated Community Outcome projects to deliver identifiable benefits to the communities to which they are targeted.

Achieved.

Collaborative projects continue to deliver benefits to Kaipara communities including outcomes to environmental, social, cultural and economic well-beings.

District Management

Performance Targets

All non-notified resource consent applications approved under delegated authority processed, after all information is received, within the statutory time limits.

Achievement

Achieved in Part.

80% of non-notified applications were processed within statutory timeframe. This is an improvement from the 51% result achieved in the previous year. It compared with the last recorded national average of about 73%.

All building consent applications and Project Information Memoranda processed, after all information is received, within the statutory time limits.

Achieved in Part.

50% of the 913 applications and 57% of the 23 PIM applications were processed within the statutory timeframe. The average time to process a consent was 20 working days.

²This survey was undertaken as part of Council's annual customer satisfaction survey.

Statement of Service Performance

All licensed food premises inspected at least once annually, and achieve compliance with Food Hygiene Regulations.

Achieved.

239 inspections were undertaken representing all 136 licensed food premises.

Seventy per cent of people who contacted Council in the previous 12 months are satisfied with dog control services.

Not Achieved.

Fifty eight per cent of residents who contacted Council in the last 12 months were satisfied with the service. It is noted that 70% of dog owners were satisfied with the service however.

Democracy

Performance Targets

All submitters to the LTCCP, Annual Plan, District Plan and other policy documents are provided with an opportunity to personally present their submissions to Council.

Achievement

Achieved.

This year over 900 submissions were received and all were provided with the opportunity to present and 133 took this opportunity.

Reports prepared each quarter monitoring Council's expenditure and progress.

Achieved.

These were reported at the Council meetings in August, November, February and May as part of the Chief Executive's Report.

No justifiable complaints made to either the Audit General's Office or the Ombudsman.

Achieved.

Two complaints were made to the Ombudsman in both instances the Ombudsman supported Council's actions.

Financial Performance Summary

For the year ended 30 June 2008

Income Statement

	Parent			Consolidated	
	Plan	Actual	Last Year	Actual	Last Year
	\$000	\$000	\$000	\$000	\$000
Income					
Significant Activities	19,347	19,352	20,641	19,352	20,678
Rates Revenue	14,485	13,556	12,499	13,556	12,499
Other Revenue	568	865	722	865	722
Unrealised Fair Value	50	(64)	309	(64)	309
Total Income	34,450	33,709	34,171	33,709	34,208
Expenditure					
Depreciation	10,720	10,905	9,790	10,905	9,790
Employee Benefit Expenses	2,880	2,831	2,548	2,831	2,572
Finance Costs	1,240	1,376	806	1,376	806
Other Costs	17,425	17,462	17,765	17,462	17,785
Total Expenditure	32,265	32,574	30,909	32,574	30,953
Net Surplus for the year	2,185	1,135	3,262	1,135	3,255

(Variance explanations are attached - page 14)

Statement of Changes in Public Equity

	Parent			Consolidated	
	Plan	Actual	Last Year	Actual	Last Year
	\$000	\$000	\$000	\$000	\$000
Public Equity as at 1 July	291,221	294,746	291,484	294,746	291,512
Net Surplus for the year	2,185	1,135	3,262	1,135	3,255
Increment from revaluation of infrastructure assets	27,179	111,581		111,581	
Subsidiary Assets transferred to Parent	-		-		(21)
Total Recognised Revenue and Expenses	29,364	112,716	3,262	112,716	3,234
Public Equity as at 30 June	320,585	407,462	294,746	407,462	294,746

Financial Position Summary

Balance Sheet as at 30 June 2008

	Parent			Consolidated	
	Plan	Actual	Last Year	Actual	Last Year
	\$000	\$000	\$000	\$000	\$000
Equity					
Accumulated Funds	285,001	285,180	284,235	285,180	284,235
Restricted Reserves - Mangawhai Endowment Fund	4,636	5,466	5,327	5,466	5,327
Council Created Reserves (see below)	3,719	5,235	5,184	5,235	5,184
Asset Revaluation Reserves	27,229	111,581	-	111,581	-
	<u>320,585</u>	<u>407,462</u>	<u>294,746</u>	<u>407,462</u>	<u>294,746</u>
Current Assets					
Cash and Cash Equivalents	5,610	9,317	9,659	9,317	9,659
Other Financial Assets	-	14	14	14	14
Trade and other Receivables	3,103	7,338	2,956	7,338	2,956
Accrued Revenue	1,905	3,103	2,586	3,103	2,586
	<u>10,618</u>	<u>19,772</u>	<u>15,215</u>	<u>19,772</u>	<u>15,215</u>
Non-Current Assets					
Other Financial Assets	2,241	2,898	2,279	2,898	2,279
Property, Plant & Equipment	330,506	418,998	302,694	418,998	302,694
Forestry Assets	1,702	1,017	1,506	1,017	1,506
	<u>334,449</u>	<u>422,913</u>	<u>306,479</u>	<u>422,913</u>	<u>306,479</u>
Total Assets	<u>345,067</u>	<u>442,685</u>	<u>321,694</u>	<u>442,685</u>	<u>321,694</u>
Current Liabilities					
Trade and other Payables	5,368	12,695	8,069	12,695	8,069
Employee Benefit Liabilities	402	434	357	434	357
Borrowings – Current Portion	-	-	1	-	1
	<u>5,770</u>	<u>13,129</u>	<u>8,427</u>	<u>13,129</u>	<u>8,427</u>
Non Current Liabilities					
Borrowings – Term Portion	18,288	21,672	18,106	21,672	18,106
Provisions	424	422	415	422	415
Total Non-Current Liabilities	<u>18,712</u>	<u>22,094</u>	<u>18,521</u>	<u>22,094</u>	<u>18,521</u>
Total Liabilities	<u>24,482</u>	<u>35,223</u>	<u>26,948</u>	<u>35,223</u>	<u>26,948</u>
Net Assets	<u>320,585</u>	<u>407,462</u>	<u>294,746</u>	<u>407,462</u>	<u>294,746</u>
Analysis of Council Created Reserves					
Land Subdivision Reserve	3,608	5,124	5,076	5,124	5,076
Special Loans Reserve	90	90	87	90	87
Other	21	21	21	21	21
	<u>3,719</u>	<u>5,235</u>	<u>5,184</u>	<u>5,235</u>	<u>5,184</u>

(Variance explanations are attached - page 14)

Financial Performance Summary

For the year ended 30 June 2008

Statement of Cash Flows

	Parent			Consolidated	
	Plan \$000	Actual \$000	Last Year \$000	Actual \$000	Last Year \$000
Operating Activities					
<i>Cash was provided from:</i>					
Rates	13,450	13,301	12,352	13,301	12,352
Water Rates and Charges	1,448	1,191	1,406	1,191	1,406
Grants and Subsidies	13,507	12,579	11,296	12,579	11,296
Interest Received	297	369	258	369	265
Other Revenue	612	4,040	8,002	4,040	8,032
	<u>29,314</u>	<u>31,480</u>	<u>33,314</u>	<u>31,480</u>	<u>33,351</u>
<i>Cash was applied to:</i>					
Suppliers and Employees	(15,662)	(18,682)	(18,655)	(18,682)	(18,741)
Taxes (including the net effect of GST)	74	(61)	97	(61)	99
Interest Expense	(1,860)	(804)	(795)	(804)	(795)
	<u>(17,448)</u>	<u>(19,547)</u>	<u>(19,353)</u>	<u>(19,547)</u>	<u>(19,437)</u>
Net Cash from Operating Activities	<u>11,866</u>	<u>11,933</u>	<u>13,961</u>	<u>11,933</u>	<u>13,914</u>
Investing Activities					
<i>Cash was provided from:</i>					
Sale of Property, Plant and Equipment	-	238	101	238	101
Mortgage Repayments Received	-	10	14	10	14
	<u>-</u>	<u>248</u>	<u>115</u>	<u>248</u>	<u>115</u>
<i>Cash was applied to:</i>					
Property, Plant and Equipment Purchases	(16,770)	(15,076)	(17,527)	(15,076)	(17,527)
Sinking Fund Instalments	(345)	(447)	(514)	(447)	(514)
	<u>(17,115)</u>	<u>(15,523)</u>	<u>(18,041)</u>	<u>(15,523)</u>	<u>(18,041)</u>
Net Cash (To) Investing Activities	<u>(17,115)</u>	<u>(15,275)</u>	<u>(17,926)</u>	<u>(15,275)</u>	<u>(17,926)</u>
Financing Activities					
Loans Raised	5,657	3,001	7,234	3,001	7,234
Loan Repayments	-	(1)	(3)	(1)	(3)
Net Cash from Financing Activities	<u>5,657</u>	<u>3,000</u>	<u>7,231</u>	<u>3,000</u>	<u>7,231</u>
Net Increase -(Decrease) in Cash and Cash Equivalents	<u>408</u>	<u>(342)</u>	<u>3,266</u>	<u>(342)</u>	<u>3,266</u>
Cash and Cash Equivalents at 1 July	<u>5,202</u>	<u>9,659</u>	<u>6,393</u>	<u>9,659</u>	<u>6,393</u>
Cash and Cash Equivalents at 30 June	<u>5,610</u>	<u>9,317</u>	<u>9,659</u>	<u>9,317</u>	<u>9,659</u>

Financial Performance Summary

Explanations of Major Variances against Plan - Income Statement

Revenue from Rates - The major reason for the unfavourable variance was a provision made in the 2006/16 *Kaipara's Future - Working Together* Long Term Council Community Plan for depreciation impacts on rating levels estimated to arise out of the triennial revaluation of infrastructure. The depreciation impacts did not eventuate in this financial year.

Expenditure - Variance is of a minor nature only.

Explanations for Major Variances against Plan - Balance Sheet

- **Equity** - The principal contributor was the above-budget increment from the triennial revaluation of infrastructure.
- **Current Assets** - Above-budget levels of cash deposits and retentions, accounted for the favourable cash and bank variance, and a \$3 million billing to the Ministry of Health for partial drawdown on the capital subsidy made available for the EcoCare wastewater scheme at Mangawhai was the principal contributor to the receivables variance
- **Property, Plant and Equipment** - Refer comments under Equity, above.
- **Current Liabilities** - Increases in deposits and retentions held, in respect of resource consenting and infrastructural works, made a large contribution to this variance, but the principal reason was to Income in Advance, being the \$3 million EcoCare subsidy.