



Kaipara te Oranganui

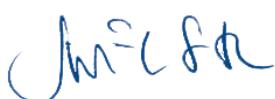
KAIPARA DISTRICT

Two Oceans Two Harbours

ANNUAL REPORT SUMMARY 2019/2020



A Word from our Mayor and Chief Executive

A handwritten signature in blue ink, appearing to read "J. Smith".

Dr Jason Smith
Kaipara Mayor

A handwritten signature in blue ink, appearing to read "L. Miller".

Louise Miller
Chief Executive

The Council year of 2019 – 2020 will be memorable for many reasons. A new Council was elected in October 2019, with three new faces around the Council table, and five returning councillors it's set to be a term of steady hands working on new and innovative ideas to keep Kaipara moving into the future.

The year has brought its challenges. In October, Northland started to feel the effects of what would become a significant and long-lasting drought, the worst of its kind in many peoples' memories. Then for eight weeks in 2020, Kaipara joined the rest of the country locked-down to fight against a worldwide pandemic.

Council staff continued work during lockdown where they could, with many needing to reprioritise work that was planned, or reconsider how and when it was delivered. While we continued to deliver essential services during lockdown, some of the work we had planned had to be put on hold and has now been rescheduled as part of the coming year's work.

COVID-19 also brought additional work, supporting Civil Defence, caring for people in our communities and, for example, planning new work as part of the Government's support packages.

It was still a year of action with resource and building consents being issued and new dwellings built. That's in spite of applications reducing during the lockdown period.

We're becoming a climate smart council, focusing on the real and present impacts climate change is having in our district, seen in the swing of weather events in just the last 12 months. We're also looking at Northland as whole, working through the Northland Mayoral Forum to be a voice for Northland to the rest of the country.

Support and interaction with our community has been at the forefront of the work Council we've done, which is reflected in the significant financial investments made through our Community Funds, additional funding for COVID-19 support, and the establishment of the Kaipara Mayor's Taskforce for Economic Support and Recovery post COVID-19. The signing of a Mana Enhancing Agreement with Te Roroa, formalised our relationship with the West Coast based Iwi.

Kaipara is consistently an area on the rise, people want to live and work here and we need to prepare for that growth now for the future of Kaipara.



COVID-19

To start nearer the end, COVID-19 and its impacts will be felt across Kaipara, Northland and the world for years to come. Post lockdown, parts of Kaipara are facing a period of growth. Anecdotally, tradespeople are busy, working to build, create and service, meanwhile our large rural population continues to provide outstanding essential services, feeding our people locally and internationally.

While some projects were halted due to the shutdown of major works, Council staff moved some projects to the 2020-2021 financial year or deferred them to further years where needed. There will always be work needing to be done and managing it all is a challenge we'll continue to face.

Connecting with our communities

For the Kaipara Library Team, locked doors meant a push to online services. The staff contacted members over 70 years old to check they were OK, hosted its first online book club via Facebook, saw a 70% increase in e-book issues, delivered 28 free modems for internet connection through the Skinny Jump programme, and managed to grow the collection by over 500 books once people were able to get back out and about again. Post lockdown, the library implemented a surprise bag of books for people who were waiting for something new to read.

Te Kopuru has been taking part in training sessions to help support their community-led projects, Kaihu Valley and surrounds focused on conservation, hosting a multi-agency site visit to support environmental projects. Paparoa has been working on various projects to create safer connections through the village, including cycleways, walkways and an off-road bike track. Improvements to our townships is always a great way to see progress. During the summer of 2019-2020 there was a trial of alternative movement through Wood Street in Mangawhai, looking to

improve traffic flow and parking. This successful trial has led to further trials planned for the summer of 2020-2021.

In Dargaville work is underway to revitalise both Memorial and Selwyn Parks as well as improved welcome signage to showcase local artists and their connection to Dargaville.

Capital Works Highlights

Infrastructure improvements are a big part of the Council year and this year saw the completion of the Tomarata Bridge upgrade. The improvements make the bridge suitable for 50MAX heavy vehicles and is resilient when used as a detour for State Highway 1 closures.

School safety was a key feature, with marked improvements at Dargaville primary, intermediate and high schools, and Te Kopuru, Pouto and Selwyn Park primary schools, which included solar powered variable speed signs, new road markings and pedestrian refuges, all with the aim of reducing speed and increasing awareness for drivers entering school zones.

Taharoa Domain installed new toilet and caravan dump station facilities and extended the availability of powered sites. Mangawhai Community Park cleared and milled trees, while Pou Tu o Te Rangi Harding Park established new walking tracks, carpark upgrades, planting and vegetation clearance.

The review of the District Plan continues, which involves a number of connected plans, policies and papers that will form the foundation for how we can grow and develop Kaipara. In 2019-2020, the team completed work surrounding Significant Natural Areas, Outstanding Natural Features, and utilised LiDAR data to map natural hazards. There is now an adopted Spatial Plan for Dargaville, Kaiwaka and Maungaturoto, and draft plans for our smaller regional townships and Mangawhai.

As a lead into the upcoming Long Term Plan 2021-2031, our Asset Management Plans were reviewed and updated. This means we now have

better information on the state of our assets and highlights our infrastructure is ageing. As part of the Long Term Plan 2021-2031 we will need to look at renewing and upgrading this infrastructure.

Government Investment

The Provincial Growth Fund is made up of three workstreams, Kaipara Kai (and Water), Wharves and Roads (collectively the Kaipara Kickstart Programme). It was a year of delivery for many of these projects and the work completed sets up a foundation for future projects that will help enliven and expand the offering of Kaipara district to tourists, residents, food manufacturers and employers.

Highlights included the Kai Hub being established in Ruawai to help locals with planning around diversification of their land, water demonstration sites were selected, the Dargaville Pontoon was opened and planning for construction on Pouto Road is well underway.

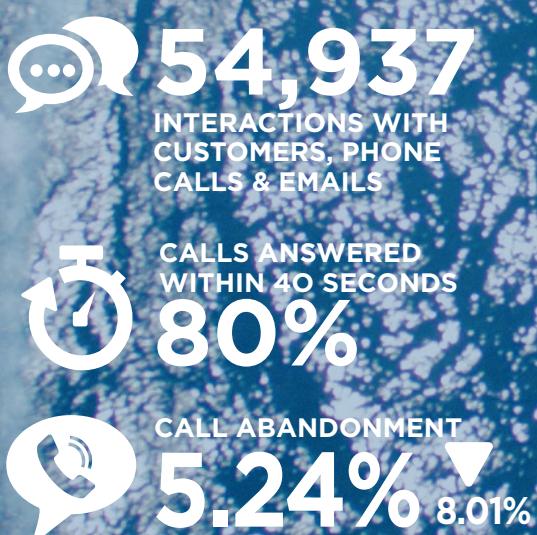
Council also secured multi-year investment from Waka Kotahi NZTA to deliver the Insley Street (Tomarata) Bridge to Mangawhai Heads Beach cycleway/shared path.



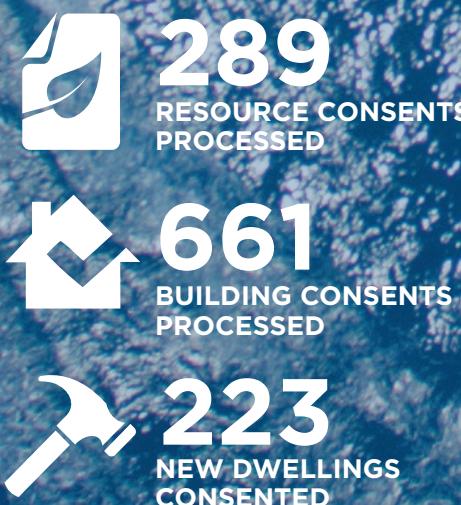
RESIDENT SATISFACTION



CUSTOMER SERVICE CENTRE



REGULATORY NUMBERS



All figures are from 1 July 2019 to 30 June 2020

TOP 5 PERFORMING SERVICES & FACILITIES

RESIDENT SATISFACTION PERCENTAGES



KAIPARA LIBRARIES



COMMUNITY FUNDING

\$488,851
CONTESTABLE FUNDS AND GRANTS APPROVED

ACTIVITY REPORT



63
performance
targets
measured

9
activity
groups

45
performance
measures
achieved

"Of the 63 performance measures, 71% were achieved."

PERFORMANCE MEASURES



■ Achieved ■ Not Achieved

The table opposite provides a snapshot of target achievements at 30 June 2020. Council's activities are broken down into 9 groups that represent the different parts of Council's business.

71% of the performance measures were achieved which is slightly down from the 2018/2019 result of 78%. This is due to less measures being achieved in the roading and waters activities. For water, there were a number of notifications that took longer than the previous year. In addition to this, contract resources were low over the summer period meaning an increase in the attendance and resolution times. For roading, less measures were achieved as COVID-19 lockdown resulted in some of the sites in the programme being deferred.

In addition to our planned projects, other work undertaken included:

- Completion of the Tomarata/Insley Street bridge upgrade
- New toilet and caravan dump station at Taharoa Domain.
- Continued delivery of the Kaipara Kickstart Programme
- Internal and external IT programmes rolled out



SUMMARY TABLE OF ACTIVITY

ACTIVITY GROUP	PERFORMANCE MEASURES		
	Achieved	Not Achieved	Unknown
Community Activities	4	3	
The provision of Roads and Footpaths	3	5	1
Regulatory Management	6	4	
District Leadership, Finance and Internal Services	2	1	
Sewerage and the Treatment and Disposal of Sewage	7	1	
Water Supply	10	2	
Flood Protection and Control Works	4	0	
Stormwater Drainage	7	0	
Solid Waste	2	1	
Total	45	17	1

FINANCIAL OUTLINE

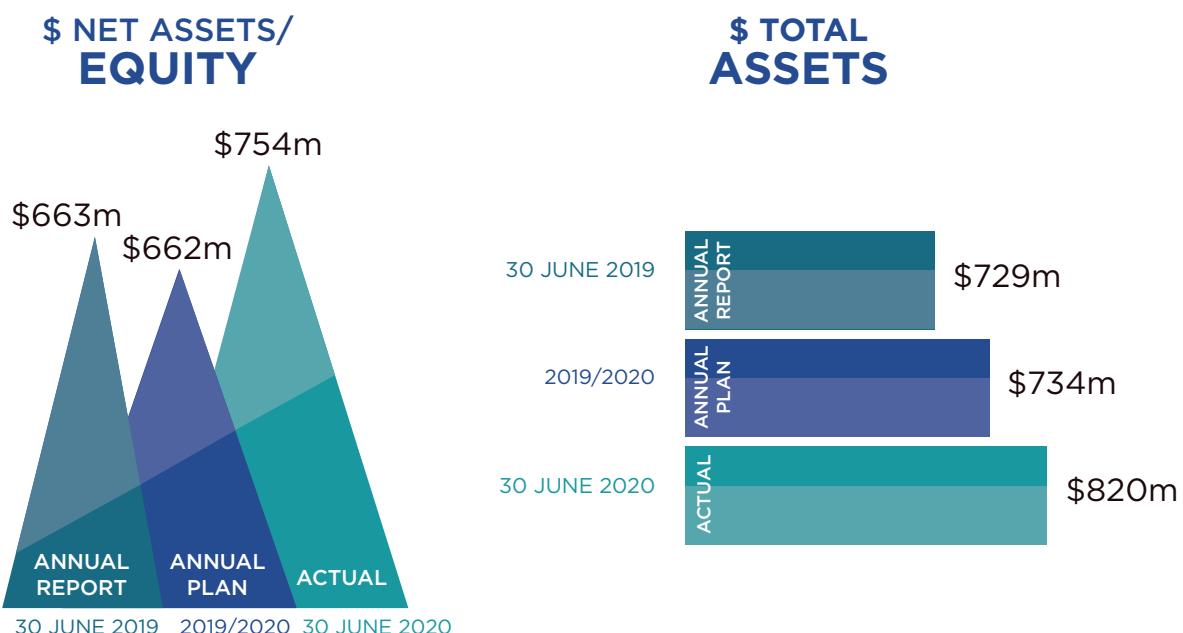
The following year-end financial results for Kaipara District Council are summarised from the full financial statements. The statements do not include all the disclosure provided in the full statements and cannot be expected to provide a complete understanding as provided in the full Annual Report.

The table shows the financial year-end results as at 30 June 2020 and includes comparisons from the previous financial year and budget as outlined in the 2019/2020 Annual Plan.

The full report for the financial year to 30 June 2020 was authorised for issue by resolution of Kaipara District Council on 16 December 2020. The Summary Annual Report was authorised for issue by the Chief Executive on 16 December 2020. There are no subsequent events after the balance date. The financial

statements are presented in New Zealand dollars and all values are rounded to the nearest thousand. The information included in this summary has been prepared in accordance with PBE FRS 43 Summary Financial Statements. The full financial statements have been prepared in accordance with Tier 1 Public Benefit Entity accounting standards.

This Summary Annual Report has been audited for consistency with the full Annual Report and the audit report issued by Deloitte, on behalf of the Auditor-General, is included as part of this document. The full Annual Report received an unmodified Audit Report which included an emphasis of matter paragraph relating to the COVID-19 pandemic and was adopted by Council on 16 December 2020.



2019/2020 KEY METRICS

ACTUAL \$'000 2019/2020	ANNUAL PLAN \$'000 2019/2020	ANNUAL REPORT \$'000 2018/2019
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Summary Statement of Comprehensive Revenue and Expense

Total Revenue	61,472	78,745	59,783
less Expenses	(51,326)	(52,365)	(47,947)
less Finance costs	(2,284)	(2,780)	(2,510)
Surplus/(deficit) for the period	7,862	23,600	9,326
Movement in Assets revaluation	83,644	13,311	49,865
Total Comprehensive Revenue and Expense	91,506	36,912	59,191

Summary Statement of Changes in Equity

Equity at Start of Year	662,835	624,708	601,571
Adjustment to landfill provision			*2,073
Total Comprehensive Income	7,862	23,600	9,326
Movement in Assets revaluation	83,644	13,311	49,865
Equity at the End of the Year	754,340	661,620	662,835

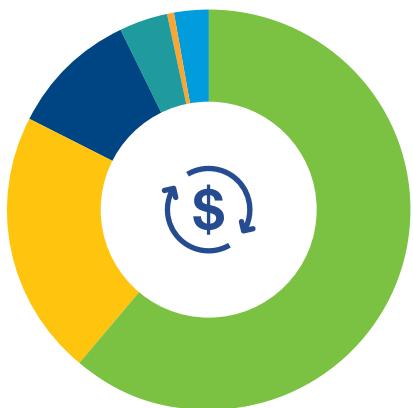
Summary Statement of Financial Position

Current assets	14,400	10,849	12,217
Non current assets	805,276	722,723	716,398
Total Assets	819,676	733,572	728,615
Current liabilities	37,857	15,188	13,259
Non current liabilities	27,479	56,763	52,521
Total Liabilities	65,336	71,951	65,780
Net assets	754,340	661,620	662,835

Summary Statement of Cash Flow

Operating Cash Flows	19,250	34,676	17,808
Investing Cash Flows	(15,778)	(38,422)	(18,459)
Financing Cash Flows	(1,000)	3,809	(1,064)
Net Cash Flow Increase/(Decrease)	2,472	63	(1,715)
Opening Cash Balance	1,926	500	3,641
Closing Cash Balance	4,398	563	1,926

*The opening net assets/equity has been restated to reflect that the provision should have been lower when the decision to pursue the alternative treatment options were made as these options enable the Council to fulfill its responsibility under the Resource Management Act 1991 more cost-efficiently than the initial estimate from 2012/2013.



REVENUE

A breakdown of where our revenue comes from

\$37.7m from rates + **\$23.8m** other income = **\$61.5m TOTAL REVENUE**

61.3%

Rates

21.3%

NZ Transport Agency

10.2%

Activity income

3.9%

Contributions

0.6%

Other gains/losses

2.6%

Other income

Please note: Numbers are rounded, a full breakdown can be found in Part Two of the full 2019/2020 Annual Report.

FINANCES AT A GLANCE



Operational Expenditure

Activity costs are lower than budget due to the impact of COVID-19, with purchase of goods not being made to the normal extent during the lockdown period.



Contingent Liabilities

A contingent liability represents future expenditure, which is dependent on an uncertain future event.

See overleaf for Kaipara's contingent liabilities.



Decreasing Debt

Debt reduced from \$45m down to \$44m. Council is keeping with its treasury policies, utilising surplus cash to reduce external borrowings. Council is ensuring that it maintains adequate working capital by having committed bank short term borrowing facilities in place.



Cash Flow

Council's net cash flow is higher than budget due to capital projects not completed as planned in the 2019-2020 year.



Gain on Revaluation

The large increase in the value of Council's assets is due to the valuation of roads and footpaths.



LGFA Disclosure

Council is one of 52 local authority guarantors of LGFA. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all LGFA's borrowings. At 30 June 2020, LGFA had borrowings totalling \$11.908 billion (2019: \$9.53 billion).



COVID-19

COVID-19 and the Government mandated lockdown periods have had an impact on Council given it provides essential services. The Infometrics report showed that the impact of COVID-19 on the Council was minimal due to the makeup of our ratepayers base. Only 3.9% of the Council ratepayers are businesses which is the sector that was most impacted by the lockdown. The majority of our individual ratepayers are in the agricultural and construction sector. The key areas are listed below:

- Property, plant and equipment detailed in Note 10 of the full 2019/2020 Annual Report.
- Biological asset valuation being impacts as detailed in Note 13 of the full 2019/2020 Annual Report.
- Provision for uncollectability of rates receivable and other debtors as at 30 June 2020 as detailed in Note 6 of the full 2019/2020 Annual Report.

Going forward the key risk to Council finances, after June 2020 balance date, will be driven by:

- Loss of fees and charges income, particularly resource consents as there may be less confidence in the economy going forward. Council is fortunate these are only 3.11% of our income. This is likely to mean a lower but corresponding reduction in costs through use of consultants.
- Impact on timing of collection of rates revenue and therefore a slight increase in Council debt levels
- Loss of development and financial contributions as less confidence in the economy. These are linked to future subdivisions.

COVID-19 business support package

Council established a COVID-19 business support package to ease financial hardship for businesses hardest hit by the lockdown. The package focused on local commercial businesses that could not operate during the lockdown by offsetting targeted Council fees and costs and by subsidising professional advice costs. This comprised one-off grants of \$500 to offset rates,

\$1,500 to offset health, food or alcohol licence fees and a \$1,000 subsidy for professional advice (accountant fees).

Unbilled water revenue estimate

Due to the COVID-19 Alert Level 4 lockdown Council was unable to read water meters during the month of April 2020. Legal advice confirmed that a water invoice is required to be based on actual consumption or supply (section 43 (1) (c) of the Local Government Rating Act). It is therefore unlawful to issue water invoices based on estimates. On this basis, water invoices were not billed during the month of April 2020 and were read in October 2020. All customers who would usually receive a water invoice at this time were sent a letter advising of the situation and encouraged to make a payment towards the account to avoid having a larger invoice to pay in November. Revenue was accrued on an average usage basis. Refer to Note 6 in the full 2019/2020 Annual Report.

Contingent Liabilities

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 2020 was \$84,482.

In 1998 a \$108,000 letter of credit was issued in favour of the Northland Regional Council (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.

RB & HE Rogan

RB and HE Rogan v KDC and NRC (CIV-2015-288-182), being an appeal by the ratepayers of a decision from the District Court awarding judgement to the KDC and NRC for unpaid rates. This proceeding was heard in May 2016 and reheard in May 2017. The case was appealed by the Rogan's and was heard in the Court of Appeal on 11 September 2018. The Court of Appeal dismissed the appeal on 6 November 2018. The Rogan's subsequently made various applications to the Court of Appeal for recall and/or review of that Court's decision, these applications were dismissed. The Rogan's applied to the Supreme Court for leave to extend time to appeal which was also dismissed. The Supreme Court awarded costs have been paid to the Council. One of the two remaining stayed proceedings has been settled and the other is proceeding to a hearing.

Weathertightness Northern Wairoa War Memorial Hall

Council had provided a budget of \$500,000, to be collected over a three year period, to fix the weathertightness issues at the Northern Wairoa War Memorial Hall. More precise estimates were gained once the designs had been completed and the cost is now estimated at \$4,038,432. Council has again deferred this work while the options for the future of this building are considered.

Replacement/reinstatement of Murphy/Bowers Stopbank

Council needs to replace/reinstate a section of the existing stopbank on this property which was removed by a previous owner. A workable solution with the current owner has not been obtainable and Council has indicated it will proceed with reinstatement under the Public Works Act. Under this Act Council will be expected to pay fair and reasonable compensation to the owner for any relevant losses incurred through this process.

Other legal claims

Council has in progress a claim that has been lodged with the High Court for foundation failure. Council was originally named as the fifth of six defendants, however, the owners withdrew their claim against certain parties and now Council is the second of two defendants. Council is in

a strong position due to the admission of fault by the first defendant a Chartered Professional Geotechnical Engineer upon which Council based its decision to issue the consent. A settlement offer has been made to the claimants jointly by Council and the designer of the dwelling.

Community housing caveat

Council undertook the modernisation of 34 of its community housing units, the works programme being 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 community 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.

Earthquake risk to buildings

Council is required, under the Building Act 2004, to identify earthquake-prone buildings within the Kaipara district. The district is designated a low risk area for earthquake hazards and the deadline to complete this work is 2032.

At this point Council has only just begun the task of evaluating buildings to determine if they may be earthquake-prone. At present, we are confident there will be no outstanding seismic work for non-priority buildings in the district before 1 July 2032.

Independent Auditor's Report

To the Readers of Kaipara District Council's Summary Annual Report for the year ended 30 June 2020

The summary annual report was derived from the annual report of the Kaipara District Council (the District Council) for the year ended 30 June 2020. 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 6 to 12:

- the summary Statement of Financial Position as at 30 June 2020;
- the summaries of the Statement of Comprehensive Revenue and Expense, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2020;
- the Disclosures to the Summary Financial Statements; and
- the summary Activity Statement of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 16 December 2020.

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*.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council as set out on page 11 to the 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 are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of providing a limited assurance report in our capacity as auditor pursuant to the Trust Deed and an audit on the Council's maintenance of the Register in accordance with the Trust Deed. We also provide a whistle blower hotline service to Council, fraud awareness training and forensic investigation assistance, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council.



Bryce Henderson
for Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
16 December 2020



**KAIPARA
DISTRICT**

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Photo Location: Ripiro Beach