

ANNUAL REPORT 2018/2019

KAIPARA DISTRICT COUNCIL



Table of Contents

PART ONE Introduction	4
<i>Independent Auditor's Report</i>	8
PART TWO Financials	18
PART THREE Activity Statements	76
<i>Community Activities</i>	78
<i>The Provision of Roads and Footpaths</i>	90
<i>Regulatory Management</i>	98
<i>District Leadership, Finance and Internal Services</i>	104
<i>Sewerage and the Treatment and Disposal of Sewage</i>	112
<i>Water Supply</i>	120
<i>Flood Protection and Control Works</i>	128
<i>Stormwater Drainage</i>	134
<i>Solid Waste</i>	140
APPENDIX	146
<i>Council Directory</i>	147
<i>Management Team</i>	148
<i>Council Committee Structures</i>	149
<i>Elected Member Meeting Attendance</i>	151

PART ONE Introduction

KAIPARA DISTRICT COUNCIL



Kaipara District Elected Members



Mayor
Dr Jason Smith



Deputy Mayor
Peter Wethey



Councillor
*Victoria del la
Varis-Woodcock*



Councillor
Jonathan Larsen



Councillor
Julie Geange



Councillor
Karen Joyce-Paki



Councillor
Libby Jones



Councillor
Anna Curnow



Councillor
Andrew Wade

A word from the Mayor and Chief Executive



A blue ink signature of Dr Jason Smith.

Dr Jason Smith
Kaipara Mayor

This report outlines the services, key projects and initiatives that we have delivered in the past 12 months, where money was spent, and how we have performed as an organisation. We have focussed on delivering our commitment to the community, our Long Term Plan, A Bright Future.

Kaipara district is a place of growth, both in terms of population and capacity. We have seen confidence and satisfaction with the Council grow with a 7% increase in overall satisfaction and a 6% increase in Council reputation. The Provincial Growth Fund announcement at Otamatea Marae in February 2019 was a great sign of central government investment in the stability, and potential of Kaipara as a district. As we continue the work that funding allows, we're in for some great things ahead. In all we do, we're growing our communities to prepare for the future, and we've made some great foundational decisions this year, to ensure we can continue to grow well across our whole district.

As always, roading is a key component of the work we do, and we spent a significant amount of money on improving our vast and varied network, which will continue to be an area of focus for us. Significant progress has been made throughout the year in the low profile but important maintenance and replacement works across not only our road network, but other infrastructure areas like water and parks.

In addition to infrastructure, our services have shown progress. Our great Food Audit result which highlights Kaipara District Council as a benchmark for others, our new website, a marked improvement in our call waiting times dropping our abandoned call percentage from 22% to 7%, and the introduction of our Peoples Panel all demonstrate how we are looking to provide a better customer experience. Couple this with our work facilitating and empowering communities to grow and improve, assisting with our various funds and grants, we're helping grow Kaipara day by day.

One of the most satisfying aspects about being involved in Council activities is the diversity of our work and seeing how our teams make a positive difference to the lives of our residents.

We're proud of what we've achieved, and look forward to the year ahead.



A blue ink signature of Louise Miller.

Louise Miller
Chief Executive



Statement of Compliance

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

Dr Jason Smith

Mayor

26 September 2019

Louise Miller

Chief Executive

26 September 2019

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF KAIPARA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Auditor-General is the auditor of Kaipara District Council (the District Council). The Auditor-General has appointed me, Bryce Henderson, using the staff and resources of Deloitte Limited, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 26 September 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 19 to 22 and pages 28 to 71:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2019;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 72 and 74 presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the groups of activity statements on pages 77 to 145:
 - present fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2019, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - comply with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 77 to 145 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and

- the funding impact statement for each group of activities on pages 77 to 145, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 23 to 27, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "*Responsibilities of the auditor for the audited information*" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit, the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the performance measures, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 5 to 7 and 12 to 16, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

RESIDENT SATISFACTION



OVERALL SATISFACTION

69% ▲ 7%



COUNCIL REPUTATION

65% ▲ 6%

CUSTOMER SERVICE CENTRE



62,434

INTERACTIONS WITH
CUSTOMERS, PHONE
CALLS & EMAILS.



3,102

PHONE CALLS
IN MAY 2019

REGULATORY NUMBERS



283

RESOURCE CONSENTS
PROCESSED



775

BUILDING CONSENTS
PROCESSED



297

NEW DWELLINGS
EQUATING TO 85M SPENT
ON CONSTRUCTION

TOP 5 PERFORMING SERVICES & FACILITIES

RESIDENT SATISFACTION PERCENTAGES



91%

LIBRARIES



89%

LOCAL PARKS,
RESERVES AND
SPORTS FIELDS



87%

FOOD SAFETY AND
ALCOHOL LICENCING



82%

PUBLIC TOILETS



82%

WASTEWATER

PUBLIC SERVICES NUMBERS



2,000km

OF KAIPARA ROADS GRADED



124,210

TOTAL ITEMS ISSUED AT
COMMUNITY LIBRARIES

All figures are from 1 July 2018 to 30 June 2019

Service Highlights

Finances

The Local Government Act requires Councils to provide for funding of depreciation which in turn should fund our renewal programme. Council, because of its fiscal restraint, has been working towards this and increasing funding of depreciation each year. This year Council has increased funding from 50% to 67%.

For Kaipara, our debt has remained a constant figure of scrutiny, and for 2018/2019 Council has reduced debt by \$1 million to \$45 million. In 2013/2014 our debt was \$76m, and Council has consciously had to balance new projects against the increase in debt, while consistently reducing the overall level.

Infrastructure

Infrastructure is a key component of the service Council provides.

Quail Way in Mangawhai had historic stormwater issues. Work has now been completed on a large scale, which will significantly reduce the effects of flooding to the lower lying properties, and better manage excess stormwater.

Our roading programme continued to be the largest part of our infrastructure capital works programme where we spent \$14.4m. This year we resurfaced 51km of the sealed network, continued the roll out of LED lighting across the network, and completed 43.2km of unsealed metalling. Much of our capital works were not

undertaken until later in the year which has meant that additional loans were not taken up as early as had been planned and therefore our finance costs are also less than predicted.

Growth

Increased resource and building consents have meant increased income. To manage this demand, additional resources have been brought in to process these consents. It has unfortunately also seen us lag in meeting the legal timeframes for processing resource consents.

This growth also drives positive increases in both development and financial contributions, which will go towards historical Mangawhai sewerage infrastructure costs and future development of reserves in areas which have been affected by the growth. (Income 2018/2019 now \$3.9m whereas 2017/2018 it was \$3.4m). In 2013/2014 as a comparison this was only \$950k.

Community

Over \$300k of funding was awarded to various community groups, through Community Grants, Contracts for Service, and administering the Rural Sports Travel and the Creative Communities Grants. A further \$300,000 was made available for application across the district for community reserve projects, through a change to the (Use Of) Reserve Contributions Policy. This fund looks to empower groups or individuals to take the lead in design and



improvement of reserves and open spaces in their communities.

The year was a great success in terms of receiving central government investment in areas that need it. A total of \$28.24m has been allocated from the PGF, NZTA/NLTF & Council to establish the Kaipara Kickstart Programme. This programme looks at three interlinked but distinct issues, roading and transport options across Kaipara, wharf and harbour usage in the Kaipara Harbour and utilisation of productive soils for kai. The programme's key focus is to utilise investment into access of its already existing natural assets, while providing a platform to harness those assets to lift Kaipara district as a whole.

All four libraries in the district now provide WiFi and physical building upgrades to Paparoa have been completed by the community. Dargaville Library was one of the first in the country to receive new computer equipment as part of updates to the Aotearoa People's Network Kaharoa, availing the community of Chromebooks and more digitally updated computer hardware.

A big part of the job of Council is to ensure we're working alongside and empowering our communities. We facilitated governance training workshops to ensure community groups and organisations could upskill their knowledge around governance at a community level. We have facilitated a number of community conversations, to see how Council can best support and provide guidance toward some of the great community-led projects happening across Kaipara.

We also undertook consultation on an update to our Dog Policy and Dog Management Bylaw, Gambling and Alcohol Bylaws to ensure we're keeping our communities safe, and our rules and frameworks align to community expectations.

As advances in digital technology and services continues to develop, Council is undertaking a few key upgrades to provide better services externally. This year we launched a new website,

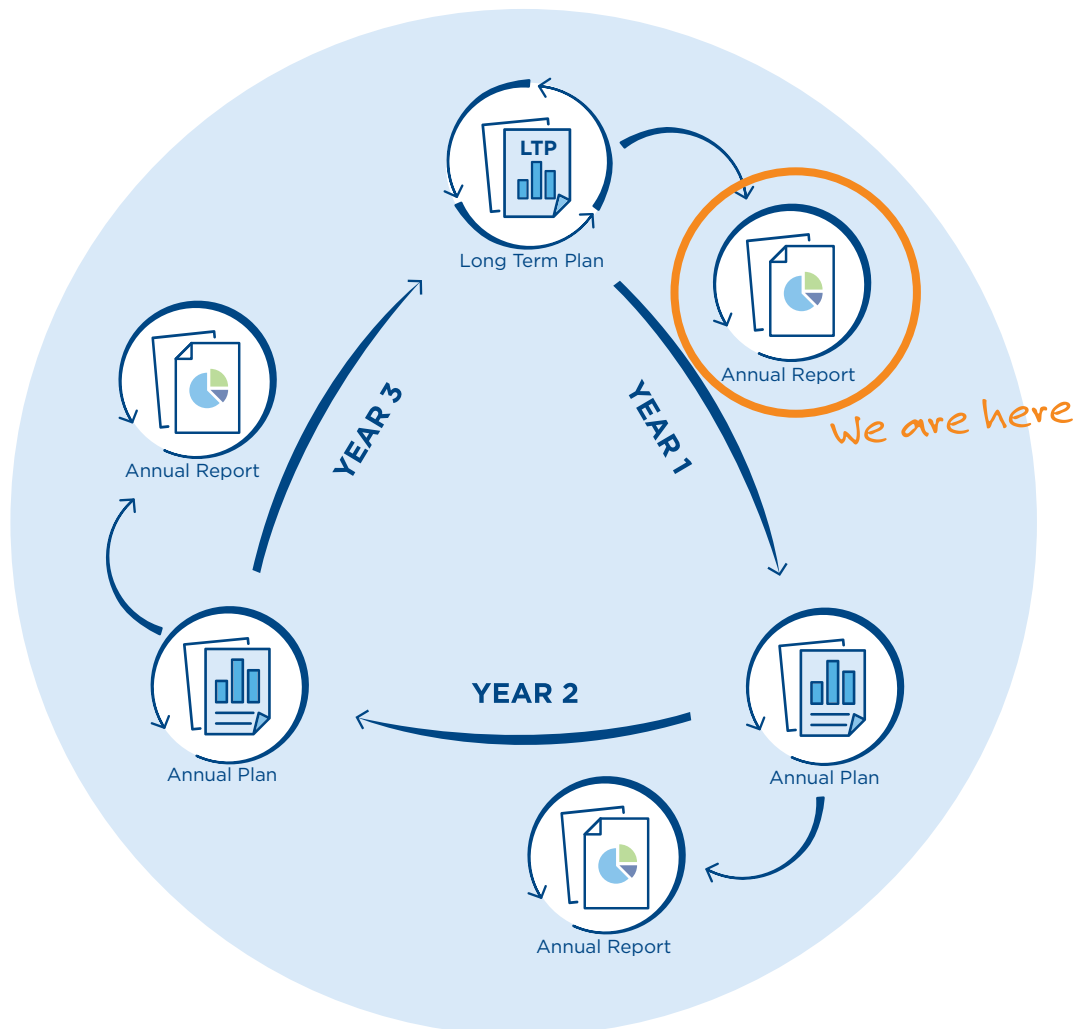
which allowed for some advanced functionality, and gives us a better platform to be prepared for future upgrades. We also launched a new app that allows us to better communicate with residents about unplanned interruptions to services (water, roads etc), this app, Antenno, is being utilised by councils around New Zealand and is making it easy for us to update people in 'real time' about areas they've said are important to them. We also introduced the People's Panel, an online tool that allows us to ask for opinions on broad ideas from our community, to ensure we're working towards similar goals.

You can download the Antenno App on your mobile phone, or sign up for the People's Panel via our website, www.kaipara.govt.nz/panel

Council achieved another exciting milestone following our Environmental Health accreditation assessment audit by Joint Accreditation Services Australia, New Zealand (JAS-ANZ) which closed with zero non-conformities. Kaipara was the first council to go through the Food Accreditation Programme without any non-conformities. The Ministry for Primary Industries asked if KDC could be used as a reference point for other Councils around the country, showcasing some great independent recognition of Kaipara and the work we're doing.

We undertook a Representation Review, which looks at how the people of Kaipara are represented around the Council table. As a result, the new Kaiwaka - Mangawhai Ward was created, making Kaipara four wards, with two councillors from each (the Mayor is elected 'at large'). This review was approved by the Local Government Commission, and takes effect from the October 2019 Local Government Election.

Council Planning and Reporting Cycle



Council working with Māori

Council recognises and acknowledges its obligations to Māori under the Local Government Act 2002 the Resource Management Act 1996 while continuing to look for ways to facilitate Māori input into decision-making.

The importance of relationships with both Te Uri o Hau and Te Iwi O Te Roroa cannot be underestimated as we look for ways to advance how we work together for the benefit of our communities and Kaipara.

Council and Te Uri o Hau have been reviewing a Memorandum of Understanding which hopes to strengthen our collaboration and way of working together. Council is in negotiations with Te Roroa regarding a Mana Enhancing Agreement with the goal of better aligning ourselves toward shared goals and how we operate together.

Kaipara District Council is a member of the Northland Iwi and Local Government Chief Executives' Forum. This group meets quarterly with the key objective of bringing consistency in approach across the organisations. Council's commitment to partnership with Iwi on matters of importance to Māori is further illustrated by:

- Further investment into relationships with Māori through the appointment of an Iwi Relations Manager who joined Council this year. This role will focus on educating Council staff about positive engagement with Māori and evolve Council's relationships with Iwi;
- Council's contribution to the Integrated Kaipara Harbour Management Group (IKHMG) project which is led by Te Uri o Hau offered through staff representation and financial contributions;
- Council working with Iwi to gather input into LTPs and Annual Plans during the Mana Whenua Forum consultation process;
- Council and Te Uri o Hau joint management of Pou Tu Te Rangi Harding Park in Dargaville;
- Council and Te Iwi O Te Roroa/Te Kuihi joint management of the Kai Iwi Lakes (Taharoa Domain); and
- Council and Te Roroa working together on initial investigations into a Kaihu Valley Rail Trail as part of Council's Walking and Cycling Strategy.

The opportunities afforded to Council by proactive and positive engagement and dialogue with Iwi, hapu and the joint management groups will only improve overall well-being of Kaipara. Further work in this space will be ongoing.



PART TWO Financials

KAIPARA DISTRICT COUNCIL



Statement of Comprehensive Revenue and Expense

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

Statement of Comprehensive Revenue and Expense	Note	Actual	Annual Plan	Annual Report
For the year ended: 30 June		2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Revenue				
Rates	2a	35,526	35,029	33,394
Subsidies and grants	2c	12,152	12,860	13,547
Activity income		5,962	5,204	6,072
Contributions		3,871	2,494	3,453
Investments and other income	2c	2,272	339	1,489
Total revenue	2a	59,783	55,926	57,955
Expenses				
Activity costs		26,050	22,287	23,687
Employee benefits		11,250	10,828	9,890
Finance costs		2,510	2,950	2,736
Depreciation	10a,11	10,647	9,882	10,704
Total expenses	3	50,457	45,947	47,017
Surplus/(deficit) for the period		9,326	9,979	10,938
Other comprehensive revenue and expense				
(Items that will not be reclassified subsequently to surplus or deficit)				
Gain/(loss) on revaluation	4a	49,865	13,036	12,982
Total comprehensive revenue and expense for the period		59,191	23,015	23,920

The accompanying notes form part of these financial statements.

Explanation of major revenue and expenditure variances against Annual Plan

Revenue

Activity income: This was higher due to increased building and resource consents.

Contributions: Financial and development contributions are ahead of budget reflecting increased resource consent activity in the district.

Investments and other income: There were an additional reserves and roads assets vested by developers into Council ownership.

Expenses

Activity costs: Higher costs were due to consultants being used to help process the higher number of resource consent applications. In addition, there was a high variance on the revaluation of interest swap derivatives to fair market value.

Employee benefits: Additional resource was required in regulatory to meet increased building and resource consent activity, along with additional costs of staff in relation to the Provincial Growth Fund projects.

Finance costs: These costs were less due to capital projects not been completed to the initial timeframe. Interest rates were also lower.

Gains/(loss) on revaluation: Roding, sewerage and water assets were valued this year which has seen a large increase in the value of Council's assets.

Statement of Financial Position

Statement of Financial Position	Note	Actual	Annual Plan	Annual Report
As at 30 June		2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Net assets/equity				
Accumulated comprehensive revenue and expense	4a	401,364	412,449	390,533
Asset revaluation reserves	4a	268,601	238,230	218,736
Restricted reserves	4b	5,574	5,427	5,190
Council created reserves	4b	-14,777	-17,019	-12,892
Total net assets/equity		660,762	639,087	601,568
represented by Current assets				
Cash and cash equivalents		1,926	500	3,641
Trade and other receivables	6	8,317	6,778	6,092
Accrued revenue		1,641	2,875	3,438
Other financial assets	5a	115	115	115
Non current assets held for sale		186	186	186
LGFA Borrower notes		32	0	32
Total current assets		12,217	10,454	13,504
less Current liabilities				
Trade and other payables	7	11,219	10,016	12,752
Provisions	8a	135	145	148
Employee entitlements		905	458	666
Public debt	9a	1,000	226	8,000
Total current liabilities		13,259	10,845	21,566
Working capital/(deficit)		-1,042	-391	-8,062
plus Non current assets				
Property, plant, equipment	10a	714,402	693,085	654,847
LGFA Borrower notes		672	643	608
Biological assets	13	1,045	500	1,017
Other financial assets	5a	279	276	278
Total non current assets		716,398	694,504	656,750
less Non current liabilities				
Public debt	9a	44,000	46,044	38,000
Provisions	8a	4,599	4,786	4,693
Derivative financial liabilities	18a	5,995	4,196	4,427
Total non current liabilities		54,594	55,026	47,120
Net assets		660,762	639,087	601,568

The accompanying notes form part of these financial statements.

Explanation of major variances against Annual Plan

Equity: The favourable variance relates to the higher revaluation of infrastructure assets.

Cash and cash equivalents: Cash and cash equivalents are higher than planned. Cash is being retained to meet capital commitments planned for the next year.

Trade and other receivables: Trade and other receivables are \$1.5 million higher than budget due to NZTA subsidy that had not been received by balance date.

Employee entitlements: Higher than budget due to a full fortnights salary being taken into the calculation at the end of June.

Property, plant and equipment: Higher than budgeted due to revaluation of infrastructure assets.

Biological assets: Higher than budget biological assets reflects the increase in fair value of Council's forestry assets following the annual independent forestry valuation.

Derivative financial liabilities: Derivatives are marked to market value at each balance date. Higher than budget derivative liabilities of \$1.8 million is due to the nature of these financial instruments. Council uses interest rate derivatives to assist in achieving a long-term stable interest rate on debt and minimise the risks.

Public debt: Council is, 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.

Statement of Changes in Net Assets/Equity

Statement of Changes in Net Assets/ Equity	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
<i>Balance at 1 July</i>	601,571	616,072	577,647
Comprehensive revenue and expense			
Surplus/(deficit) for the period	9,326	9,979	10,938
Other comprehensive revenue and expense for the period			
Surplus on Revaluation of Infrastructure	49,865	13,036	12,982
<i>Total comprehensive revenue and expense for the period</i>	59,191	23,015	23,920
<i>Balance at 30 June</i>	660,762	639,087	601,567

The accompanying notes form part of these financial statements. (p.30-77)

Statement of Cash Flows

Statement of Cash Flows	Note	Actual	Annual Plan	Annual Report
For year ended: 30 June		2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Cash Flow from Operating Activities				
Receipts:				
Rates		34,228	35,029	32,465
Fees, charges and other		8,603	8,017	9,810
Grants and subsidies		13,949	12,860	13,547
Interest received		19	20	142
sub total		56,798	55,926	55,964
Payments:				
Suppliers and employees		35,902	33,055	32,070
Taxes (including the net effect of GST)		578	0	-173
Interest expense		2,510	2,950	2,736
sub total		38,990	36,005	34,634
Net Cash Flow from/(to) Operating Activities	14	17,808	19,922	21,329
Cash Flow from Investing Activities				
Receipts:				
Sale of property, plant and equipment		468	175	4,629
sub total		468	175	4,677
Payments:				
Property, plant and equipment purchases		18,927	23,529	18,112
sub total		18,927	23,529	18,112
Net Cash Flow from/(to) Investing Activities		-18,459	-23,354	-13,435
Cash Flow from Financing Activities				
Receipts:				
Loans raised		16,500	0	21,700
Payments:				
Loan repayment		-17,500	-1,969	-37,827
LGFA Borrower notes		-64	0	0
Net Cash Flow from/(to) Financing Activities		-1,064	-1,969	-16,127
Net Increase/(Decrease) in cash and cash equivalents		-1,715	-5,402	-8,233
Cash and cash equivalents at beginning of period		3,641	5,902	11,874
Cash and cash equivalents at end of period		1,926	500	3,641

The accompanying notes form part of these financial statements. (p. 30-77)

Annual Report Disclosure Statement

FOR THE YEAR ENDED 30 JUNE 2019

What is the purpose of this Statement?

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

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

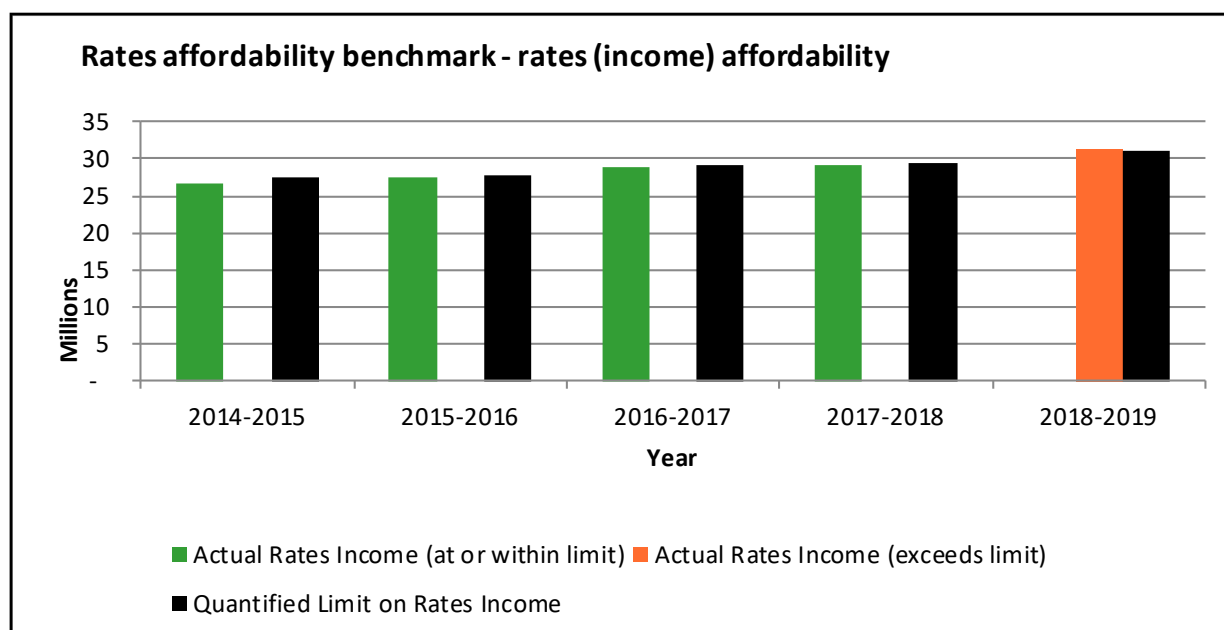
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plan. The quantified limit for 2018/2019 was set in the Long Term Plan at \$31.2 million excluding water meter billing.

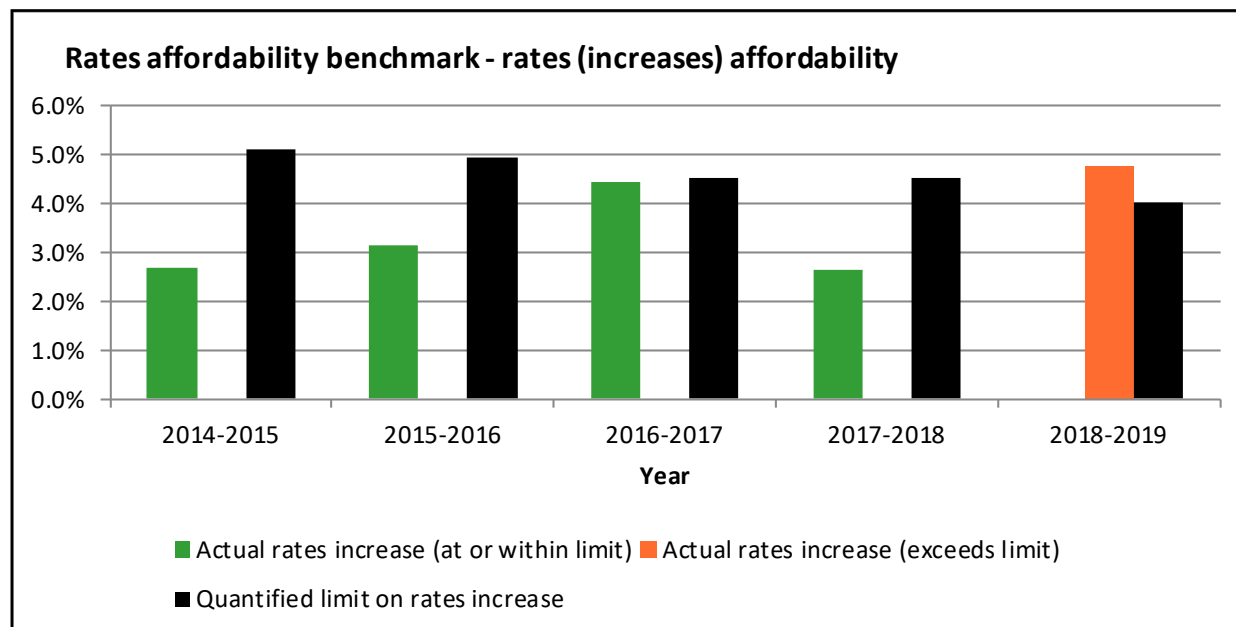


Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates as stated included in the Financial Strategy included in the Council's Long Term Plan.

The Long Term Plan 2018/2028 predicted the ceiling to be exceeded in each of the first three years. Over the 10 year long term plan period cumulative increases will be less than the ceiling.

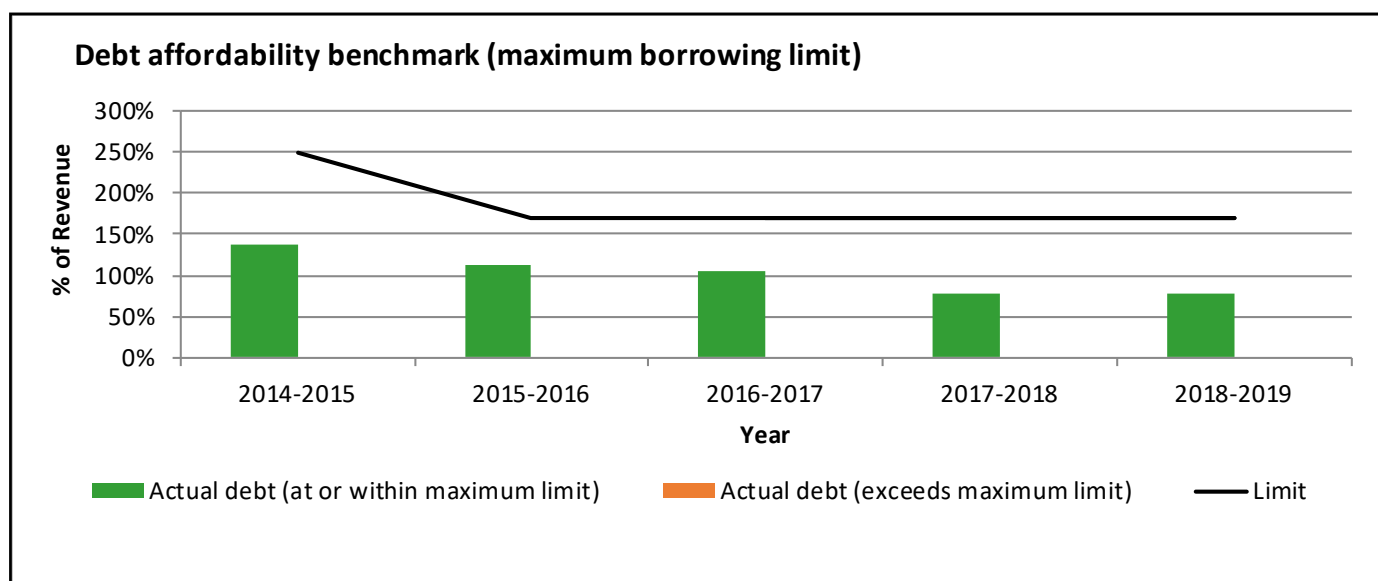
The quantified limit for 2018/2019 is 4%.



Debt affordability benchmark

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

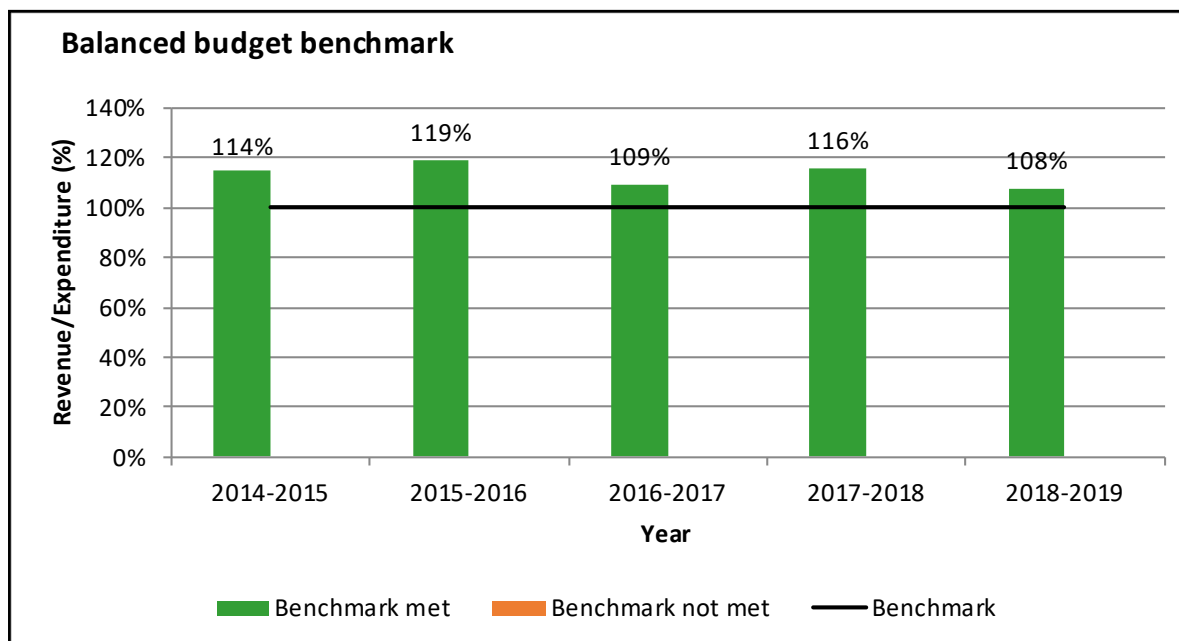
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the Financial Strategy included in the Council's Long Term Plan. The quantified limit is a preferred limit of 170% of total revenue (excluding development financial contributions, vested assets and non-cash revenue).



Balanced budget benchmark

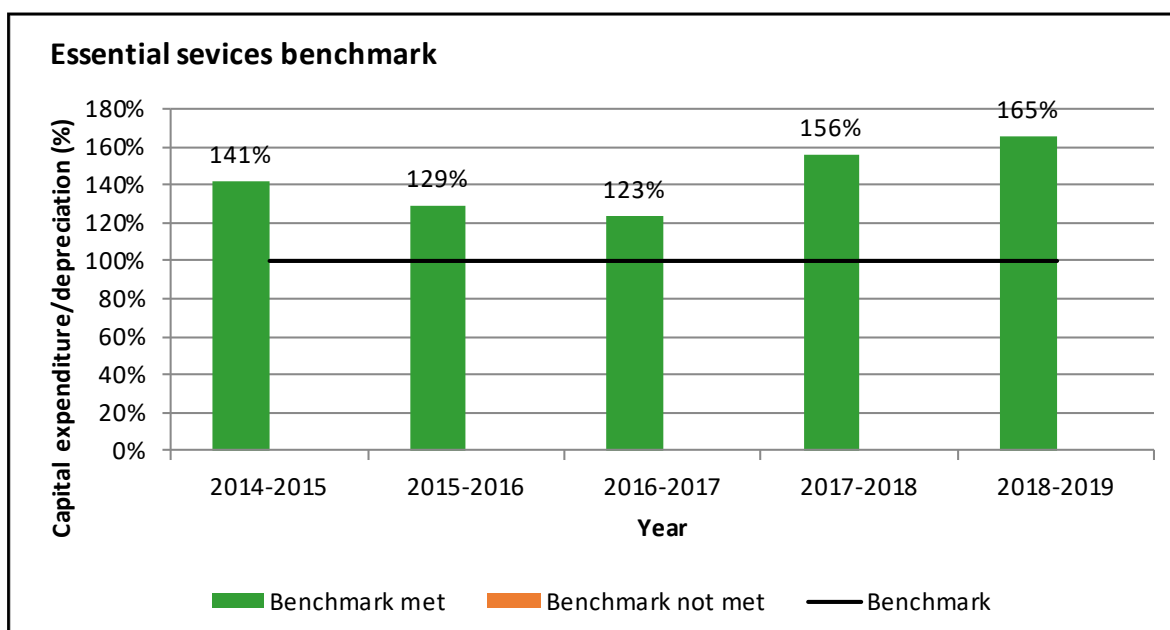
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial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

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



Essential services benchmark

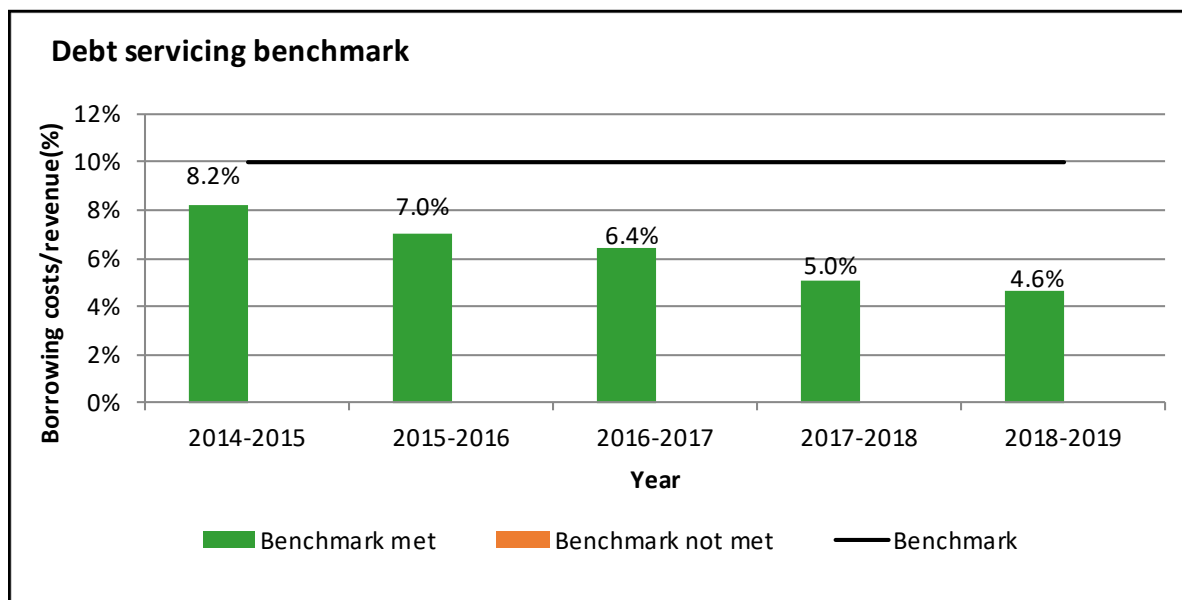
The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

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

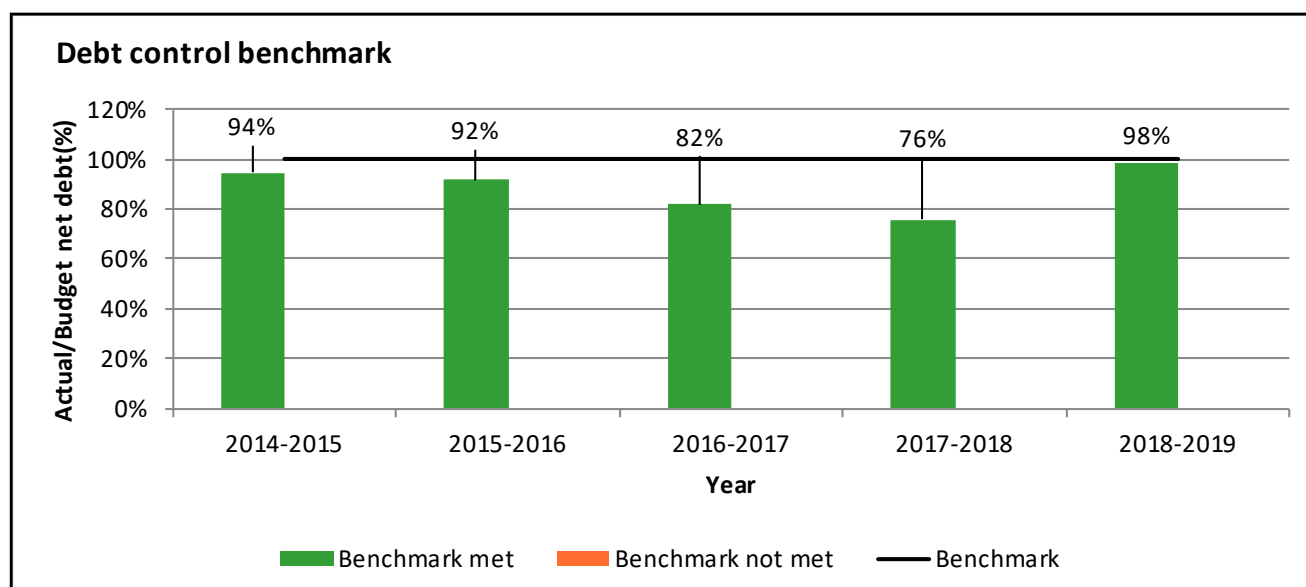
Council meets the debt servicing benchmark if it's borrowing costs equal or are less than 10% of its revenue.



Debt control benchmark

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

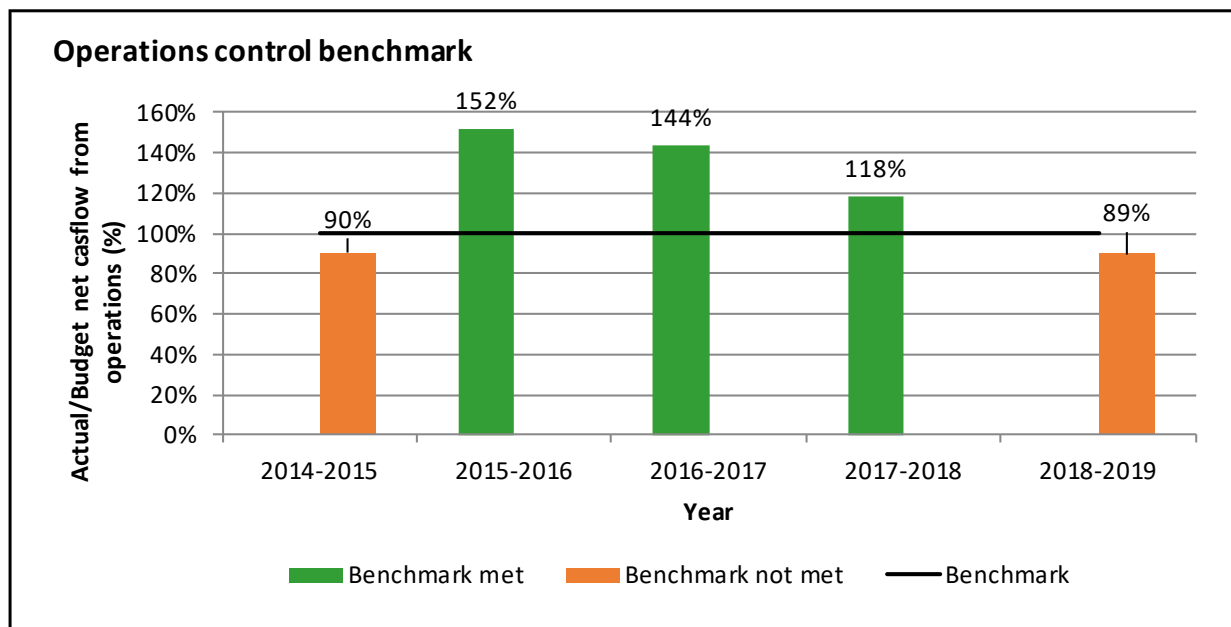
This Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

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

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



Notes to Financial Statements

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2019

Reporting entity

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

The primary objective of Kaipara District Council is to provide core services for the community, which focus on a social benefit rather than making a financial return. Accordingly, Kaipara District Council has designated itself as a Public Sector Public Benefit Entity (PS PBE).

The financial statements of Kaipara District Council are for the year ended 30 June 2019. The financial statements were authorised for issue by Council on 26 September 2019.

Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and in accordance with generally accepted accounting practice (GAAP). For the purposes of complying with GAAP, Council is a Tier 1 Public Benefit Equity.

These financial statements are expressed in New Zealand dollars, which is Kaipara District Council's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated. The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of infrastructure assets and certain financial instruments as identified in the specific accounting policies below and the accompanying notes.

Going concern

This Annual Report has been prepared on the assumption that Council is a going concern. This means Council has a reasonable expectation there are adequate resources to continue operations, having regard to known circumstances, in the next year and those events known to occur further in the future. As such, adoption of the assumption has been based on the provisions of PBE IPSAS 1.

Significant Accounting Policies

Revenue

Revenue is measured at fair value.

Revenue is comprised of exchange and non-exchange transactions. Exchange transaction revenue arises when one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange.

Non-exchange transaction revenue arises from transactions without an apparent exchange of approximately equal value. Non-exchange revenue includes rates, grants, subsidies, fees and user charges derived from activities that are partially funded by rates. Revenue relating to non-exchange transactions is recognised as conditions, if any exist, are satisfied.

Rates revenue

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

Grants revenue

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

Other revenue

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

Provision of service

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

Sales of goods

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

Vested assets

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

Interest and dividend income

Interest income is recognised using the effective interest method.

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

Development and financial contributions

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

Borrowing costs

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

Grant expenditure

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

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

Operating leases

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

Cash and cash equivalents

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

Trade and other receivables

Trade and other receivables are measured at fair value, less any provision for impairment. Council maintains a provision for impairment losses when there is objective evidence of debtors being unable to make required payments and no other recourse available to Council.

When the receivable is uncollectable, it is written off against the provision. Overdue receivables which have been negotiated are reclassified as current (that is, not past due).

Financial assets

Financial assets are classified at fair value through surplus or deficit, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets or liabilities are held. Council determines the classification of financial assets and liabilities at initial recognition.

The applicable categories of financial assets are:

1. Financial assets at fair value through surplus or deficit

Either, financial assets held for trading or those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

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

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

2. Loans and receivables

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

After initial recognition they are measured at amortised cost using the effective interest method,

less impairment. Gains and losses when the asset is impaired or de recognised are recognised in the surplus/(deficit).

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

Impairment

Financial assets carried at amortised cost are assessed each reporting date for impairment. If there is objective evidence of impairment, the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, where appropriate, is recognised in the surplus/(deficit).

Non-financial assets are reviewed at each reporting date to determine whether there are any indicators that the carrying amount may not be recoverable. If any such indicators exist, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

An impairment loss is recognised in the surplus/(deficit) for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/(deficit), a reversal of the impairment loss is also recognised in the surplus/(deficit).

Non-current assets held for sale

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

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

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

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

Property, plant and equipment

Property, plant and equipment consist of:

- **Operational Assets**

These include land, buildings, plant and equipment, and motor vehicles.

- **Restricted Assets**

Restricted assets are community housing and parks and reserves owned by Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

- **Infrastructure Assets**

Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

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

- **Additions**

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

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

Work in progress is recognised at cost less impairment and is not depreciated.

- **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus/(deficit). When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

- **Subsequent Costs**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Revaluation

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

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

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

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other

comprehensive revenue and expense but is recognised in the surplus/(deficit). Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus/(deficit) will be recognised first in the surplus/(deficit) up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Depreciation

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

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

	Expected life years	Depreciation straight line
Roading		
Top surface (seal)	5-100	5%-25%
Pavement (basecourse)		
Urban sealed	40-100	1.25%-2.5%
Rural sealed	40-100	1.25%-2.5%
Unsealed	20-60	1.67%-5%
Water Supply	60-70	1.25%-4%
Wastewater	25-80	1.25%-4%
Stormwater	40-80	0.50%-2%
Landfills and transfer stations	10-100	0%-10%
Halls	50	2%
Community housing	50	2%
Foundation and unsealed subgrade	n/a ¹²	-
Culverts	40-100	1%-4%
Kerb and channel	25-100	1.25%-4%
Bridges	40-100	1%-2.5%
Signs	12	8.3%
Lights	15-100	2.5%-6%
Footpaths	25-100	1.25%-4%
Drainage	20-100	1%-6%
Plant, equipment and motor vehicles	5-10	10%-20%
Buildings	50	2%
Building contents	10	10%
Other plant	5	20%
Computer and office equipment	5	20%
Library collection	5	20%

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

Biological (forestry assets)

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

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

New Zealand Units (Forestry) – Emissions Trading Scheme

Emission Trading Units allocated under the Emissions Trading Scheme (ETS) are recognised at deemed cost based on the fair value at the date of receipt (that is, historic value). The units are recognised when they have been received and are recognised as income in the Statement of Comprehensive Revenue and Expense. After initial recognition ETS units are recognised at cost and reviewed annually for impairment.

Creditors and other payables

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

Employee benefits

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

Superannuation schemes - defined contribution schemes

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

Provisions

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

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

Financial guarantee contracts

New Zealand Local Government Funding Agency

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a local currency rating from Fitch Ratings and Standard & Poor's of AA+ and a foreign currency rating of AA.

Council is one of 52 local authority guarantors of LGFA. When aggregated with the uncalled capital

of other shareholders, \$20 million 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 2019, LGFA had borrowings totalling \$9.53 billion (2018: \$8.3 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value.

However, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Borrowings

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

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

Net assets/equity

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

The components of net assets/equity are:

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

Restricted and Council created reserves

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

Restricted reserves are subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. The Mangawhai Endowment Fund referred to in this document includes the Mangawhai Endowment Lands Account (MELA) referred to in section 8 of the Mangawai Lands Empowering Act 1966 (sic).

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

Asset revaluation reserves

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

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of Goods and Services Tax (GST), except for receivables and payables, which include GST invoiced.

Budget figures

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

Cost allocation

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

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

Critical accounting estimates and assumptions

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

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

Closure and post-closure provisions

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

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

Infrastructural Assets

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

- the physical deterioration and condition of an asset, for example Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections

and condition modelling assessments of underground assets;

- estimating any obsolescence or surplus capacity of an asset; and
- estimates made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk Council's infrastructural assets useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

Critical judgements in applying Council's accounting policies

Management has exercised the following critical judgements in applying Council's accounting policies for the period ended 30 June 2019:

- Classification of property

Council owns a number of properties, which are maintained primarily to provide community housing to elderly persons. These properties are accounted for as property, plant and equipment.

2a. Income and Expenditure Summary

2a. Non-exchange Revenue Summary	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Non exchange revenue		
Rates	35,526	33,394
Resource consents	1,495	1,511
Solid waste recoveries	66	57
Subsidies and Grants	12,152	13,547
<i>Total Non exchange revenue</i>	49,239	48,509
Exchange revenue	10,544	9,446
<i>Total revenue</i>	59,783	57,955

2b. Income and Expenditure Summary

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

	As at 30 June 2018	As at 30 June 2017
Number of rating units within the Kaipara District	15,306 units of which 14,416 are rateable	15,038 units of which 14,163 are rateable
Total capital value of rating units within the Kaipara District	\$8,828,908,200 of which \$8,628,086,400 is rateable	\$6,601,162,525 of which \$6,429,713,150 is rateable
Total land value of rating units within the Kaipara District	\$5,070,792,000 of which \$4,979,713,500 is rateable	\$3,761,943,125 of which \$3,693,729,750 is rateable

2c. Revenue Summary - Analysis

2c. Revenue Summary - Analysis	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Subsidies and grants		
NZTA Rooding Subsidies	12,152	13,547
<i>Total Subsidies and grants</i>	12,152	13,547
Investments and Other Income		
Petrol tax	215	209
Gain on disposal of property, plant and equipment	317	754
Unrealised gain on forestry revaluation	28	274
Finance income	19	142
Vested assets	1,560	115
Sundry income	133	-5
<i>Total Investment and Other Income</i>	2,272	1,489

2d. Targeted rates for metered water supply

2d. Targeted Rates for metered water supply	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Targeted Rates for metered water supply		
Water Supply	2,975	3,177
<i>Total Targeted Rates for metered water supply</i>	2,975	3,177

The Local Government (Financial Reporting and Prudent) Regulations 2014 require, from 1 July 2015, Water by Meter charges to be classified in rating income.

3. Cost of service summary – analysis

3. Cost of Service Summary - Analysis	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Analysis of expenditure		
Depreciation and amortisation	10,647	10,704
Swaps revaluation through revenue and expense	1,569	231
Other expenses	24,235	23,112
Employee benefit expenses		
Salaries and wages	11,250	9,890
Finance costs		
Interest on loans	1,346	1,378
Interest on Local Government Stock	1,164	1,358
Fees paid to Principal Auditor		
Fees for audit of the Long Term Plan	0	148
Fees for audit of the Annual Report	183	179
Fees for other assurance services	11	9
Fees for other services	52	8
Total expenditure	50,457	47,017

The auditor of Council is Deloitte Limited for and on behalf of the Auditor-General. The fees paid to Deloitte Limited for the other services for the year ending 30 June 2019 are for the audit compliance report prepared in respect to Council's debenture trust deed, online fraud and corruption awareness training, a 'tip-off' whistleblower service and forensic investigation.

Salaries and wages also includes employer contributions to KiwiSaver which is a Defined Contribution Plan. Employer contributions totalled 2019: \$294,324 (2018: \$242,748).

4a. Ratepayers Equity

4a. Ratepayers Equity	Actual	Annual Report
For year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Accumulated Comprehensive Revenue and Expense		
<i>Balance at 1 July</i>	390,533	381,972
plus Surplus/(deficit) for the period	9,326	10,938
Transfers from Accumulated Revenue and Expense to:		
Restricted reserves	384	16
Council created reserves	7,210	8,652
<i>Total Transfers from Accumulated Comprehensive Revenue and Expense</i>	7,594	8,669
Transfers to Accumulated Funds from:		
Restricted reserves	0	152
Council created reserves	9,099	6,139
<i>Total Transfers to Accumulated Comprehensive Revenue and Expense</i>	10,053	6,291
<i>Closing balance as at 30 June</i>	401,364	390,533
Asset Revaluation Reserves		
<i>Balance at 1 July</i>	218,736	205,754
Gain/(loss) on revaluation	49,865	12,982
<i>Closing balance as at 30 June</i>	268,601	218,736
Asset Revaluation Reserves		
Operational assets:		
Land	302	302
Buildings	0	0
<i>Total Operational assets</i>	302	302
Infrastructural assets:		
The Provision of Roads and Footpaths	219,198	177,270
Water Supply	15,546	10,554
Sewerage and the treatment and disposal of sewage	7,019	5,630
Stormwater Drainage	21,730	21,730
Flood Protection and control works	4,805	3,250
<i>Total Infrastructural assets</i>	268,299	218,434
<i>Total Asset Revaluation Reserves</i>	268,601	218,736

4b. Statement of reserve fund activities

4b. Statement of reserve fund activities	Community Activities	Regulatory Management	Emergency Management	Flood Protection and Control Works	District Leadership, Finance and Internal Services	Solid Waste	The Provision of Roads and Footpaths	Sewerage and the Treatment and Disposal of Sewage	Stormwater Drainage	Water Supply	Total Reserves Funds
For year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000
Restricted Council Reserves											
Restricted Reserve											
Mangawhai Endowment Lands Account											
Opening Balance	0	0	0	0	5,190	0	0	0	0	0	5,190
Deposited	0	0	0	0	384	0	0	0	0	0	384
Withdrawn	0	0	0	0	0	0	0	0	0	0	0
Closing Balance	0	0	0	0	5,574	0	0	0	0	0	5,574
Council Created Reserves											
Depreciation Reserve											
Opening Balance	181	17	0	160	478	6	2,611	737	231	522	4,941
Deposited	183	14	0	104	465	8	0	733	193	981	2,681
Withdrawn	-108	0	0	0	-222	0	-2,611	-1,608	-17	-1,311	-5,877
Closing Balance	256	31	0	264	721	14	0	-138	407	192	1,745
Development Contribution Reserve											
Opening Balance	0	0	0	0	0	0	35	-24,680	-31	29	-24,648
Deposited	0	0	0	0	0	0	74	1,944	17	0	2,034
Withdrawn	0	0	0	0	0	0	-31	-1,715	-36	0	-1,783
Closing Balance	0	0	0	0	0	0	78	-24,452	-50	29	-24,396
Financial Contribution Reserve											
Opening Balance	5,572	0	0	0	0	0	757	0	0	0	6,329
Deposited	2,123	0	0	0	0	0	75	0	0	0	2,198
Withdrawn	-957	0	0	0	0	0	-21	0	0	0	-978
Closing Balance	6,738	0	0	0	0	0	810	0	0	0	7,549
Provision Expenditure Reserve											
Opening Balance	0	0	0	0	0	688	0	-203	0	0	485
Deposited	0	0	0	0	0	250	0	47	0	0	297
Withdrawn	0	0	0	0	0	-454	0	-3	0	0	-457
Closing Balance	0	0	0	0	0	484	0	-159	0	0	325

Council has set aside reserves funds for the purposes of asset renewal (Depreciation Reserve), Development Contributions, Financial Contributions and Provision Expenditure. These funds are grouped under the heading of Council Created Reserves. The funds are required by the Local Government Act 2002 to be separately disclosed for each activity to which they pertain.

Purpose of each Reserve Fund:

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

Council Created Reserves:

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

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

Financial Contributions towards infrastructure growth through the provisions of the Resource Management Act are separately recognised and accounted for in **Financial Contribution Reserves** based on the specified activities.

Provision Expenditure Reserves are Council funds reserved for expenditure provisioned to be spent in future years.

5a. Other Financial Assets

5a. Other Financial Assets	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Current portion of investments		
Loan	115	0
<i>Total Current financial assets</i>	115	0
Non-current portion of investments		
Emission Trading Scheme - NZU's	257	257
Civic Financial Services Limited	22	21
<i>Total Non-current financial assets</i>	279	278

5(b) Emissions Trading Scheme (ETS)

Council has 135.5 hectares of pre-1990 forest land. This land is subject to the provisions of the New Zealand ETS. The implication of this for the financial statements is two-fold:

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

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

Compensation units are recognised at deemed cost based on the fair value at the date of receipt (that is, historic value). The units are recognised when they have been received and are recognised as income in the Statement of Comprehensive Revenue and Expense. After initial recognition NZUs are measured at cost with an annual review for impairment.

5(c) Shareholdings

Civic Financial Services Limited:

- 13,629 shares of \$1.00 each. Council holds 0.1% of the issued shares.

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

6. Trade and other receivables

6. Trade and other receivables	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Trade and other receivables		
Sundry debtors	2,625	801
Land rates and penalties	7,389	6,069
Water rates and charges	803	631
Dog licences and dog infringements	264	276
Prepayments	999	1,405
Gross Trade and other receivables	12,080	9,181
less Provision for impairment- Land rates	-3,098	-2,466
less Provision for impairment - Other debtors	-665	-624
Total Trade and other receivables	8,317	6,092

As at 30 June 2019 all overdue receivables, including rates, have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables, but does have rates recovery powers under the Local Government (Rating) Act 2002. Those powers are exercised to recover all rates other than on some Māori land with multiple owners, impairment of which is included in Council's doubtful debt provision.

The subsidy claim from NZTA of \$1.5 million was not paid at year end which has resulted in a higher debtors balance than last year.

6. Exchange/Non exchange receivables	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Movement in Impairment Provision		
Opening balance - Impairment provision	-3,089	-2,446
Estimated (increase)/decrease in doubtful debts	-675	-643
Total Non-current financial assets	-3,764	-3,089

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

6. Analysis of Total	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Trade and Other Receivables Ageing		
Not past due	3,338	2,008
Past due 1-30 days	1,130	1,003
Past due 31-60 days	132	98
Past due 60 days	3,717	2,983
<i>Total trade and receivables ageing</i>	8,317	6,092

7. Trade and other payables

7. Trade and other payables	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Trade and Other Payables		
Trade creditors	3,052	6,401
Accrued expenses	4,419	2,566
Deposits held	2,300	2,425
Receipts held in advance	765	744
Income in advance	683	616
<i>Total Trade and other payables</i>	11,219	12,752

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

8a. Provisions

8a. Provisions	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Current provisions		
Landfill closure and aftercare	135	131
Building repairs	0	17
<i>Total Current provisions</i>	135	148
Non-current provisions		
Landfill closure and aftercare	4,599	4,563
Provision for future expenditure	0	130
<i>Total Non-current provisions</i>	4,599	4,693
<i>Total Provisions</i>	4,734	4,841

8b. Provisions - movement in provisions

8b. Provisions - movement in provisions	Landfill closure & aftercare	Building repair	Provision for	Annual Report
For the year ended: 30 June	\$'000	\$'000	\$'000	\$'000
The movement in the provisions are represented by:				
2019				
Balance as at 1 July 2018	4,691	17	130	4,838
Passage of time adjustment	250	0	0	250
Amounts used	-142	-17	-130	-289
Discount rate adjustment	-65	0	0	-65
Funding increase	0	0	0	0
Balance at 30 June 2019	4,734	0	0	4,734
2018				
Balance as at 1 July 2017	4,794	17	130	4,941
Passage of time adjustment	99	0	0	102
Amounts used	-127	0	0	-127
Discount rate adjustment	-75	0	0	-75
Funding increase	0	0	0	0
Balance at 30 June 2018	4,691	17	130	4,841

Landfill Aftercare Provisions

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

Bickerstaffe Road landfill has been fully remediated as at financial year 2019. Apart from ongoing monitoring costs Council does not expect any further costs.

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

Closure and post-closure responsibilities include the following:

Closure responsibilities

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

Post-closure responsibilities

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

Provision

The cash flows for the landfill post-closures, particularly for Hakaru, are expected to occur up to 2026. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 5.06% (2018: 5.06 %).

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

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

9a. Public debt

9a. Public debt	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Opening balance	46,000	62,127
add Funds raised	16,500	21,700
Total Funds	62,500	83,827
less Repayments	-17,500	-37,827
Closing balance	45,000	46,000
Current portion	1,000	8,000
Non-current portion	44,000	38,000
Total Public debt	45,000	46,000
Balances are represented by:		
Bank Loans	0	1,000
Local Government Funding Agency (LGFA)	45,000	45,000
	45,000	46,000

All term liabilities are secured under a Debenture Trust Deed.

9a. Maturity interest rates for public debt	Maturity	Interest Rates	Actual	Annual Report
For the year ended: 30 June			2018-2019 \$'000	2017-2018 \$'000
BNZ	July 2020	2.6%	0	1,000
Local Government Funding Agency (LGFA)	2018 to 2019	2.32% to 2.58%	0	7,000
Local Government Funding Agency (LGFA)	2021 to 2025	2.76% to 3.04%	0	38,000
Local Government Funding Agency (LGFA)	2019 to 2020	2.14% to 2.38%	1,000	0
Local Government Funding Agency (LGFA)	2021 to 2027	2.44% to 2.84%	44,000	0
Total			45,000	46,000

Undrawn facilities

Undrawn facilities of \$10 million were available at 30 June 2019 (2018: \$30 million). \$5 million relates to an undrawn loan facility from the ANZ Bank and \$5 million from the Bank of New Zealand.

Loan Covenant

Council has loans that amount to \$45 million at 30 June 2019 (2018: \$46 million). There are a number of covenants included within the loan agreements that Council has with its lenders. These include a requirement to adopt an Annual Report within four months of the end of the financial year and then forward a copy of that Annual Report to the bank.

The LGFA requirement is to deliver a copy of the Annual Report within five months of the financial year end.

No breach of these loan covenants has occurred during the period.

Council anticipates that debt scheduled to expire within twelve months of the balance date will be refinanced using existing facilities or through obtaining additional funding through the LGFA.

9b. Compliance with Liability Management Policy

9b. Compliance with liability management policy	Target	Achievement	Policy Compliance	Comment
	%	%	Y/N	
Debt ratios and limits:				
Net Debt as a percentage of Total Revenue	<170%	75%	Yes	Achieved
Net Interest as a percentage of Total Revenue	<15%	4%	Yes	Achieved
Net Interest as a percentage of Annual Rates Income	<20%	7%	Yes	Achieved
Liquidity (per Treasury policy)	>110%	137%	Yes	Achieved
Debt Interest Rate Policy Parameters (calculated on a rolling monthly basis):				
Less than 12 months	50% - 95%	82%	Yes	Achieved
12 - 36 months	40% - 90%	63%	Yes	Achieved
37 - 60 months	30% - 80%	46%	Yes	Achieved
Greater than 60 month	Nil - 50%	37%	Yes	Achieved
Liquidity/funding Maturity Profile:				
0 - 3 years	15% - 60%	56%	Yes	Achieved
3 - 5 years	15% - 60%	31%	Yes	Achieved
5 years plus	10% - 60%	13%	Yes	Achieved

10a. Property, plant and equipment

Property, plant and equipment: 2019													
Property, Plant and Equipment: 2019	Opening Cost	Opening Accumulated Depreciation & Impairment Charges	Carrying Amount	Additions Current Year	Reclass Current Year	Net Disposals Current Year	Transfer to Assets Held for Sale	Impairments Current Year	Depreciation Current Year	Revaluation Surplus/ (loss) Current Year	Closing Cost/ Revaluation	Closing Accumulated Depreciation and Impairment Charges	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment: 2019	1-Jul-18	1-Jul-18	1-Jul-18								30-Jun-19	30-Jun-19	30-Jun-19
Infrastructure assets													
Roads and Footpaths	477,330	0	477,330	14,373	0	0	0	0	-6,719	41,928	526,913	0	526,913
Stormwater Drainage	32,660	0	32,660	1,076	0	0	0	0	-514	0	33,736	-514	33,222
Flood Protection and Control Works	15,162	0	15,162	108	0	0	0	0	-172	1,555	16,653		16,653
Sewerage and the Treatment and Disposal of Sewage	59,241	0	59,241	2,546	0	0	0	0	-1,326	1,440	61,901	0	61,901
Water Supply	30,627	0	30,627	1,617	0	0	0	0	-1,047	4,942	36,139	0	36,139
Solid Waste	1,317	-1,195	122	311	0	0	0	0	-7	0	1,628	-1,202	426
Work in Progress	4,368	-309	4,060	-2,463	0	0	0	0	0	0	1,904	-309	1,596
Total Infrastructural assets	620,705	-1,504	619,202	17,568	0	0	0	0	-9,785	49,865	678,874	-2,025	676,849
Restricted assets													
Reserves	19,052	-57	18,995	886	0	0	0	0	-54	0	19,938	-111	19,827
Community Housing	2,320	-485	1,834	0	0	0	0	0	-46	0	2,320	-531	1,789
MEF Property	387	0	387	0	0	0	0	0	0	0	387	0	387
Halls	1,763	-519	1,244	12	0	0	0	0	-35	0	1,775	-554	1,221
Total Restricted assets	23,522	-1,061	22,460	898	0	0	0	0	-135	0	24,420	-1,196	23,224
Operational assets													
Land	5,861	0	5,861	948	0	0	0	0	0	0	6,809	0	6,809
Buildings	7,392	-1,736	5,655	158	0	-139	0	0	-146	0	7,411	-1,882	5,529
Building Contents	1,507	-1,242	265	46	0	0	0	0	-47	0	1,553	-1,289	264
Mobile Plant (incl MV's)	1,152	-785	367	161	0	-12	0	0	-139	0	1,301	-924	377
Static Plant	106	-106	0	0	0	0	0	0	0	0	106	-106	0
Library Books	434	-278	156	73	0	0	0	0	-58	0	507	-336	171
Office Equipment	4,503	-3,622	881	635	0	0	0	0	-337	0	5,138	-3,959	1,179
Total Operational assets	20,955	-7,769	13,185	2,021	0	-151	0	0	-727	0	22,825	-8,496	14,329
Total Property, plant and equipment	665,179	-10,334	654,847	20,487	0	-151	0	0	-10,647	49,865	726,119	-11,717	714,402

Property, plant and equipment: 2018	Opening Cost	Opening Accumulated Depreciation & Impairment Charges	Carrying Amount	Additions Current Year	Reclass Current Year	Net Disposals Current Year	Transfer to Assets Held for Sale	Impairments Current Year	Depreciation Current Year	Revaluation Surplus/ (loss) Current Year	Closing Cost/ Revaluation	Closing Accumulated Depreciation and Impairment Charges	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment: 2018	1-Jul-17	1-Jul-17	1-Jul-17								30-Jun-18	30-Jun-18	30-Jun-18
Infrastructure assets													
Roads and Footpaths	471,305	0	471,305	9,776	182	0	0	0	-6,931	2,998	477,330	0	477,330
Stormwater Drainage	27,567	0	27,567	166	0	0	0	0	-432	5,359	32,660	0	32,660
Flood Protection and Control Works	14,177	-164	14,012	291	66	0	0	0	-165	958	15,162	0	15,162
Sewerage and the Treatment and Disposal of Sewage	57,647	0	57,647	1,356	0	0	0	0	-1,370	1,607	59,241	0	59,241
Water Supply	29,377	-1,009	28,368	1,206	0	0	0	0	-1,007	2,060	30,627	0	30,627
Solid Waste	1,318	-1,194	123	0	0	0	0	0	0	0	1,317	-1,195	122
Work in Progress	728	-123	605	3,888	-248	0	0	-186	0	0	4,368	-309	4,060
Total Infrastructural assets	602,118	-2,491	599,628	16,682	0	0	0	-186	-9,905	12,982	620,704	-1,504	619,202
Restricted assets													
Reserves	18,206	-21	18,184	846	0	0	0	0	-35	0	19,052	-57	18,995
Community Housing	2,320	-439	1,881	0	0	0	0	0	-46	0	2,320	-485	1,834
MEF Property	387	0	387	0	0	0	0	0	0	0	387	0	387
Halls	1,763	-485	1,278	0	0	0	0	0	-35	0	1,763	-519	1,244
Total Restricted assets	22,675	-945	21,730	846	0	0	0	0	-117	0	23,521	-1,060	22,460
Operational assets													
Land	7,034	0	7,034	0	0	-1,173	0	0	0	0	5,861	0	5,861
Buildings	7,265	-1,590	5,675	127	0	0	0	0	-146	0	7,392	-1,736	5,655
Building Contents	1,500	-1,197	302	4	0	0	0	0	-45	0	1,507	-1,242	265
Mobile Plant (incl MV's)	1,070	-659	412	105	0	-24	0	0	-126	0	1,152	-785	367
Static Plant	106	-106	0	0	0	0	0	0	0	0	106	-106	0
Library Books	363	-199	164	72	0	0	0	0	-79	0	434	-278	156
Office Equipment	3,994	-3,354	640	507	0	0	0	0	-285	0	4,503	-3,622	881
Total Operational assets	21,331	-7,104	14,227	814	0	-1,197	0	0	-682	0	20,954	-7,770	13,185
Total Property, Plant and Equipment	646,123	-10,540	635,584	18,343	0	-1,196	0	-186	-10,704	12,982	664,994	-10,148	654,847

Council has applied the historical cost method under PBE IPSAS for buildings and land. This does not include land associated with infrastructure assets. Land associated with infrastructure assets like all other infrastructural assets, continue to be revalued periodically, but at least every three years.

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

Accounting for revaluations

The most recent valuations were effective as at 30 June 2019. The names, and asset responsibility, of the Valuers engaged are as follows:

Valuer	Asset Responsibility
Opus International Consultants Limited (Independent external professional engineers and valuers)	<p>Valuations and cost escalation adjustments were made to the following asset classes in the 2018/2019 year:</p> <ul style="list-style-type: none"> • Roads and footpaths; • Sewerage and the treatment and disposal of sewage; • Water supply; and • Flood protection and control works.
Quotable Value	Land associated with and included within sewerage and the treatment and disposal of sewage, water supply and flood protection were valued in 2018/2019.

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

Land is revaluated primarily with reference to comparable sales.

Infrastructure Valuations

Roads and footpaths, stormwater drainage, flood protection and control works, sewerage and the treatment and disposal of sewage and water supply assets are valued under at least a three-yearly valuation cycle.

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

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement costs of the asset. The replacement cost is derived from recent contracts in the region for similar assets.
- Estimating the remaining useful life over which the asset will be depreciated. If useful lives do not reflect the actual consumption of the benefits of the asset Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise the risk, infrastructure asset useful lives have been determined with reference to the International Infrastructure Management Manual for roading assets and the Institute of Public Works Engineering Australasia (IPWEA) guidelines and have been adjusted for local conditions based on past experience.

Category	Methods and key assumptions
Roading	<p>Unit costs are sourced from recent contract costs. Where not available, previous valuation unit rates were updated using an overall indicator of sector escalation developed by combining the movements of the underlying labour, other current costs and capital expenditure components.</p> <p>Remaining useful lives have been determined by calculating the difference between the respective asset's Total Useful Life (TUL) and the age of the asset. Note that where an asset's age is unknown, both engineering judgement and local knowledge have been used to assign a remaining life.</p>
Water assets (Sewerage and the treatment and disposal of sewage, Water Supply, Stormwater Drainage) and Flood Protection and Control Works	<p>Depreciated replacement cost is determined through comparing unit replacement values per the previous valuation to recent construction, operation and maintenance costs incurred by Council, and either updating to reflect significant changes or previous valuation unit rates were updated using an overall indicator of sector escalation developed by combining the movements of the underlying labour, other current costs and capital expenditure components.</p> <p>Remaining useful lives have been determined by calculating the difference between the respective asset's Total Useful Life (TUL) and the age of the asset. Note that where an asset's age is unknown, both engineering judgement and local knowledge have been used to assign a remaining life.</p>

10b. Property, plant and equipment analysis

10b. Property, plant and equipment analysis	Closing Book Value	Acquisitions Constructed	Acquisitions Vested	Latest Estimate of Replacement Cost
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment: 2019	30-Jun-19	30-Jun-19	30-Jun-19	30-Jun-19
Infrastructural assets				
Roads and Footpaths	526,913	13,761	612	663,075
Stormwater Drainage	33,222	1,076	0	0
Flood Protection and Control Works	16,653	108	0	18,593
<i>Sewerage and the Treatment and Disposal of Sewage</i>				
Treatment plants and facilities	21,635	959	0	26,074
Other assets	40,266	1,587	0	59,423
<i>Water Supply</i>				
Treatment plants and facilities	8,674	81	0	15,841
Other assets	27,465	1,536	0	60,687
Property, Plant and Equipment: 2018	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18
Infrastructural assets				
Roads and Footpaths	477,330	9,849	109	628,004
Stormwater Drainage	32,660	160	6	46,487
Flood Protection and Control Works	15,162	357	0	20,729
<i>Sewerage and the Treatment and Disposal of Sewage</i>				
Treatment plants and facilities	27,933	813	0	48,173
Other assets	31,308	543	0	34,277
<i>Water Supply</i>				
Treatment plants and facilities	11,718	1,196	0	19,313
Other assets	18,909	10	0	46,204

10c. Capital expenditure and disposals for year

10c. Capital Expenditure (Disposals) for Year	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Capital expenditure		
Community Activities	1,095	1,045
Regulatory Management	0	0
Emergency Management	0	0
District Leadership, Finance and Internal Services	1,806	615
Solid Waste	311	0
The Provision of Roads and Footpaths	11,928	13,664
Stormwater Drainage	1,076	166
Flood protection and control works	108	291
Sewerage and the treatment and disposal of sewage	2,546	1,356
Water supply	1,617	1,206
Total Capital expenditure	20,487	18,343
Disposals		
Community Development	0	0
MELA Property	0	0
Other	-151	-1,197
Total Disposals	-151	-1,197

11. Depreciation summary

11. Depreciation summary	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
by Groups of activities		
Community Activities	329	267
Regulatory Management	49	56
Emergency Management	0	0
District Leadership, Finance and Internal Services	484	476
Solid Waste	7	0
The Provision of Roads and Footpaths	6,719	6,931
Stormwater Drainage	514	432
Flood protection and control works	172	165
Sewerage and the treatment and disposal of sewage	1,326	1,370
Water supply	1,047	1,007
<i>Total Groups of activities depreciation</i>	10,647	10,704

12. Insurance of assets

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

		2019 \$000's	2018 \$000's
A	Total value of assets that are covered by insurance contracts	138,735	130,605
	Maximum amount to which these assets are insured	80,179	83,511
B	Total value of all assets that are covered by financial risk sharing arrangements	Nil	Nil
	Maximum amount available to Council under those arrangements	Nil	Nil
C	Total value of all assets that are self-insured	634,223	571,336
	Value of any fund maintained by Council for that purpose	Nil	Nil

13. Biological assets

Council's accounting policy requires annual revaluations of Biological Assets. Woodlands Pacific International Forestry Consultants performed an independent Desktop valuation of the forests as at 30 June 2019. The calculation of the revaluation was fair value less estimated point of sale costs. Fair value was determined based on:

- The present value of expected net cash flows discounted at a current market determined rate of 9.5% (2018: 9.5%) for mature trees; and
- The replacement cost method for younger trees.

The movement in asset value is as follows:

13. Biological assets	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Forestry assets movements		
Opening balance	1,017	3,531
Sold Forest Estate	0	-2,788
Annual revaluation movement	28	274
Harvesting removals	0	0
Closing balance	1,045	1,017

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

Council own and lease three forest blocks with net stocked area of 135.5 hectares (all excluding Taharoa Domain estate).

Valuation assumptions:

- A discount rate of 9.5% (2018: 9.5%) has been used in discounting the present value of future cash flows;
- Notional land rental costs have been included for freehold land;
- The forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis; and
- Log prices are based upon the valuers latest survey supplemented by local prices to reflect the Northland market and takes into account key price drivers (market prices, exchange rates and shipping).

The estimated selling costs valued by the valuer is \$30,000 (\$2018: \$nil).

Financial risk management strategies

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

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

14. Reconciliation of surplus/(deficit) to net cash flow from operating activities

14. Reconciliation of Net Cash Flow from Operating Activities to Surplus/(Deficit)	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Surplus/(deficit) for the period		
Surplus/(deficit) for the period	9,326	10,938
add/(deduct) Non-cash movements		
Property, Plant and Equipment vested to Council	-1,560	-115
(Gain)/Loss on sale of assets	-317	-754
Forestry revaluation gain	-28	-274
Work in progress written off	0	157
Increase/(decrease) in Provisions	858	-101
Depreciation	10,647	10,704
Unrealised (gain)/loss on interest rate swaps	1,568	231
Total Non-cash movements	11,168	9,848
add/(deduct) Movements in working capital Items		
Trade and other receivables	-2,900	-1,035
Accrued Revenue	1,797	-1,475
Employee Entitlements	239	52
Trade and other payables (net of capital accruals)	-1,533	3,001
Provisions	-289	0
Total Movement in working capital Items	-2,686	543
Net Cash Inflow from Operating Activities	17,808	21,329

15. Capital commitments and operating leases

15. Capital commitments and operating leases	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Capital commitments		
Property, Plant and Equipment	1,829	1,951
Total Capital commitments	1,829	1,951
Operational non-cancellable contracts		
Not later than one year	2,472	3,338
Later than one year and not later than five years	2,102	5,189
Later than five years	227	227
Total Operational non-cancellable contracts	4,801	8,753
Operating leases as lessee		
Not later than one year	161	112
Later than one year and not later than five years	265	248
Total Operating leases as lessee	426	360
Operating leases as lessor		
Not later than one year	169	154
Later than one year and not later than five years	445	400
Later than five years	792	866
Total Operating leases as lessor	1,406	1,419

The operating leases are in relation to Council properties.

16. Contingent liabilities

16. Contingent liabilities	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Contingent Liabilities		
Guarantees to other organisations	903	903
Total Contingent Liabilities	903	903

Guarantees

New Zealand Local Government Funding Agency

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a local currency rating from Fitch Ratings and Standard & Poor's of AA+ and a foreign currency rating of AA.

Council is one of 52 local authority guarantors of LGFA. When aggregated with the uncalled capital of other shareholders, \$20 million 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 2019, LGFA had borrowings totalling \$9.53 billion (2018: \$8.3 billion).

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Other

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 June 2019 was \$112,643.

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

The Court of Appeal dismissed the Rogans' appeal on 06 November 2018. The Rogan's' subsequently made various applications to the Court of Appeal for recall and/or review of that Court's decision, which have all been dismissed.

The Rogan's have advised that they intend to apply to the Supreme Court for leave to extend time to appeal (they are about 8 months late) and if that application is granted they will proceed to request leave to appeal to the Supreme Court.

Building Weather tightness claims

Council has one potential claim which to date has not been lodged, however, may be at any time as Council is aware of a report commissioned by MBIE on the dwelling that identified the building as requiring a full re-clad. The value of this potential claim has been estimated in the report at \$240,000.

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.

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 reinsurance recoveries) in any fund year, then the Board may make a call on members for that fund year. Due to the shortfall Council is aware of a further call of \$22,939.66.

Earthquake risk to buildings

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

Council is in the process of re-writing its Earthquake-prone Buildings Policy as a result of the Earthquake-prone Buildings Amendment Act 2016. The policy will detail a strategy to identify earthquake-prone buildings within Kaipara in accordance with the legal timeframes specified in the Act.

17. Statutory disclosures and remuneration and related party transactions

17. Statutory Disclosures and Remuneration and Related Party Transactions	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Chief Executive Remuneration:		
<i>Chief Executive</i>		
Salary	204,615	0
Other Benefits	16,817	0
Total Chief Executive Remuneration	221,432	0
<i>Acting Chief Executive (4 June 2018 - 23 September 2018)</i>		
Salary	75,548	20,769
Other Benefits	2,266	623
Total Acting Chief Executive Remuneration	77,814	21,392
<i>Outgoing Chief Executive (2017-2018: 1 July 2017 - 1 September 2017)</i>		
Salary	0	241,886
Other Benefits	0	8,539
Severance Payment	0	47,769
Total Outgoing Chief Executive Remuneration	0	298,194
<i>Acting Chief Executive (2017-2018: 4 September 2017 - 1 June 2018)</i>		
Salary	0	193,800
Other Benefits	0	0
Total Acting Chief Executive Remuneration	0	193,800

Key Management Personnel	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
<i>Key management personnel compensation</i>		
Salaries and other short term employee benefits	1,726	1,987
Total Key management personnel compensation	1,726	1,987

Key management personnel include the Chief Executive, senior management, and the Mayor and Councillors. During the year Council did not purchase any services from any key management personnel other than as disclosed in this note. During the year the Mayor, Councillors and senior management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates etcetera).

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

Kaipara has transactions of \$11,500 with Love Kaipara Limited, which Victoria del la Varis-Woodcock is a director and shareholder of and \$1,110 with Wade Concrete Products, which Andrew Wade is a director and shareholder of.

Severance pay	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Severance pay		
Number of Employees	1	7

Severance Pay was paid in the following amount: \$6,664. (2018: \$26,203, \$11,030, \$13,500, \$16,525, \$10,830, \$16,246, \$27,142).

Council employees remuneration	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Annual remuneration by band:		
\$0 - \$60,000	39	45
\$60,001 - \$80,000	40	37
\$80,001 - \$100,000	27	21
\$100,001 - \$120,000	10	8
\$120,001 - \$140,000	3	5
\$140,001 - \$200,000	7	4
\$200,001 - \$300,000	1	1
<i>Total Employees by remuneration band</i>	127	121
Number of Employees:		
Full time employees	117	112
Part time employees (FTE)	5.8	6.4
<i>Total Employees (FTE)</i>	122.8	118.4

Fixed term and casuals are excluded from the Total Employees (FTE) above. Budgeted headcount is 140, however there were fluctuations with headcount throughout the year.

Elected Representatives Remuneration	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Elected Representatives Remuneration:		
<i>Mayor:</i>		
Jason Smith	100,624	29,901
Greg Gent (2017-2018: 1 July 2017 to 19 November 2017)	0	40,051
<i>Deputy Mayor:</i>		
Peter Wethey	58,772	65,716
<i>Councillors:</i>		
Libby Jones	32,670	31,082
Jonathan Larsen	29,668	27,294
Karen Joyce-Paki	29,518	27,294
Andrew Wade	30,368	32,753
Anna Curnow	35,263	32,753
Victoria del la Varis-Woodcock	29,949	27,294
Julie Geange	35,535	32,753
	382,367	346,891
Crown Observer Remunerations:		
Barry Harris	0	1,500
	0	1,500
Crown Manager Remunerations:		
Peter Winder	13,699	18,019
	13,699	18,019
Audit, Risk and Finance Committee Chair Remuneration:		
Richard Booth	0	3,362
Stana Pezic	4,000	3,000
	4,000	6,362

Please refer to page 153 for elected members meeting attendance for further information.

18a. Categories of financial assets and liabilities

18a. Categories of financial assets and liabilities	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Loans and Receivables		
<i>Cash and cash equivalents</i>	1,926	3,641
Trade and other receivables	8,317	6,092
LGFA Borrower notes	704	640
Loan	115	115
<i>Total Loans and Receivables</i>	11,062	10,488
Financial assets:		
Fair value through revenue and expense		
Civic Financial Services Ltd	22	21
<i>Total Fair value through revenue and expense</i>	22	21
Financial liabilities measured at amortised cost		
Trade and other payables	11,219	12,752
Public debt	45,000	46,000
<i>Total Financial liabilities measured at amortised cost</i>	56,219	58,752
Financial liabilities measured at fair value through revenue and expense		
Interest rate swaps	5,995	4,427
<i>Total Financial liabilities at fair value through revenue and expense</i>	5,995	4,427

Fair Value Hierarchy	Actual	Level
	2018-2019 \$'000	2018-2019
Interest rate swaps	5,995	Level 2
Civic Financial Services Ltd	22	Level 3

Financial instrument risks

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

Fair value interest rate risk

“Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at fixed rates expose Council to fair value interest rate risk. Council’s Liability Management Policy outlines the level of borrowing that is to be secured using fixed rate instruments. Investments at fixed interest rates expose Council to fair value interest rate risk.

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

Cash flow interest rate risk

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

Council raises long term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates. Under the interest rate swaps Council agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts of \$64 million (2018: \$78 million). Included in these totals are forward start interest rate swaps with notional principal of \$17 million (2018: \$26 million).

Financial instruments

Liquidity risk

Council is exposed to liquidity risk as a guarantor of all LGFA’s borrowings. This guarantee becomes callable in the event of LGFA failing to pay its borrowings when they fall due. Information about this is explained in note 16.

Maximum exposure to credit risk

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

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

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

18b. Financial instrument risks

Financial Instrument Risks	Note	Actual	Annual Report
For the year ended: 30 June		2018-2019 \$'000	2017-2018 \$'000
Council's maximum credit exposure by class			
Cash and cash equivalents		1,926	3,641
Trade and other receivables	6	8,317	6,092
LGFA Borrower notes		704	640
Loan		115	115
<i>Total Council's maximum credit exposure by class</i>		11,062	10,488

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

Financial Instrument Risks	Actual	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2017-2018 \$'000
Counterparties with Credit Ratings		
Cash and cash equivalents and LGFA borrower notes:		
AA	0	0
AA-	2,630	4,281
<i>Total cash and cash equivalents and LGFA borrower notes</i>	2,630	4,281

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

Credit Risk

Council is exposed to credit risk as a guarantor of all LGFA's borrowings. Information about this is explained in note 16.

18c. Contractual maturity of financial liabilities

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

Maturity analysis Financial liabilities	Note	Principal Carrying Amount	Contractual Cash Flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Council 2019							
Trade and Other Payables	7	11,219	11,219	11,219	0	0	0
Public Debt	9a	45,000	48,749	2,149	26,069	13,213	7,318
Total Council 2019		56,219	59,968	13,368	26,069	13,213	7,318
Council 2018							
Trade and Other Payables	7	12,752	12,752	12,752	0	0	0
Public Debt	9a	46,000	50,175	9,209	1,093	36,712	3,161
Total Council 2018		58,752	62,927	21,961	1,093	36,712	3,161

Note: Contractual cash flows includes principal and interest.

18d. Contractual maturity of derivative financial liabilities

Maturity analysis	Principal Carrying Amount	Contractual Cash Flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Maturity analysis - Council 2019						
Derivative financial liabilities						
Interest rate swaps	64,000	5,995	139	125	1,964	3,766
Total Derivative financial liabilities	64,000	5,995	139	125	1,964	3,766
Maturity analysis - Council 2018						
Derivative financial liabilities						
Interest rate swaps	78,000	4,437	161	315	821	3,140
Total Derivative financial liabilities	78,000	4,437	161	315	821	3,140

The fair value of forward start interest rate swaps is \$0.17 million (2018: \$0.68 million).

Liquidity risk

Management of liquidity risk

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

18e. Sensitivity analysis

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

Interest rate risk	Actual 2018-2019	Actual 2018-2019	Actual 2018-2019	Actual 2018-2019	Actual 2017-2018	Actual 2017-2018	Actual 2017-2018	Actual 2017-2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	-100bps Profit	-100bps Equity	+100bps Profit	+100bps Equity	-100bps Profit	-100bps Equity	+100bps Profit	+100bps Equity
Financial assets								
Cash and deposits	-19	-19	19	19	-36	-36	36	36
Total Council 2019	-19	-19	19	19	-36	-36	36	36
Financial liabilities								
Public debt	-20	-20	20	20	-60	-60	60	60
Swaps interest rate	-3,358	-3,358	3,108	3,108	-2,479	-2,479	2,295	2,295
Total financial liabilities	-3,397	-3,397	3,148	3,147	-2,575	-2,575	2,391	2,391
Total sensitivity to interest rate risk	-3,397	-3,397	3,148	3,147	-2,575	-2,575	2,391	2,391

19. Capital management

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

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

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

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

Details of Council's various reserves can be found in Note 4.

20. Service concession arrangement

Council has a service concession arrangement, with Trility Pty Ltd (2014: Water Infrastructure Group now renamed Trility Pty Ltd), in respect of operation of the MCWWS. The obligation on Council, under the arrangement, is the payment of an annual operating toll for a period of 10 years, which commenced on 1 August 2009. The total financial commitment during those 10 years, excluding the annual inflation adjustments which apply to the contract, is approximately \$9.3 million spread fairly evenly by year. The \$9.3 million in the present value, and includes a quantum of asset renewal expenditure being provided by, and paid for, by Trility Pty Ltd.

If the facility is damaged or destroyed, other than by, or as a result of, the actions or omissions of Trility Pty Ltd or their parties, costs of rectification or reinstatement will be treated as a cost to Council.

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

Council has a contractual option to require the operator to enter a new arrangement, for a further five years, on the same terms and conditions, subject to agreement on the quantum of toll payments.

The services arrangement is reflected in these annual accounts only to the extent of the \$1,146,104 booked as wastewater operating expenses for 2018/2019 (2018: \$1,106,454).

The current service concession arrangement with Trility Pty Ltd expires on 29 July 2019. A new arrangement has been negotiated with Broadspectrum, who will take over the running of the Mangawhai Wastewater Scheme and incorporate it into the 3 Waters Operations and Maintenance Contract 798, which expires on 30 June 2021.

Funding Impact Statement - Whole of Council

Operating Funding	Actual	Annual Plan	Annual Report	Annual Plan
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000	2017-2018 \$'000
Sources of operating funding				
General rates, uniform annual general charges, rate penalties	23,519	22,930	22,041	22,041
Targeted rates	12,006	12,099	11,353	11,380
Subsidies and grants for operating purposes	5,038	4,584	4,774	5,895
Fees and charges	5,962	5,203	6,072	4,799
Interest and dividends from investments	19	20	142	20
Local authorities fuel tax, fines, infringement fees and other receipts	664	320	1,095	282
Total operating funding	47,208	45,156	45,477	44,416
Application of operating funding				
Payments to staff and suppliers	35,005	33,548	33,172	34,064
Finance costs	2,510	2,950	2,736	3,169
Other operating funding applications	0	0	0	0
Total applications of operating funding	37,516	36,498	35,908	37,232
Surplus (deficit) of operating funding	9,693	8,658	9,569	7,184

Funding Impact Statement - Whole of Council

Capital Funding	Actual	Annual Plan	Annual Report	Annual Plan
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000	2017-2018 \$'000
Sources of capital funding				
Subsidies and grants for capital expenditure	7,115	8,276	8,773	8,287
Development and financial contributions	3,871	2,494	3,453	1,188
Increase (decrease) in debt	-1,000	1,037	-16,127	-3,832
Gross proceeds from sale of assets	430	175	4,629	150
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	10,416	11,982	729	5,792
Applications of capital funding				
Capital expenditure - to meet additional demand	1,494	5,593	357	1,610
Capital expenditure - to improve the level of service	6,975	5,969	4,754	5,505
Capital expenditure - to replace existing assets	10,416	11,532	13,095	11,749
Increase (decrease) in reserves	1,224	-2,454	-7,908	-5,888
Increase (decrease) of investments	0	0	0	0
Total applications of capital funding	20,109	20,640	10,297	12,976
Surplus (deficit) of capital funding	-9,692	-8,658	-9,569	-7,183
Funding Balance	0	0	0	0

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

Reconciliation of Funding Impact Statement to Statement of Comprehensive Revenue and Expense	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Revenue			
Statement of Comprehensive Revenue and Expense			
<i>Total revenue</i>	59,783	55,926	57,955
Funding Impact Statement			
Total operating funding	47,208	45,156	45,477
Total sources of capital funding	10,416	10,770	12,227
add Provisions	2,159	0	252
<i>Total revenue</i>	59,783	55,926	57,955
Expenses			
Statement of Comprehensive Revenue and Expense			
<i>Total expenses</i>	50,457	45,947	47,016
Funding Impact Statement			
Total applications of operating funding	37,515	36,498	35,907
less Internal professional services	-66	0	-137
add Depreciation expense	10,647	9,882	10,703
add Provisions	2,361	2	543
<i>Total expenses</i>	50,457	46,382	47,016



PART THREE Activity Statements

KAIPARA DISTRICT COUNCIL



Photo courtesy of Northland Inc

How to read this section

What is an Activity?

An Activity is an area of focus for Council. Below is a list of the activities under the Long Term Plan 2018/2028:

- The provision of Roads and Footpaths;
- District Leadership, Finance and Internal Services;
- Planning and Regulatory Management;
- Water Supply;
- Solid Waste;
- Stormwater Drainage;
- Community Activities;
- Flood Protection and Control Works; and
- Sewerage and the Treatment and Disposal of Sewage.

Under each activity, we share what we set out to achieve for the last financial year and our progress against those goals. The headings we use, along with information provided are below:

What we planned and what we achieved against our plan	Capital Works Programme	Other things we did (if applicable)
This section highlights what we set out to achieve in the year linked to both the Long Term Plan and Annual Plan. A description of what we achieved against our plan over the last financial year is explained here.	Where appropriate a capital works programme table is included which details the progress of each of our planned projects.	This information is work that has been done in the last financial year which may not have been planned or was a response to something unexpected. It may also highlight some important focuses for Council that were not identified at the annual planning stage.

Performance Measures

Performance measures are set once every three years at the long term planning stage. This is an agreement Council makes for the measures that will ensure we are delivering what we said we would. The measures are a combination of important community feedback on our level of service that is gathered from an annual survey, as well as our hard measures using number and percentage targets e.g. zero road fatalities.

Community Activities

- Oversee Pensioner Housing in Dargaville, Ruawai and Mangawhai;
- Manage our open spaces protecting and enhancing our natural assets;
- Provide community assistance and planning for community-led initiatives;
- Form partnerships to achieve community development goals; and
- Co-operatively provide library services alongside our communities.

Community Outcomes

- Sustainable economy;
- Strong communities;
- Safety and good quality of life; and
- Special character and health environment.

What we planned

What we planned	What we achieved
Community Activities	
Deliver agreed projects in the Mangawhai Community Plan, Kaiwaka Township Improvement Plan and Dargaville Placemaking Guide	<p>Mangawhai Community Plan The Mangawhai Community Plan Project Team have developed implementation plans for delivery of Council-led projects approved in the Long Term Plan. Communications and Community Engagement Strategies have been developed for all projects undertaken by Council.</p> <p>A participative design placemaking project was led with residents to improve Thelma Road North Reserve – creating safe connections and beautification of this public space.</p> <p>Kaiwaka Township Improvement Plan Facilitated the Kaiwaka Community Consultation Hui:</p> <ul style="list-style-type: none"> • To review the Kaiwaka Township Improvement Plan and to gain feedback from the community to prioritise projects within the plan and identify any issues. • To ensure the community had the opportunity to put forward new ideas. <p>We amended the Kaiwaka Township Improvement Plan to include the new projects identified by the community through the Community Consultation Hui and the District Plan review meeting.</p> <p>Dargaville Placemaking The Dargaville Placemaking Projects have been completed. Projects included bench seats for the waterfront walkway, installation of signs, Sportsville grant, Band Rotunda toilet mural and footpath, Contract for Service for Events, advertising, ANZ's Selwyn Park Painting Day and the Kapia Street upgrade.</p>

What we planned	What we achieved
Community Activities continued	
<p>Deliver the Walking and Cycling Strategy</p> <p>Set up a governance structure, do detailed design and seek consents for the Kaihu Valley Rail Trail</p> <p>Improve maintenance and promotion of existing walkways</p> <p>Continue to develop the Mangawhai Heads to Mangawhai Village all-tide coastal walkway</p>	<p>We developed the Coastal Walkway Feasibility Study project, including hosting two Community Open Days to gather feedback from the community on design options.</p> <p>We worked with the Mangawhai Tracks Charitable Trust to begin improvements of the track from Thelma Road North which will continue until it connects with Thelma Road South.</p> <p>Worked with community groups on community- led cycleway and walkway projects in Ruawai and Matakohē.</p> <p>Development of a Provincial Growth Fund funding application for the Kaihu Valley Rail Trail project was completed. However, the application was withdrawn due to the changing priorities of the Provincial Growth Fund.</p>
<p>Deliver the Community Assistance Policy consistent with our agreed focus</p>	<p>We held six funding rounds this year with a 60% increase in applications received. 100% of accountability reports were received.</p> <p>Contract for Services are up to date and Key Performance Indicators (KPI's) were met.</p> <p>All licences to occupy are up to date and KPI's are being met. We are working on the Community Assistance Policy to ensure a fair process for licence to occupy in the future.</p>
<p>Continue developing community action plans and supporting communities to implement identified projects</p>	<p>In Paparoa, local organisations have formed a steering group to develop community engagement around a new project called Paparoa Connections. Two community workshops have been facilitated to gather ideas and generate a priority list of projects. These projects will form a Connections Plan aimed to strengthen connections (both physical and social) across this village community.</p> <p>Liaised with NZ Transport Agency (NZTA) to approve traffic-calming measures to address safety concerns voiced by the local community. Identified and advocated several options for improvements generated by residents and businesses. New threshold signs installed and further measures are under investigation by NZTA staff.</p> <p>In Maungaturoto we have worked alongside local residents to deliver community-led projects in this town including the "Learn to Ride Park" and the public toilets design. A volunteer workshop was facilitated to showcase and increase the awareness of the volunteer sector working in the community.</p> <p>In Whakapirau we have linked residents with the Civil Defence Team to initiate a community resilience plan.</p>
<p>Work with the community to facilitate a calendar of events across the Kaipara district</p>	<p>A contract for service has been developed with Dargaville Community Development Board to deliver events in Dargaville. This year they facilitated the Steampunk Festival and the BDO Cycle Tour.</p>

What we planned	What we achieved
Reserves and Open Space	
Deliver capital projects with funding consistent with the Reserve Contributions Policy	Delivered projects in conjunction with the Reserve Contributions 'use of' Policy guidelines. Some projects have required further consultation with the community and hence we were unable to progress as far as expected. Delivery of projects that are in partnership with funding from the Tourism Infrastructure Fund also commenced. These projects will carry over to the next financial year.
Deliver a programme of works in partnership with Taharoa Domain, Mangawhai Community Park and Pou Tu Te Rangi Harding Park Governance Committees	Projects agreed with the individual governance committees were delivered, however with the delay in confirming the Taharoa Domain budget we were unable to programme all the work for this project.
Deliver a reserves carpark/accessway renewal programme	Memorial Park Drive roadway has had major repairs for resealing and additional car parking was created due to the increased use of Memorial Park with Sportsville now open.
Ensure all wastewater systems (toilets and campgrounds) are compliant and fit for purpose	All toilet and campground wastewater systems under Parks and Reserves control were monitored and reported as compliant.
Ongoing review of service levels and consequential contract amendments	We had regular monthly meetings for Contract 860, Maintenance of Parks, Reserves, Cemeteries, Public Toilets, Buildings and Dargaville Gardens, Notice to Contractor - Variation Orders were sent to the contractor for any amendments to the service levels of the contract.
Library	
A modern library environment is to be included as part of investigations into the Community Hub for Dargaville	It was decided that future library planning should be part of Council's Dargaville Civic Building Strategy. Some progress has been made. Providing a larger library will now be part of the Long Term Plan 2021/2031 consultation.
Support community libraries to improve and develop their services	Community libraries standards are tied to their Contract for Service Grant. The libraries provide an annual report showing accountability for each of the standards.
Offer programmes at community libraries	Two of the community libraries are offering school holiday programmes. All libraries are involved in summer and winter reading programmes.
Implement RFID (self-checkout) in Dargaville	This project is on hold until funding is available. Will most likely be tied to the eventual move of the library to a larger space.
Work towards reciprocal free membership between Kaipara and Whangarei libraries	Whangarei is now offering free membership out of their district. Kaipara will ask Council to drop the non-resident charges in the next fees and charges round. Far North is still working towards this concept.

What we planned	What we achieved
Library continued	
Investigate co-operative initiatives with other Northland libraries	Reviewing current E-book and audio book providers Bolinda, Wheelers Eplatform and Overdrive and comparing to a service that would combine collections. Investigating eMagazine provider options in comparison to current provider RB Digital.
Pensioner Housing	
Development/ further analysis of Mangawhai pensioner housing units' long term options Review management of pensioner housing	A paper has gone to Council and this work and any options will be developed in the coming years.
Northern Wairoa War Memorial Hall	
Make the hall weathertight, fixing affected areas	Project design team contracted and project scope commenced.
Implement a property maintenance strategy	Deferred until weathertightness remediation project completed.

Additional information

Further engagement with the community has been undertaken regarding the Mangawhai Coastal Walkway Project.

There was a delay in finalising the process for the Reserve Contributions 'use of' Policy which meant some projects were not able to be completed in the planned timeframes.

We were successful in receiving funding from the Tourism Infrastructure Fund for three projects; Baylys Beach boardwalk, Matakohē and Maungaturoto toilets.

Capital Works Programme

Location	Budget from Annual Plan 2018/2019	Project Description
Kai Iwi Lakes Campground	\$180,000	Extend powered sites, security lighting, UV for water supply
Mangawhai Public Toilets	\$150,000	Lincoln Street new toilets
District Parks and Reserves	\$155,000	New playground, hard surface renewal programme, park improvements
District Public Toilet Amenities	\$25,000	Pahi upgrade completed
Libraries	\$66,000	Annual funds for library book purchase completed
Pensioner Housing - Mangawhai	\$24,000	Renewal project yet to be finalised
Mangawhai Parks and Reserves	\$1,067,217	Mangawhai Coastal Walkway, Mangawhai Community Park, coastal linkages, esplanade development, carparking
Taharoa Domain	\$100,000	Restoration planting, track creation and bollards completed
Put Tu Te Rangi Harding Park	\$100,000	Restoration planting, picnic tables, vegetation clearance, tracks completed
Dargaville Parks and Reserves	\$90,000	Carparking Memorial Park

Community Grants

Organisation	Amount Approved
Ararua Hall Committee	\$1,300.00
Baylys Beach Society Inc.	\$2,550.00
Dargaville Arts Association	\$2,000.00
Dargaville Business Forum Inc.	\$500.00
Dargaville Menz Shed	\$3,450.00
Dargaville Dalmatian Cultural Club Inc.	\$2,425.12

Organisation	Amount Approved
Hakaru Community Hall & Domain Society Inc.	\$2,454.91
Kaipara Arts Awards 2018 (are being umbrella by the Dargaville Community Development Board)	\$925.12
Kaiwaka War Memorial Hall	\$7,000.00
Kelly's Bay Improvement Society	\$6,700.00
Kumarani Productions Trust (aka Circus Kumarani)	\$2,550.00
Mangawhai Activity Zone Charitable Trust (MAZ)	\$750.00
Mangawhai Museum and Historical Society Inc.	\$1,649.15
Maungaturoto Library	\$1,646.40
Maungaturoto Residents Association	\$13,680.00
Mountains to Sea Conversation Trust	\$1,000.00
North Kaipara Agricultural Association Inc.	\$2,867.64
Northern Wairoa Genealogy Society	\$438.88
Northern Wairoa A&P Association Inc.	\$7,996.70
Paparoa Community Library Inc.	\$12,216.08
Paparoa War Memorial Hall Society Inc.	\$3,500.00
Ruawai Community Church	\$1,000.00
Ruawai Community Sports Club	\$10,000.00
Scout Association of NZ Inc. - Dargaville Scout Group	\$1,400.00
Upper Wairoa Memorial Park Association Inc.	\$10,000.00
Total	\$100,000.00

Contracts for Service

Organisation	Amount Approved
Paparoa Library	\$15,571.00
Maungaturoto Library	\$15,278.00
Kaiwaka Library	\$9,000.00
Mangawhai Library	\$18,000.00
Dargaville Community Development Board	\$50,000.00
Kaiwaka Sports Association	\$4,531.80
Dargaville Community Development Board	\$12,500.00
Sport Northland	\$26,000.00

Creative Communities Grant

Organisation	Amount Approved
Dargaville Quilters	\$405.00
Oliver Knox	\$1,297.10
Rosina Kamphuis	\$691.00
Te Kopuru School	\$1,837.93
Ruawai Promotion & Development Group	\$3,547.50
Arty Farties Inc.	\$1,359.00
Dargaville Arts Association	\$1,653.36
Mangawhai Artists Inc.	\$1,546.80
North Kaipara Maori Wardens	\$1,840.00
Ripia Marae	\$1,200.00
The Kauri Museum	\$1,490.00
Total	\$16,867.69

Rural Sports Travel Grant

Organisation	Amount Approved
Dargaville High School	\$5,500.00
Mangawhai Beach School	\$1,400.00
Maungaturoto Swimming Club	\$700.00
Otamatea High School	\$3,900.00
Ruawai College	\$2,300.00
Ruawai Primary School	\$1,000.00
Dargaville Intermediate School	\$900.00
Mangawhai Football Club	\$600.00
Northern Wairoa Association Football Club	\$1,000.00
Northern Wairoa Bulls Rugby League & Sports Club	\$1,500.00
Otamatea Hawks IMB & Juniors Rugby	\$800.00
Southern (Te Kopuru) Rugby and Netball Club	\$1,600.00
Total	\$21,200.00

Performance Measures

Community Activities measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Pensioner Housing					
Quality: Affordability to provide housing suitable for members of the community who have difficulty providing it themselves.					
Zero net cost to ratepayers for Council's pensioner housing services	Zero cost	Achieved	Zero cost	Achieved	
Pensioner housing annual occupancy rate	90%	Achieved	99%	Achieved 99%	
Reserves and Open Space					
Open spaces, linkages and facilities to promote community wellbeing and enjoyment.					
Percentage of residents who are very/fairly satisfied with their local parks and sports fields	85%	Achieved	89%	Achieved 92%	259 residents were surveyed
Percentage of residents who are very/fairly satisfied with the district's public toilets	≥70%	Achieved	82%	New measure for 2018/2019	282 residents were surveyed
Parks maintenance contract: a safe working environment is provided for those delivering the service, number of health and safety audits per month	Contractor: 4 Council: 1	Not achieved	Contractor 3.8 KDC .9	Achieved	
Compliance with parks maintenance contract specifications – monthly audits	90%	Not achieved	93% full year 89% in February 89% in May	New measure for 2018/2019	Overall compliance for the year is 93% althoughaudit failed for the months of February 2019 (83%) and May 2019 (89%). The measure is for compliance every month hence the not achieved result

Community Activities measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Libraries					
Percentage of library users who are very satisfied or satisfied with the district's library services	85%	Achieved	91%	Achieved 92%	From the Customer Perception Survey, 158 of the 400 residents surveyed use the district's library with a number commenting on the lack of space.

Funding Impact Statement

Operating Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	3,864	3,864	3,450
Targeted rates	330	314	282
Subsidies and grants for operating purposes	42	43	50
Fees and charges	1,164	996	852
Internal charges and overheads recovered	427	427	312
Local authorities fuel tax, fines, infringement fees and other receipts	1	0	0
Total operating funding	5,828	5,645	4,947
Application of operating funding			
Payments to staff and suppliers	4,420	4,265	3,823
Finance costs	50	50	55
Internal charges and overheads applied	1,068	1,068	788
Other operating funding applications	0	0	0
Total applications of operating funding	5,538	5,383	4,666
Surplus (deficit) of operating funding	290	262	281

Financial comments:

Camping ground revenues more than expected offset by additional staffing costs.

Funding Impact Statement

Capital Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of capital funding			
Subsidies and grants for capital expenditure	60	0	0
Development and financial contributions	1,763	500	500
Increase (decrease) in debt	0	-80	-105
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	1,823	420	395
Application of capital funding			
Capital expenditure - to meet additional demand	552	1,397	437
Capital expenditure - to improve the level of service	344	370	1,065
Capital expenditure - to replace existing assets	206	190	333
Increase (decrease) in reserves	1,012	-1,275	-1,159
Increase (decrease) of investments	0	0	0
Total applications of capital funding	2,113	682	676
Surplus (deficit) of capital funding	-290	-262	-281
Funding Balance	0	0	0

Financial comments:

Financial contributions well ahead of plan due to high levels of activity offset by capital expenditure deferrals due to later than expected implementation of Reserves and Open Spaces Improvement fund processes.

The Provision of Roads and Footpaths

This activity manages an efficient transportation network and supports our thriving communities.

It aims to improve road safety across the network and ensures our communities have easy access in and around Kaipara.

This activity is delivered by the Northland Transportation Alliance (NTA) which includes Kaipara District Council staff.

Community Outcomes

- Council works with the people of Kaipara to make it a place where it's easy to live, easy to do business, easy to join in and to enjoy nature;
- Passable roads connect people to each other, to services and allow businesses to operate; and
- Prioritisation of work programmes are influenced through best meeting the needs of Kaipara communities, and alignment with the NZ Transport Agency (NZTA) and the Government Policy Statement for Transport.

What we planned

What we planned	What we achieved
Bridge management strategy: meet risk and prioritisation drivers by combining the north and south bridges and structures into one document and strategy. Consider an NTA joint bridge and structures inspection contract	NTA have now created a functional team which looks at structures regionally allowing good practices to be shared
Risk management strategy: develop an integrated risk management process aligned with our corporate risk strategy. This will include risks for our disabled and elderly population	Not yet achieved as NTA are developing a regional strategy for roading

Capital Works Programme

Location	Budget from Annual Plan 2018/2019	Project Description
Bridges and Structures	\$750,000	Expenditure \$858,886 (NZTA budget \$650,000). The initial programme of structural renewals (9 bridges) encountered unexpected variations which increased the contract value. The programme was expanded with the inclusion of the investigation of Tomarata Bridge resulting in the over expenditure.
Road Works - Unsealed	\$2,500,000	Expenditure \$1,277,853 (NZTA budget \$2,250,000). The programme for unsealed heavy metalling was 43.2km comprising of 28 sites. The underspend was due to two heavy metalling projects not being completed. These two projects have been carried forward to the 2019/2020 year.
Road Works - Minor Improvements	\$5,546,172	Expenditure \$4,053,219 (NZTA budget \$4,431,345). The LED streetlighting retrofit programme is an ongoing three year project and had an underspend of \$224,493 to carry forward. Minor improvements had an underspend of \$153,633 from the approved subsidised funding.
Emergency Works and Preventative Maintenance	\$200,000	Expenditure \$216,398 (NZTA budget \$216,398). All the emergency works projects were carried over from the previous year and completed within the carried forward budget.
Roading District-wide Operations	\$35,000	
Road Works - Drainage	\$800,000	Expenditure \$714,859 (NZTA budget \$651,000).
Road Works - Sealed Resurfacing	\$2,186,960	Expenditure \$3,228,986 (NZTA budget \$1,800,000). The Annual Plan target for sealing was 30km, however 51km of resurfacing was achieved. The overspend in this category was due to funds transferred from the heavy metalling budget and savings transferred from the rehabilitation programme.
Road Works - Sealed	\$1,354,000	Expenditure \$729,479 (NZTA budget \$1,400,000). The rehabilitation programme, comprising of four sites was delivered as scheduled. The underspend from the programme was transferred to the resurfacing work category.
Traffic Services	\$175,000	Expenditure \$165,248 (NZTA budget \$175,000). Traffic service renewal involves replacement of worn out or damaged guardrails, traffic signs, road marking and other traffic management asset within the road boundary.

Performance Measures

The provision of Roads and Footpaths measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Safety					
The transportation network is designed and managed for safe use with low crash and injury rates.					
There are no fatalities and serious injury crashes on the local network that are directly contributable to road condition.	0	Achieved	0	Achieved	No reports received from Coroner.
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	≤10	Not achieved	4	New measure for 2018/2019	There were two fatalities and 14 serious injuries in 2018/2019 due to excess speed, alcohol, inattention and inexperience. In 2017/2018 there were 12 serious injury crashes with 13 people injured. The change from the previous year is 16 – 12 = 4
Road Condition (Smoothness)					
The average quality of ride on a sealed local road network, measured by smooth travel exposure.					
The average quality of ride, measured by smooth travel exposure within the following range.	>90	Achieved	91%	Achieved 93%	
The percentage of the sealed local road network that is resurfaced.	>6.7%	Achieved	12%	Achieved 9.7%	Resealing delivered as programmed

The provision of Roads and Footpaths measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Maintenance of the sealed local network					
Measured by the actual spent to budget percentage for the surfacing renewal budget	≥95% - ≤103%	Not achieved	147.64%	New measure for 2018/2019	The budget was over spent. Surplus funding was subsidised from the Pavement Rehabilitation Budget.
Maintenance of the unsealed local network					
The length of the unsealed local network that is graded for:				New measure for 2018/2019	Achieved for Secondary Collector and Low Volume Access, however target not achieved for Access Road.
Secondary collector road	140km min	Achieved	141.2km		
Access road	1,200km min	Not achieved	1,109.7km		
Access (low volume) road	750km min	Achieved	756.2km		
Execution of capital works programme					
Maximum uptake, within the three-year planning programme, of the approved NZTA budget for Kaipara district, provided Council can also fund the local share.	≥95%	Achieved	100%	New measure for 2018/2019	

PART THREE Activity Statements - The Provision of Roads and Footpaths

The provision of Roads and Footpaths measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Footpaths					
Percentage of residents who are fairly/very satisfied with footpaths.	73%	Not achieved	56%	Not achieved 63%	The two main reasons for dissatisfaction are cracked/ uneven footpaths and no footpaths in the area.
Response to Service Requests					
The percentage of customer service requests relating to roads and footpaths to which the Council responds within the specified timeframe.	90%	Achieved	93.87%	Achieved 96%	Total requests received 2,580 Total completed 2,579 Total completed in time 2,422

Funding Impact Statement

Operating Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	9,458	9,458	8,997
Targeted rates	389	390	390
Subsidies and grants for operating purposes	4,896	4,541	5,845
Fees and charges	73	0	0
Internal charges and overheads recovered	1,443	2,102	2,528
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	16,258	16,491	17,760
Application of operating funding			
Payments to staff and suppliers	8,962	8,125	10,158
Finance costs	51	51	55
Internal charges and overheads applied	3,851	4,142	3,755
Other operating funding applications	0	0	0
Total applications of operating funding	12,863	12,318	13,968
Surplus (deficit) of operating funding	3,395	4,173	3,792

Financial comments:

Increased focus on maintenance and lower staff recoveries due to lower expenditure on capital expenditure.

Funding Impact Statement

Capital Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of capital funding			
Subsidies and grants for capital expenditure	7,055	8,062	8,287
Development and financial contributions	148	102	325
Increase (decrease) in debt	0	371	-82
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	7,203	8,535	8,530
Application of capital funding			
Capital expenditure - to meet additional demand	218	2,274	562
Capital expenditure - to improve the level of service	4,468	2,930	3,013
Capital expenditure - to replace existing assets	6,630	8,343	10,603
Increase (decrease) in reserves	-718	-839	-1,857
Increase (decrease) of investments	0	0	0
Total applications of capital funding	10,598	12,708	12,321
Surplus (deficit) of capital funding	-3,395	-4,173	-3,792
Funding Balance	0	0	0

Financial comments:

Lower expenditure on capital works due to Mangawhai Community planned expenditure deferral to future periods which also resulted in less capital subsidy.



Regulatory Management

The regulatory management activity includes building, environmental planning, environmental health and animal management.

The building service ensures that new and existing buildings are developed in a safe and compliant manner to facilitate resource and building consents.

Environmental monitoring ensures public spaces are used appropriately by all, positively contributing to the health, safety and wellbeing of our community.

The animal management activity contributes to having a safe and enjoyable environment in which animals, animal owners and the wider community live together in harmony.

Community Outcomes

- Council wants to work with the people of Kaipara to make it a place where it's easy to live. When it's easy, it will be easy to do business, easy to join in and to enjoy nature; and
- Council's regulation has traditionally been made to be as enabling as possible.

What we planned

What we planned	What we achieved
Building Control	
Start a register of earthquake-prone buildings	The Council has 15 years from 1 July 2017 to identify earthquake-prone buildings. Building owners have another 15 years to rectify their buildings. This piece of work has not started.
Regulatory Services - Environmental Health	
Transition remaining food premises to food control plans	All food premises (under the Food Hygiene Regulations 1974) have been successfully transitioned to food control plans (the Food Act 2014) within and prior to the required timeframe.
Use the Food Act to establish a Quality Management System (QMS) for the health team	<p>A QMS has been successfully established and implemented by Council's health team.</p> <p>The lead auditor JAS-ANZ, commended Council on its comprehensive QSM and stated Council has "set a new benchmark across New Zealand". In addition, the Ministry of Primary Industries has asked if Kaipara District Council can be used as a reference point for other councils and wants Council to present our systems to the next conference.</p> <p>Kaipara District Council now has authority to issue food control plans as well as National Programmes 1, 2 and 3.</p>
Continue collating the wastewater bylaw database register to check compliance	The data has been collected and tenders will be sought for a software system to manage the data.
Establish a hazardous substances monitoring programme in line with new legislative requirements	This project cannot be actioned until responsibilities are clarified. Government agencies and Northland Regional Council are working together to clarify ownership of parts of the legislation.

Additional information

- The external contract for animal management, noise control and parking infringement is being brought in-house. This project is to be implemented within the next six months.
- The resource consents team has set up new processes for addressing the requirements of the National Environmental Standard on Plantation Forestry. Improvements and efficiencies have been identified and implemented in relation to reporting, both internally and to meet Ministry for the Environment requirements.
- Additional resources have been approved for the resource consents team to assist with increased complexity in development within the district, however a nationwide shortage of experienced planners continues to impact negatively on the ability to recruit staff, and therefore the ability to meet statutory timeframes and the desired level (including timeliness) of customer service. Complexity is clearly evidenced by an the increasing number of resource consent applications which require notification, and may proceed to hearings. The total number of notified consents has increased from seven in 2017/2018 up to 10 in 2018/2019, and the number of hearings held has increased from two in 2017/2018 up to six in 2018/2019.

Performance Measures

Regulatory Management measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Building Control Inspections, Compliance and Enforcement					
Ensure effective response to customer enquiries about building standards.					
Percentage of building control customers who rate request for service responses as very satisfied or satisfied	75%	Not achieved	58%	Not achieved 78%	2017/2018 target was 85%
Responsiveness					
To process applications within statutory timeframes.					
Percentage of Building Consents (BC) processed within 20 working days.	100%	Not achieved	95.4%	Not achieved 90%	
Quality					
Monitoring of BC applications and inspections to ensure projects comply with the New Zealand Building Code.					
Illegal activity/unauthorised work complaints investigated within three working days.	90%	Achieved	92.44%	Not achieved 93%	2017/2018 target was 94%
Resource Consents, Monitoring and Enforcement					
Ensure effective response to customer enquiries about District Plan/Resource Consent requirements.					
Responsiveness: To process applications in accordance with statutory timeframes.					
Percentage of non notified Resource Consents processed within 20 working days.	100%	Not achieved	70.25%	Not achieved 54%	2017/2018 measure was for 19 working days, 2018/2019 measure is in accordance with statutory requirements (20 working days).

Regulatory Management measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Percentage of Land Information Memoranda (LIM) processed within 10 working days.	100%	Achieved	100%	Achieved 100%	517 LIM's were processed during the year with an average processing time of 7 days.
Resolving of complaints concerning breaches of conditions of Resource Consent and other non-compliance with the District Plan.					
Percentage of resource consent complaints regarding unconsented works and non-compliance with the District Plan and Resource Consent investigated within five working days.	90%	Achieved	100%	Achieved 100%	
Percentage of all new granted Resource Consents are audited each year to ensure they comply with relevant conditions.	15%	Achieved	25%	Achieved 23%	
Percentage of s224(c) certificates for new land titles processed within 10 working days	97%	Achieved	100%	New measure for 2018/2019	
Environmental Health					
Health and Safety Customer Service: Regulate commercial operations to protect public health.					
Percentage of food premises inspected or audited at least once per year under the Food Hygiene Regulations or Food Act.	100%	Not achieved	85%	Not achieved 77%	
Percentage of alcohol premises inspected at least once per year.	100%	Achieved	100%	Achieved 100%	

Funding Impact Statement

Operating Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	1,710	1,710	1,072
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	3,774	3,481	3,675
Internal charges and overheads recovered	380	380	389
Local authorities fuel tax, fines, infringement fees and other receipts	11	5	5
Total operating funding	5,875	5,576	5,141
Application of operating funding			
Payments to staff and suppliers	5,747	4,416	4,140
Finance costs	0	0	0
Internal charges and overheads applied	1,146	1,146	987
Other operating funding applications	0	0	0
Total applications of operating funding	6,893	5,562	5,127
Surplus (deficit) of operating funding	-1,018	14	14

Financial comments:

Total fees and charges above budget due to the ongoing levels of activity in the District offset by offset by additional staffing and contractor costs.

Funding Impact Statement

Capital Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	0	0	0
Application of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	0
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	-1,018	14	14
Increase (decrease) of investments	0	0	0
Total applications of capital funding	-1,018	14	14
Surplus (deficit) of capital funding	1,018	-14	-14
Funding Balance	0	0	0

District Leadership, Finance and Internal Services

District Leadership, Finance and Internal Services is the activity of running the business of Council. It involves democratic support to Elected Members, Council, its committees and other bodies in local decision making and governance processes. It ensures governance structures and processes are effective, open and transparent. It also involves the development of policies, bylaws and the District Plan together with contributing to civil defence emergency management.

Community Outcomes

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

What we planned

What we planned	What we achieved
Policy and District Planning	
Notification of plan changes required to give effect to the Regional Policy Statement (RDS)	<p>Significant Natural Areas (SNAs): Stage 1, which is a desktop analysis to identify and map SNAs in the Kaipara District, has been completed.</p> <p>Stage 2 includes ground truthing the selected areas are still to be undertaken.</p> <p>Outstanding Natural Features (ONF): A geologist expert will provide an assessment report identifying ONF in Kaipara. Public presentations on this were held in Dargaville and Mangawhai. A report has been completed and staff have begun consultation with Mana Whenua and affected landholders to discuss the report content and potential District Plan change has commenced.</p> <p>Coastal Erosion, Hazards and Flood Inundation: Council staff are awaiting completion of LiDAR data collection and interpretation of the mapping in 2020 by the Northland Regional Council (NRC) before they are able to give effect to the RPS. We are active members of the Tai Tokerau Climate Change Collaborative Working Group working closely with NRC and other Northland district councils to understand how the District Plan can best respond to coastal hazards and flooding.</p>
Notification of plan changes associated with the Mangawhai Community Plan	Plan changes not notified as Council is implementing a comprehensive review and all plan changes will be notified together.
Completion of the District Plan s35 Efficiency and Effectiveness review, including the Monitoring Strategy	Research is ongoing to identify inefficiencies and ineffectiveness of the District Plan, which will inform the yet to be completed report.
Research required for plan changes resulting from the Efficiency and Effectiveness review	Research is being undertaken to assess the consent planning issues with current District Plan rules, possible future improvements, current designations and whether the District Plan has all information on the associated conditions and alignment of proposed new chapters to National Planning Standards. Assessment of where National Biodiversity Environment Standards will require changes to the Plan.
Background work for growth planning in Dargaville	Community workshops held in Dargaville to collect information on values held for Dargaville and its surrounds. Spatial planning for Dargaville has started and will identify opportunities and constraints for sustainable urban development. Council's website now defines the specific geological features of Dargaville and any associated geotechnical hazards. Hazard warnings are communicated and what actions will be required to satisfy applications to Council for property or land development.
Investigate options for online resource consent processing and propose business case	Deferred as online resource consent software not available as yet.

What we planned	What we achieved
Policy and District Planning continued	
Notification of omnibus plan change to amend errors and anomalies	Plan change not notified as Council is implementing a comprehensive review and all plan changes will be notified together.
Completion of the review of the Class 4 Gambling Venues Policy and TAB Venue Policy	<p>The Class 4 Gambling Venues Policy proposed changes were consulted on from 02 October 2018 to 05 November 2018. 33 submissions were received. A hearing was held on 28 November 2018 with the final Policy being adopted by Council at its 05 December 2018 meeting.</p> <p>The TAB Venue Policy was rolled over by Council on 26 July 2018.</p>
Resolution of any appeals to Plan Change 4 – Fire Safety Rules (Land Use)	Completed, resulting in a consent order being issued by the Environment Court. The District Plan was amended accordingly.
Completion of Alcohol Control Bylaw, Policy on Dogs and Dog Management Bylaw	<p>Council has completed a review of its Policy on Dogs and Dog Management Bylaw. This included full public consultation. Council staff were impressed with the success of this consultation with 241 submissions received. The submissions received showed both a high degree of participation and a good understanding of this process within the community. The submissions revealed some clear consensus within the community resulting in a number of amendments to the draft policy and bylaw prior to their adoption at the 27 June 2019 Council meeting. The new policy and bylaw become effective from 09 July 2019 (after it was publically notified).</p> <p>The Alcohol Control Bylaw was consulted on from 28 August 2018 to 28 September 2018 with 22 people submitting. A hearing was held on 16 October 2018, with the new Alcohol Control Bylaw being made operative on 19 December 2018.</p>
Investigate Trade Waste Bylaw, Stormwater Bylaw, Freedom Camping Bylaw or Policy and Food Grading Bylaw or Policy	Investigation is ongoing.
Notify plan change to incorporate engineering standards into District Plan.	Currently reviewing engineering standards and how to best incorporate or refer to in the new District Plan.

Additional information

Council was successful in receiving funding from the Provincial Growth Fund for the Kaipara Kickstart Programme.

This includes three projects:

- Kai - application was successful in 2018/2019;
- Wharves - application was successful in 2018/2019; and
- Roads - application was successful after year end (August 2019).

Capital Works Programme

Programme Description	Budget from Annual Plan 2018/2019	Project Description
Council Properties	\$150,000	Weathertightness remediation – Dargaville buildings. Projected cost for Town Hall and Dargaville offices is \$1,000,000.
Information Services	\$1,015,000	This year IT Projects were scoped, prioritised and delivery timelines set for the next 2 years. Some of Council's internal systems have undergone major software upgrades. In addition, two new projects were completed that improved customer experience and connection with the community these being Council's new website and the Antenno mobile application. A project to implement Isovist ePlan has also commenced. As a result, Council's District Plan will be online later in the year. Project expenditure for the 2018/2019 year was \$541,111.
Chief Executive	\$150,000	The budget for fleet replacement comes under the Chief Executive. Seven vehicles were replaced.

Performance Measures

District Leadership measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Governance					
Compliance with legal requirements around formal meetings of Council and its Committees.					
Percentage of residents that are very/fairly satisfied with how rates are spent on services and facilities provided by Council.	65%	Achieved	73%	Achieved 73%	373 residents surveyed for 2018/2019
Long Term Plan, Annual Plan and Annual Reports will be adopted within timeframes set in the Local Government Act 2002.	Achieved	Achieved		New measure for 2018/2019	The 2017/2018 Annual Report was adopted 27 September 2018 and the Annual Plan was adopted 27 June 2019.
Civil Defence Management					
Conduct Civil Defence training exercises.	1 per year	Achieved 1		Achieved 1	Exercise conducted April 2019

Funding Impact Statement

Operating Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	5,632	5,043	5,096
Targeted rates	0	1	0
Subsidies and grants for operating purposes	100	0	0
Fees and charges	228	139	159
Internal charges and overheads recovered	6,779	6,779	5,931
Local authorities fuel tax, fines, infringement fees and other receipts	672	335	297
Total operating funding	13,412	12,297	11,483
Application of operating funding			
Payments to staff and suppliers	10,533	11,045	11,025
Finance costs	-630	-190	-291
Internal charges and overheads applied	452	451	271
Other operating funding applications	0	0	0
Total applications of operating funding	10,354	11,306	11,004
Surplus (deficit) of operating funding	3,057	991	479

Financial comments:

Unplanned PGF subsidy received, asset sale gains, lower employee benefits due to vacant position not being filled and lower interest costs.

Funding Impact Statement

Capital Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-1,000	669	-2,499
Gross proceeds from sale of assets	430	175	150
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	-570	844	-2,349
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	638	995	170
Capital expenditure - to replace existing assets	237	320	226
Increase (decrease) in reserves	1,612	519	-2,266
Increase (decrease) of investments	0	0	0
Total applications of capital funding	2,488	1,834	-1,870
Surplus (deficit) of capital funding	-3,057	-991	-479
Funding Balance	0	0	0

Financial comments:

Reduction in debt requirement due to deferral of capital expenditure across Council together with lower expenditure on capital works due to deferral to future periods



Sewerage and the Treatment and Disposal of Sewage

Council provides schemes which collect, treat and dispose of wastewater from residential properties, businesses and public facilities.

This service also includes the collection, treatment and disposal of industrial liquid wastes (commonly known as trade wastes) from industrial premises across the district.

We provide wastewater collection and treatment systems in:

- Dargaville;
- Glinks Gully;
- Kaiwaka;
- Maungaturoto;
- Te Kopuru; and
- Mangawhai.

Community Outcomes

- To collect and treat wastewater in a cost effective manner;
- To dispose of treated effluent in an environmentally sustainable manner; and
- To prevent wastewater spills.

What we planned

What we planned	What we achieved
Develop a central database and geospatial framework for condition assessment information and generate a renewal programme from the system	Started. A condition assessment was completed of pump station 1 catchment in Dargaville. This will help to establish future renewal programmes.
Provide a central management software system for consents, compliance and monitoring to replace the manual system	Currently an investigation is underway to align our consents, the GIS system and our Asset Management System (AssetFinda).
Continue the data cleansing project to improve our knowledge of our assets (including asset lives to aid renewal planning)	This work is now being undertaken in-house. This data will in turn offer a better understanding of the scope of work required.
Wastewater modelling (Dargaville and Maungaturoto). Scoping exercise to determine needs and level of detail required for development of hydraulic model	Data is being collected in-house and modelling will commence in 2019/2020.
Continue the Mangawhai Community Wastewater Scheme (MCWWS) resource consent variation application	The application will be developed as part of a study on the upgrade of the wastewater treatment plant, disposal options and the network study. This has been scoped and a consultant brief developed.
Extend the MCWWS irrigation system	The final stage of the irrigation extension was completed this year.
Upgrade the MCWWS existing reticulation and pump stations	An assessment of the current issues at the plant was completed and an options report was received and reviewed. Physical works commenced mid-2019.

Additional information

- Contract 913 Pump station 2 and Rising Main Renewal is being funded by combined Dargaville wastewater budgets with an additional \$577,266 taken from future years to complete the necessary construction works.
- An increase in project budget for Maungaturoto was approved to complete the Maungaturoto Wastewater Treatment Plant Upgrade from \$70,000 to \$450,000. This was due to the specialised quote received from Guaranteed Flow Systems.
- The investigations of options to rectify the non-compliances at Kaiwaka and Te Kopuru wastewater ponds has been completed. A contractor for the Kaiwaka Wastewater Upgrade has been appointed and a preferred solution for the Te Kopuru wastewater treatment plant is to add more aeration. Procurement for an aerator is underway.
- An increase to the project budget for the pump station upgrade (Upgrade PS-VA) in Mangawhai was approved to complete the upgrade from \$250,000 to \$500,000 due to the received tenders for this specialised work.

Capital Works Programme

Programme Description	Budget from Annual Plan 2018/2019	Project Description
Te Kopuru Wastewater Scheme		
Environmental compliance	\$2,500	Not started yet.
Dargaville Wastewater Scheme	\$1,241,000	
Pipe renewal from condition assessment	\$150,000	Design this year, construction next year.
	\$30,000	Budget available for emergency pump replacements.
Pump stations 1 and 2 upgrade	\$460,000	Utilised for pump station 2 and rising main renewal.
Pump stations 1 and 2 rising main from PS2 to PS1	\$596,000	Utilised for pump station 2 and rising main renewal.
Environmental compliance	\$5,000	Work completed at pump station 3 with savings.
Kaiwaka Wastewater Scheme	\$152,500	
130m of pipe renewals from condition assessment	\$150,000	This budget will be carried forward to fund the WWTP upgrade that needs to be completed due to non-compliance.
Environmental compliance	\$2,500	Not started yet.
Maungaturoto Wastewater Scheme	\$72,500	
Treatment plant, pump stations electrical renewal, membrane filters	\$70,000	Work has started but will not be finished until November 2019 and therefore the remaining budget will be carried over.
Environmental compliance	\$2,500	Work completed at pump station.

Programme Description	Budget from Annual Plan 2018/2019	Project Description
Glinks Gully Wastewater Scheme	\$0	
Mangawhai Wastewater Scheme	\$2,190,000	
Renewals including pump stations	\$45,000	
Upgrade PS-VA	\$250,000	Work has started but will not be completed this year due to sub-contractor delays. The budget will be carried over to complete the necessary construction works.
Additional capacity for growth	\$40,000	This budget is available for contract that require Council contribution.
Upgrade wastewater treatment plant	\$1,000,000	Work has started, remaining budget to be carried over.
Upgrade existing reticulation	\$20,000	This budget is available for contract to upgrade reticulation with none in the year under review.
Extend irrigation system	\$950,000	Irrigation extension completed. Savings will be carried forward for tree planting for environmental controls due to spray drift from irrigation.

Performance Measures

Sewerage and the treatment and disposal of sewage measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
System and adequacy					
Legal compliance with all resource consents for discharges into the environment from Council systems. The exception provided for in the consent is severe weather events and power failure.					
The number of dry weather sewage overflows from Council's sewerage system, expressed per 1,000 sewerage connections to that sewerage system.	<1	Achieved	0	Not achieved 2	
Discharge compliance					
Compliance with Council's resource consents for discharge from its sewerage system.					
The number of abatement notices, infringement notices, enforcement orders and convictions received by Council in relation to its resource consents for discharge from its sewerage systems.	0	Achieved – infringement, enforcement and convictions Not achieved - abatement	1	Achieved – infringement, enforcement and convictions Not achieved - abatement 1	One abatement notice dated 28 September 2018 for the Kaiwaka Wastewater Treatment Plant due to discharge non-compliances. Response agreed with NRC and funds have been allocated to FY19/20 to address this.
Fault response times					
Where Council attends to sewage overflows resulting from a blockage or other fault in Council's sewerage system.					
Attendance time: from the time that Council receives notification to the time that service personnel reach the site.	<2 hours	32 minutes	Achieved	Achieved 45 minutes	

Sewerage and the treatment and disposal of sewage measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Resolution time: from the time that Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	≤48 hours	Achieved	1 hour 29 minutes	Not achieved 4 hours and 10 minutes	Measured differently in 2017/2018.
Customer satisfaction					
The total number of sewerage system complaints received by Council.					
The total number of complaints received by Council about sewage odour. Expressed per 1,000 sewerage connections to that sewerage system.	<10	Achieved	1.1	Achieved 1.1	Based on six complaints and expressed per 1,000 connections.
The total number of complaints received by Council about sewerage system faults Eg. blockages, breaks etc Expressed per 1,000 sewerage connections to that sewerage system.	<27	Achieved	7.3	Achieved 13.1	Based on 41 complaints and expressed per 1,000 connections.
The total number of complaints received by Council about response to issues with its sewage system. Expressed per 1,000 sewerage connections to that sewerage system.	<50	Achieved	7.3	Not achieved 16	Based on 41 complaints and expressed per 1,000 connections. Target for 2017/2018 was 15.
Major capital projects are completed within budget.	Achieved	Achieved		New measure for 2018/2019	

Funding Impact Statement

Operating Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	1,337	1,337	2,050
Targeted rates	6,206	6,151	5,463
Subsidies and grants for operating purposes	0	0	0
Fees and charges	46	9	9
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	7,590	7,497	7,522
Application of operating funding			
Payments to staff and suppliers	2,202	2,449	2,237
Finance costs	2,584	2,584	2,860
Internal charges and overheads applied	1,175	1,176	961
Other operating funding applications	0	0	0
Total applications of operating funding	5,962	6,209	6,058
Surplus (deficit) of operating funding	1,627	1,288	1,464

Funding Impact Statement

Capital Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	1,943	1,885	350
Increase (decrease) in debt	0	-71	-720
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	1,943	1,814	-370
Applications of capital funding			
Capital expenditure - to meet additional demand	723	1,915	521
Capital expenditure - to improve the level of service	75	748	94
Capital expenditure - to replace existing assets	1,749	1,041	519
Increase (decrease) in reserves	1,024	-602	-41
Increase (decrease) of investments	0	0	0
Total applications of capital funding	3,571	3,102	1,093
Surplus (deficit) of capital funding	-1,627	-1,288	-1,464
Funding Balance	0	0	0

Financial comments:

Lower expenditure on capital works due to deferral to future periods.

Water Supply

We operate five community water supply schemes that provide potable water:

Dargaville (including Baylys);

- Glinks Gully;
- Ruawai;
- Maungaturoto; and
- Mangawhai (small scheme).

We collect, treat and distribute treated water to the point of supply. Council undertakes the following:

- Asset management;
- Treatment plant operation and maintenance;
- Network operations and maintenance;
- Capital and refurbishment programme;
- Water billing; and
- Consent monitoring and compliance.

Community Outcomes

- To provide a constant, adequate, sustainable high-quality water supply to Kaipara's reticulated areas;
- Clean, safe water is essential for communities and local economic development; and
- Public water supplies ensure communities receive water at the cost of production.

What we planned

What we planned	What we achieved
Develop a central database and Geographic Information Systems (GIS) mapping for condition assessment information and generate a renewal programme	We purchased a GPS rover and base which we are collecting asset information with. Information on pipe breaks is also collected to establish and eventually map problem areas.
Replace the manual system for consent compliance and monitoring with a central management software system	Investigations are underway to align our consents, the GIS system and our Asset Management System (AssetFinda). We are also testing a NRC designed reporting tool that provides a central platform for managing resource consents.
Continue the data cleansing project to improve our knowledge of our assets, including asset life to help with renewal planning	Council contractors have performed annual inspections of water assets like valves and hydrants under the preventative maintenance schedule. The asset register is updated as we receive new information.
An ecological study of the Kaihu River to assess the possibility of varying the water take consent	A draft report regarding the ecological study of the Kaihu River to alter the current resource consent limitations has been produced. The PGF funded Water Storage project has been initiated. This project is an NRC contract so KDC will receive no funding.
Water loss management by ensuring the contractor adheres to reactive timeframes for leak requests, and is proactive in leak detection and effective meter reading	The contractor timeframes for leak requests are monitored and the annual real water loss for Kaipara is down to 21.7% compared to the last financial year of 28.3%. They have made improvements in water leak detection and meter readings (now captured on AssetFinda) and by the end of 2019 all meters will have a GPS location and a database entry.
Review and update water safety plans for all five water supply schemes using the latest requirements from the Northland District Health Board (NDHB)	This project has started with the Mangawhai Water Safety Plan completed, submitted and approved by the Northland District Health Board (NDHB). This will form the basis of information for the next four Water Safety Plans (WSPs). The other WSPs are complete awaiting NDHB approval
Continue with condition assessments of water supply assets in alignment with wastewater and stormwater services, and feed into the renewals programme	We send samples of critical pipe sections for laboratory testing and review.
Develop hydraulic computer models for the Dargaville, Maungaturoto and Ruawai reticulation networks, predicting pressures and flows to confirm network capacity and manage growth	Data collection has commenced ahead of hydraulic modelling which will take place in 2020.

What we planned	What we achieved
Review data management procedures including development of a system for recording maintenance and costs at asset component level in our asset register	The asset information update project is ongoing. Once this is complete we will be able to implement better processes and management.

Additional information

Dargaville backwash discharge project started this year using carry over budget from 2017/2018. The remaining budget will be carried over to 2019/2020.

Maungaturoto backwash discharge project is near completion.

Capital Works Programme

Programme Description	Budget from Annual Plan 2018/2019	Project Description
Dargaville Water Supply		
Baylys trunk main Stage 3	\$300,000	80% complete at end of June. Combined budget with Beach Road project to fund renewal works.
Beach Road 480m watermain renewal	\$352,000	Complete. Combined budget with Baylys trunk main project to fund renewal works.
Montgomery Avenue 360m rider main	\$120,000	Complete.
Watermain under Dargaville High School	\$637,500	Completed with savings transferred to Baylys trunk main project.
Maungaturoto Water Supply		
AC 200mm renewal – raw watermain	\$306,000	Complete using this budget.
Mangawhai Water Supply		
No significant projects		

Programme Description	Budget from Annual Plan 2018/2019	Project Description
Ruawai Water Supply		
Replace balance (Stage 3 construction)	\$150,000	Complete.
Glinks Gully Water Supply	\$1,500	
No significant projects		

Performance Measures

Water Supply measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019	Actual 2017/2018	Comments for 2018/2019
Performance Measures				
Fault Response Times				
Where Council attends a callout in response to a fault or unplanned interruption to its networked reticulation system.				
The median response time for attendance of urgent callouts: from the time that the local authority receives notification to the time that service personnel reach the site.	<2 hours	Achieved	42 minutes	Achieved 37 minutes
The median response time for resolution of urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	<48 hours	Achieved	1 hour 55 minutes	Achieved 76 minutes

PART THREE Activity Statements - Water Supply

Water Supply measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
The median response time for attendance of non-urgent callouts: from the time that the local authority receives notification to the time that service personnel reach the site.	<3 hours	Achieved	58 minutes	Achieved 48 minutes	
The median response time for resolution of non urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	≤3 days	Achieved	2 Hours	Achieved 2 hours 20 minutes	
Customer Satisfaction					
The total number of water supply complaints received by Council.					
The total number of complaints for the district received by Council about drinking water quality. i.e. clarity, odour, taste, pressure or flow and continuity of supply. Expressed per 1,000 water connections.	≤40	Achieved	6.4	Not achieved 48	This year it was measured differently per 1,000 connections, whereas last year this was not the case
Total number of complaints received by Council about Council's response to any of these issues. Expressed per 1,000 water connections.	≤40	Achieved	0.6	New measure for 2018/2019	Based on two complaints and expressed per 1,000 water connections
Demand Management					
The average consumption of drinking water per day per resident within Kaipara District = Billed metered consumption (m3) x 1,000 number of connections x 365 x 2.5 (occupancy rate).	Dargaville 275	Not achieved	304	Not achieved 300	Source: 2019 Water Balance Report
	Maungaturoto 340	Achieved	268	Achieved 302	
	Ruawai 130	Achieved	116	Achieved 121	
	Glinks Gully 52	Not achieved	76	Not achieved 54	
	Mangawhai 230	Not achieved	597	Not achieved 487	

Water Supply measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Demand Management continued					
Water take consents.	100% compliance with NRC water take consents	Achieved	100%	Achieved 100%	
Major capital projects are completed within budget.	Achieved	Achieved		New measure for 2018/2019	
Safety of drinking water in accordance with NZDWS (bacteria compliance criteria)					
The extent to which Council's drinking water supply complies with part 4 of the NZDWS (bacteria compliance criteria).	Dargaville Maungaturoto Ruawai Mangawhai Glinks Gully	Achieved Achieved Achieved Achieved Achieved		Achieved Achieved Achieved	Only Dargaville, Maungaturoto and Ruawai were reported on in 2017/2018
The extent to which Council's drinking water supply complies with part 5 of the NZDWS (protozoal compliance criteria).	Dargaville Maungaturoto Ruawai Mangawhai Glinks Gully	Achieved Not achieved Achieved Achieved Achieved		Achieved Not achieved Achieved	Only Dargaville, Maungaturoto and Ruawai were reported on in 2017/2018
The percentage of real water loss from our networked reticulation system (average for total network of all schemes). Real water loss is calculated by subtracting the meter readings and 'other components' from the total water supplied to the networked reticulation system.	≤ 30%	21.7%	Achieved	Not achieved Dargaville 23.6% Maungaturoto 41.8% Ruawai 50.6% Mangawhai 33.2%	Source: 2019 Water Balance Report The 2017/2018 targets were Dargaville 20% Maungaturoto, Ruawai and Mangawhai 25%

Funding Impact Statement

Operating Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	0	0	0
Targeted rates	2,994	3,157	3,240
Subsidies and grants for operating purposes	0	0	0
Fees and charges	512	491	15
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	3,506	3,648	3,255
Application of operating funding			
Payments to staff and suppliers	1,406	1,307	1,126
Finance costs	261	261	278
Internal charges and overheads applied	749	749	600
Other operating funding applications	0	0	0
Total applications of operating funding	2,416	2,317	2,004
Surplus (deficit) of operating funding	1,090	1,331	1,251

Financial comments:

Water targeted rates slightly lower due to less consumption.

Funding Impact Statement

Capital Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of capital funding			
Subsidies and grants for capital expenditure	0	214	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	386	-77
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	0	600	-77
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	81	13	394
Capital expenditure - to replace existing assets	1,536	1,865	781
Increase (decrease) in reserves	-527	53	-1
Increase (decrease) of investments	0	0	0
Total applications of capital funding	1,090	1,931	1,174
Surplus (deficit) of capital funding	-1,090	-1,331	-1,251
Funding Balance	0	0	0

Financial comments:

Subsidy budgeted for Maungaturoto capital works was not invoiced for work completed at 30 June and will be brought to account on completion of the works in 2019-2020

Flood Protection and Control Works

In conjunction with the members of the local drainage districts, Council helps to facilitate the management and operation of 29 Land Drainage Districts

Protect people and property from flooding:

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

Community Outcomes

- Minimise flooding of property through efficient land drainage practices;
- Ensure drainage paths and floodgates that are registered remain clear and unobstructed as designed. Ensure that land drainage systems do not present a safety hazard;
- Minimise flood damage to properties by ensuring land drainage systems have adequate capacity; and
- Control flooding and flow of stormwater into the receiving environment, whilst protecting local interests.

What we planned

What we planned	What we achieved
Develop a central database and Geographic Information Systems (GIS) mapping for condition assessment information and generate a renewal programme	Project started and information being transferred to AssetFinda.
Replace the manual system for consents, compliance and monitoring with a central management software system	Investigation is underway to align our consents, the GIS system and our Asset Management System (AssetFinda).
Develop hydraulic computer models for the Raupo Drainage District to better prepare this area for climate change and sea level rise	Raupo Drainage District has a targeted rate which funds maintenance and operation. Hydraulic modelling for sea level rise to be funded separately and will cover a larger area than just Raupo .
Continue assessments of floodgates within target areas such as Raupo and Dargaville	Four floodgates were completed this year being Te Hapai (reinstated 2018/2019), Horehore, Lawrie and Sunnynook.
Assess existing stopbanks, levels and conditions to help prepare for climate change and sea level rise	Report completed. The surveying of stopbanks to assess the existing stopbank levels and conditions to help prepare for climate change and sea level rise is progressing.
Assess existing drainage districts and identify possible reductions or amalgamations	The Te Hapai Drainage District was reinstated this year.
Assess the current drainage district boundaries and identify if these are still accurate, with adjustment as required	These were assessed as per the Long Term Plan 2018/2028, resulting in the reinstatement of the Te Hapai Drainage District.

Additional information

Murphy/Bowers Stopbank - ongoing discussions with land owners have delayed this project.

Capital Works Programme

Programme Description	Budget from Annual Plan 2018/2019	Project Description
Land Drainage – District-wide	\$30,000	
Land drainage general Beach Road	\$30,000	Used to partly fund Awakino Point floodgate build
Raupo Land Drainage Scheme	\$128,500	
McKinley Floodgate 29	\$25,000	Repairs to floodgate
NorthAsh Floodgate 36	\$103,500	Deferred to 2019/2020

Performance Measures

Flood Protection and Control Works measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Monitor drainage of rivers and streams, ensure minimal flood risk and coast erosion to the community.					
The number of flood events not contained by the drainage schemes.	0	Achieved	0	New measure for 2018/2019	
Service requests for additional cleaning of drains i.e. missed by the monitoring and maintenance programmes.	<5 requests per year	Achieved	1	Achieved 2	
Biannual inspection of our drainage network to ensure it can contain a 1:5 year flood.	Twice yearly inspections	Achieved	2	Not 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.	Minimum yearly inspections and targeted maintenance completed	Achieved		Achieved	

Funding Impact Statement

Operating Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	48	48	15
Targeted rates	695	698	639
Subsidies and grants for operating purposes	0	0	0
Fees and charges	9	8	8
Internal charges and overheads recovered	4	4	4
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	757	759	666
Application of operating funding			
Payments to staff and suppliers	441	465	367
Finance costs	0	0	0
Internal charges and overheads applied	94	94	75
Other operating funding applications	0	0	0
Total applications of operating funding	535	559	442
Surplus (deficit) of operating funding	222	200	224

Funding Impact Statement

Capital Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	32	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	0	32	0
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	0	170
Capital expenditure - to replace existing assets	108	159	232
Increase (decrease) in reserves	114	73	-178
Increase (decrease) of investments	0	0	0
Total applications of capital funding	222	232	224
Surplus (deficit) of capital funding	-222	-200	-224
Funding Balance	0	0	0



Stormwater Drainage

Council provides a stormwater system that is reliable, has adequate capacity and aims to protect people and their property from flooding. Council's stormwater network protects Kaipara's businesses, industrial areas and people's homes.

Stormwater is managed differently across the district :

- Dargaville, Baylys, Te Kopuru and Kaiwaka have a piped stormwater system with open drains;
- Mangawhai a combination of soakage, stormwater reticulation and open drains;
- Pahi, Whakapirau, Tinopai, Paparoa and Maungaturoto stormwater is predominantly related to the road network;
- Tinopai, Kelly's Bay and Glinks Gully have road culverts; and
- Ruawai is integrated into the Raupo Drainage District works.

Community Outcomes

- Minimises flood damage to properties by ensuring stormwater systems have adequate capacity;
- Minimises flooding of dwellings by ensuring stormwater overland flow paths have adequate freeboard to buildings. Ensures that stormwater systems do not present a safety hazard; and
- Minimises scour from stormwater by controlling and discharging stormwater flows at protected outfalls.

What we planned

What we planned	What we achieved
Develop a central database and Geographic Information Systems (GIS) mapping for condition assessment information and generate a renewal programme	Project started to transfer information to AssetFinda.
Replace the manual system for consents, compliance and monitoring with a central management software system	Investigation is underway to align our consents, the GIS system and our Asset Management System (AssetFinda).
Continue the data cleansing project to improve our knowledge of our assets, including asset life to help with renewal planning	Data cleansing project now being developed in-house. We have used GPS equipment to address missing data in Dargaville.

What we planned	What we achieved
Develop a renewals programme based on performance and condition ratings of critical stormwater assets	Data collection and condition assessments of Council assets commenced.
Clarify ownership of assets across the district (roading versus urban), including responsibilities of townships that are not serviced	Assets have been identified and ambiguities between different Council departments will be addressed in 2019/2020 once all asset information has been cleansed.
Review data management procedures including development of a system for recording maintenance and costs at asset component level in the asset register, to help develop failure curves on actual asset condition	This item will be progressed in 2019/2020 once asset information is clarified.
Ongoing collection of data on asset attributes and condition as opportunity arises and as part of structured inspection programmes	Data collection and condition assessments of Council assets commenced.
Develop an understanding of infrastructure capacity required to support urban development in accordance with the National Policy Statement (NPS) for Urban Development Capacity	This is ongoing in conjunction with both the asset data cleansing work, the District Plan review and Spatial Planning of Kaipara townships. Plans for stormwater will be produced from this work in years 2 and 3 of the LTP.
Complete and adopt an updated Stormwater Catchment Management Plan for Mangawhai	The Mangawhai Stormwater Catchment Management Plan has been completed.
Survey all the coastal outfalls in the five urban townships	No work has started on this yet.
Review the adequacy of developer's handover requirements contained within Engineering Standards 2011 and identify an improvement programme, include for asset schedules and capital cost recording for each asset created	The engineering standards will be reviewed by the end of the 2019/2020 financial year and will be implemented for use as part of the update of the District Plan.

Additional information

The Quail Way Stormwater Improvements work was completed this year. This work was required due to flooding issues on Quail Way in Mangawhai. This work was funded by part carry-over budget, funds from the Mangawhai Community Plan, and unbudgeted spending for a total budget of \$1,197,935.

Capital Works Programme

Programme Description	Budget from Annual Plan 2018/2019	Project Description
Dargaville Stormwater Scheme	\$50,000	
Dargaville Stormwater		Work completed on Portland Street and behind Dargaville Library.
Baylys Stormwater Scheme	\$20,000	
Chases Gorge Investigations		In design phase.
Mangawhai Stormwater Scheme	\$100,000	
Mangawhai Stormwater		Stormwater work has been identified as being needed on Eveline Street. A design has been completed and a fact sheet prepared for public feedback. Construction work, if approved, will commence next year.

Performance Measures

Stormwater Drainage measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
System adequacy					
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.					
For each flooding event, using a 1:5 year for Urban (Average Recurrence Interval 20%) and 1:10 year for Rural (ARI 10%), the number of habitable floors affected. (Expressed per 1,000 properties connected to the Council's stormwater system).	<10	Achieved	0	Achieved 0	No flooding event complaints received.

Stormwater Drainage measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Discharge compliance					
Compliance with Council's resource consents for discharge from its stormwater system.					
The number of abatement notices received by Council in relation to those resource consents.	0	Achieved	0	Achieved 0	NRC email for justification on file.
The number of infringement notices received by Council in relation to those resource consents.	0	Achieved	0	Achieved 0	NRC email for justification on file.
The number of enforcement orders received by Council in relation to those resource consents.	0	Achieved	0	Achieved 0	NRC email for justification on file.
The number of convictions received by Council in relation to those resource consents.	0	Achieved	0	Achieved 0	NRC email for justification on file.
Response times					
The median response time in a flooding event.					
Measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	<2 hours for urgent events	Achieved	0	Achieved 0	There were no urgent flooding complaints this year.
Customer satisfaction					
The total number of stormwater system complaints received by Council.					
The number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the territorial authority's stormwater system.	≤18	Achieved	13	Achieved 11	There were no urgent flooding complaints this year.

Funding Impact Statement

Operating Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	223	223	207
Targeted rates	1,393	1,390	1,368
Subsidies and grants for operating purposes	0	0	0
Fees and charges	5	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	1,620	1,613	1,575
Application of operating funding			
Payments to staff and suppliers	489	612	508
Finance costs	173	173	189
Internal charges and overheads applied	288	288	226
Other operating funding applications	0	0	0
Total applications of operating funding	950	1,073	923
Surplus (deficit) of operating funding	670	540	652

Financial comments:

Asset condition assessment costs less than planned.

Funding Impact Statement

Capital Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	17	7	14
Increase (decrease) in debt	0	-233	-314
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	17	-226	-300
Applications of capital funding			
Capital expenditure - to meet additional demand	1	7	90
Capital expenditure - to improve the level of service	1,058	114	0
Capital expenditure - to replace existing assets	17	49	320
Increase (decrease) in reserves	-389	144	-58
Increase (decrease) of investments	0	0	0
Total applications of capital funding	687	314	352
Surplus (deficit) of capital funding	-671	-540	-652
Funding Balance	0	0	0

Financial comments:

Expenditure on Quail Way improvements brought forward from future years.

Solid Waste

The solid waste activity aims to maintain public health and reduce environmental harm to the district through rubbish collection and recycling. Rubbish and recycling options are available for households, business and industry. Council provides:

- Kerbside refuse collection;
- Recycling collection;
- Two transfer stations;
- Management of public litterbins;
- Collection of illegally dumped rubbish;
- Removal of abandoned vehicles;
- Support of waste minimisation initiatives; and
- Monitoring, maintaining and managing closed landfills.

Community Outcomes

- Communities can dispose refuse in a hygienic and sustainable manner; and
- Transfer stations, litterbins, closed landfills and removal of illegally dumped rubbish minimise possible environmental impacts.

What we planned

What we planned	What we achieved
Determine community interest in additional/ rural drop off locations for recycling	People's Panel informal consultation has been completed. The information obtained is being utilised to determine and format a consultation document for more formal consultation to take place in November/December 2019.
Investigate delivery of a district-wide rate funded recycling collection in consultation with the community	As for above this is a combined consultation.
Implement preferred option for leachate disposal at Hakaru Closed Landfill	The design was developed however the expected cost is greater than budget. To address this, telemetry has been upgraded so more accurate data can be obtained which allows the design to be refined. An alternative design has been completed for a lower cost option. This is currently being trialed onsite to determine if it is suitable and if results are positive the lower cost option will be progressed.

Additional information

- Illegal dumping continues to be a challenge. A large tip site was found and cleaned up on Tatarariki Spur Road with a total cost of \$40,000. The most frustrating issue with illegal dumping is the amount of recycling that is being dumped.
- Public litterbins are being used for dumping commercial and household rubbish.
- We received complaints over the noise/activity at the Dargaville Transfer Station. Onsite activities have been restricted to try and alleviate the issue in the first instance.
- Contract 706 Rubbish Collection has been extended and will now expire on 30 June 2021, with the new contract due to commence in line with the LTP. This contract will incorporate any changes that come about due to public consultation and the Section 17a review.

Capital Works Programme

Programme Description	Budget from Annual Plan 2018/2019	Project Description
District Closed Landfills	\$800,000	<p>Dargaville Closed Landfill capping project has been completed. Drains will need ongoing maintenance.</p> <p>Bickerstaffe Road Closed Landfill remediation project completed and is in defects liability period until May 2020.</p> <p>Hakaru Closed Landfill leachate treatment project has not been completed due to projected costs exceeding budget. There is currently a trial underway to determine if a cheaper option for treatment will meet requirements.</p>

Performance Measures

Solid Waste measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Reliability					
To provide regular community kerbside collections.					
Percentage of residents who are very satisfied or satisfied with waste management.	75%	Not achieved	65%	New measure for 2018/2019	Low satisfaction with recycling and perceived high costs to dispose.
To encourage recycling and reduction of waste to landfill.					
Total amount of recycling (diverted from landfill) as a percentage of total waste collected.	1% more than previous year	Not achieved	21.3%	Not achieved 21%	21.3% of 8,972 tonnes of refuse was recycled. Due to changes in markets to onsell recycled materials, this has also seen the overall total to landfill increase. Green Waste and E Waste has been included as part of that diverted for this year.
Closed landfill activities meet legislative compliance. No resource consent abatement notices, infringement notices, enforcement orders or convictions.	0	Achieved	0	New measure for 2018/2019	

Funding Impact Statement

Operating Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of operating funding			
General rates, uniform annual general charges, rate penalties	1,247	1,247	1,154
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	150	79	79
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	1,398	1,326	1,233
Application of operating funding			
Payments to staff and suppliers	806	865	680
Finance costs	21	21	23
Internal charges and overheads applied	145	145	239
Other operating funding applications	0	0	0
Total applications of operating funding	972	1,031	942
Surplus (deficit) of operating funding	426	295	291

Funding Impact Statement

Capital Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	-37	-35
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	0	-37	-35
Applications of capital funding			
Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	311	800	600
Capital expenditure - to replace existing assets	0	0	0
Increase (decrease) in reserves	114	-542	-344
Increase (decrease) of investments	0	0	0
Total applications of capital funding	426	258	256
Surplus (deficit) of capital funding	-426	-295	-291
Funding Balance	0	0	0

Financial comments:

Lower expenditure on capital works due to lower than expected costs for closed landfill remediation.

APPENDIX



Council Directory

Main Office

42 Hokianga Road
Dargaville 0310

Mangawhai Service Centre

Unit 6 The Hub
6 Molesworth Drive
Mangawhai 0505

Northland Transportation Alliance

5 Railway Road
Walton Plaza
Whangarei 0110

Postal Address

Private Bag 1001
Dargaville 0340

Telephone 09 439 3123 or 0800 727 059

Email council@kaipara.govt.nz

Website www.kaipara.govt.nz

Bankers

Bank of New Zealand

69-71 Victoria Street
Dargaville 0310

ANZ Bank Ltd

Private Bag 92210
Victoria Street West
Auckland 1010

Auditors

Deloitte on behalf of the Auditor-General

Private Bag 115033
Auckland 1140

Management Team

KAIPARA DISTRICT COUNCIL 30 JUNE 2019



Louise Miller
Chief Executive



Sue Davidson
*General Manager
Risk, IT and Finance*



Jason Marris
*General Manager
Governance, Strategy
and Democracy*



Jim Sephton
*General Manager
Infrastructure*



Fran Mikulicic
*General Manager
Regulatory, Planning
and Policy*



Darla Blake
*General Manager
Community Customer
Services*



Hannah Gillespie
*General Manager
People and Capability*

Council Committee Structures

KAIPARA DISTRICT COUNCIL 30 JUNE 2019

Audit, Risk and Finance Committee

- Members:** Stana Pezic (Chair)
Councillor Victoria del la Varis-Woodcock
Councillor Jonathan Larsen
Councillor Peter Wethey
- Purpose:** To oversee the risk management and internal control, audit functions, financial and other external corporate reporting and compliance with legislation
To monitor Council's financial performance against the Long Term Plan and Annual Plan.

Citizens Awards Committee

- Members:** Mayor Jason Smith (Chair)
Councillor Victoria del la Varis-Woodcock
Councillor Jonathan Larsen
Councillor Andrew Wade
- Purpose:** To assess nominations in accordance with the Citizens Awards Policy and decide on recipients of Kaipara District Council's Citizens Awards.

Community Grants Committee

- Members:** Councillor Peter Wethey (Chair)
Councillor Victoria del la Varis-Woodcock
Councillor Karen Joyce-Paki
- Purpose:** To consider applications for Community Assistance Grants and Contract for Service and make recommendations to Council.
To ensure the policy is fit for purpose and make recommendations to Council as necessary.

District Licensing Committee

- Members:** Mark Farnsworth (Chair)
Gordon Lambeth
Mark Vincent
- Purpose:** To administer Council's alcohol licensing framework as determined by the Sale and Supply of Alcohol Act 2012.

Funding Committee

Creative Communities Scheme

- Members:** Allan Mortensen (Chair)
Councillor Victoria del la Varis-Woodcock
Nicola Everett
Ollie Knox
John Pickworth
- Purpose:** Allocate funding in accordance with the Creative New Zealand Creative Communities Scheme.

Rural Travel Fund

- Members:** Chris Biddles (Chair)
Councillor Victoria del la Varis-Woodcock
Roxanne Kelly
Karen Smales
Vern Stevens
- Purpose:** Allocate funding in accordance with the Sport NZ Rural Travel Fund Scheme.

Mangawhai Community Park Governance Committee

- Members:** Councillor Anna Curnow (Chair)
Maurice Langdon
Councillor Peter Wethey
Jim Wintle
- Purpose:** To govern Mangawhai Community Park in accordance with the Master Plan and work programme.

Mangawhai Endowment Lands Account Committee

- Members:** Councillor Peter Wethey (Chair)
Councillor Libby Jones
Councillor Jonathan Larsen
- Purpose:** To consider applications for grants from the Mangawhai Endowment Lands Account (MELA)

Pou Tu Te Rangi Harding Park Committee

Members: Rex Nathan (Chair)
Councillor Victoria del la Varis-Woodcock
Robert Harding
Councillor Karen Joyce-Paki
Willie Wright

Purpose: To work alongside the Pou Tu Te Rangi Joint Management Committee as established by Te Uri o Hau Claims Settlement Act 2002 to manage the Pou Tu Te Rangi Harding Park and Old Mt Wesley Cemetery Reserve area.

Raupo Drainage Committee

Members: Ian Beattie (Chair)
Councillor Anna Curnow
David Hart
Greg Gent
Brian Madsen
Ross McKinley
Mayor Jason Smith
Ken Whitehead

Purpose: Drainage, stopbanks and flood protection governance in the Raupo Drainage District.

Remuneration and Development Committee

Members: Mayor Jason Smith (Chair)
Councillor Anna Curnow
Councillor Libby Jones
Councillor Andrew Wade
Councillor Peter Wethey

Purpose: To oversee the Chief Executive's performance and to make recommendations on Councillor development.

Reserve Contributions Committee

Members: Councillor Jonathan Larsen (Chair)
Councillor Victoria del la Varis-Woodcock
Councillor Andrew Wade

Purpose: To review Council's 'Reserve Contributions (use of) Policy' and consider reserve contributions contestable funding applications.

Taharoa Domain Governance Committee

Members: Ric Parore (Chair)
Councillor Karen Joyce-Paki
Alan Nesbit
Councillor Andrew Wade

Purpose: To govern Taharoa Domain in accordance with the Kai Iwi Lakes (Taharoa Domain) Reserve Management Plan (RMP) and any legislative framework

Elected Member Meeting Attendance

Type of meeting held	Number of meetings held	Curnow	de la Varis-Woodcock	Geange	Jones	Joyce-Paki	Larsen	Wade	Wethey	Smith
Kaipara District Council (Ordinary)	11	11	11	7 [^]	10	8	11	9	11	11
Kaipara District Council (Extraordinary)	2	2	2	1	1	2	2	0	2	2
Council Briefings and Workshops	18	17	17	3	14	8	11	7	17	17
Hearings and Deliberations	10	8/8	3/3	N/A	0/1	7/8	1/1	3/3	3/3	10/10
Audit, Risk and Finance Committee	4	-	2	2/2+	-	-	4	1/3+	4	4*
Citizens Awards Committee (Extraordinary)	1	-	1	-	-	-	1	1	-	1
Community Grants Committee	1	1	-	-	-	-	1	1	-	-
Funding Committee	4	-	3	-	-	-	-	-	-	-
Mangawhai Community Park Governance Committee	4	4	-	-	-	-	-	-	3	2*
Mangawhai Endowment Lands Account	0	-	-	-	0	-	0	-	0	-
Pou Tu Te Rangi Harding Park Committee	4	-	4	-	-	4	-	-	-	-
Pou Tu Te Rangi Harding Park Committee (Extraordinary)	1	-	1	-	-	1	-	-	-	-
Raupo Drainage Committee	4	4	-	-	-	-	-	-	-	4
Remuneration and Development Committee	2	2	-	-	1	-	-	0	2	2
Reserve Contributions Committee	2	-	1	-	-	-	2	2	1/1+	2*
Taharoa Domain Governance Committee	3	-	-	-	-	3	-	3	-	-
Taharoa Domain Governance Committee (Extraordinary)	1	-	-	-	-	1	-	1	-	-

Key:

Extraordinary meetings are meetings that are added to the adopted meetings schedule of Ordinary meetings due to urgent business.

See page 68 for elected representatives remuneration.

[^] Due to poor coverage at the meeting location, Councillor Geange was unable to attend the 29 November 2018 Council meeting via audio link.

NB: Most hearings and deliberations were managed by Council-appointed Hearing Panels, comprising 3—4 elected members. In the Hearings and Deliberations table, the attendance is represented in a ratio of meeting attended to meetings invited.

+ The membership of some committees changed in the 2018/2019 year. In these cases, the attendance is represented in a ratio of meetings attended to meetings invited.

- The elected member is not a member of that committee.

* The Mayor is a member of every committee of the local authority, and these meetings were attended in this capacity.





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