



# Kaipara District Council

Annual Report 2016/2017

**Audit, Risk and Finance Committee**

**Draft as at 06/09/2017**



Kaipara te Orangakui • Two Oceans Two Harbours

## PART ONE – INTRODUCTION

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A rural landscape under a dramatic, stormy sky. In the foreground, a bicycle with a blue bag is leaning against a wooden fence. The middle ground features a lush green field with some white flowers. In the background, there are rolling hills, a small white building, and a line of trees. The sky is filled with dark, heavy clouds, suggesting an approaching storm.

# Part One - Introduction

## Kaipara District



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

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

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

## Mayor's Foreword

The report that follows reflects the reality of the Kaipara district and builds on the progress made over the last four years. A big part of the year has involved Councillors learning how the business of Council works and getting up to speed on all the intricacies of local government. Our focus, as always, has been managing the balance between providing essential infrastructure, reducing debt and continuing the programme of replacing end of life assets while being aware of the affordability of rates for many of you.

As a new Council it was interesting to learn more about our biggest business, roading. There was a lot of information to understand as it is our single largest cost by far. Unfortunately it is also the area that causes the most dissatisfaction in our various communities. In response to this we held a number of public sessions across the district that were well attended, that showcased the issues we are facing and some of the proposed work that we are looking to do in the year to come.

It was pleasing to see the public response to the district roading meetings that were held. I look forward to the community feedback that will come from the advisory panels.

In this past year the completion of a seal extension on Black Swamp Road was a highpoint. The roading programme was adversely affected due to slips from two cyclones, remedial works costing approximately \$3.5 million. In total we have spent \$11.8 million on maintaining our infrastructure assets.

The growth in the east continues as our Building Control Team is permitting approximately 11 new houses a month in Mangawhai and the surrounding areas. In total we have 1,956 connections to the Mangawhai Community Wastewater Scheme and 486 are rated as capable of connecting.

As part of this growth, in-house staff numbers have increased to replace contractors and consultants. The demand for building and resource consents has meant that we have increased our staff involved in consent processing so that we can continue to provide a good and timely service. This service is funded from fees charged.

As mentioned earlier, debt reduction has been particularly significant this year with a total of \$2.8 million being paid off primarily towards the district-wide debt for the Mangawhai Community Wastewater Scheme (MCWWS).

Greg Gent

**Mayor**

## Your Councillors



**From left to right:** Victoria Del la Varis-Woodcock, Peter Wethey, Libby Jones, Greg Gent (Mayor), Anna Curnow, Andrew Wade, Julie Geange, Jonathan Larsen, Karen Joyce-Paki

## Chief Executive's Overview

Welcome to the Annual Report 2016/2017.

This has been a significant year for Council as Kaipara has returned to normal local democracy, worked with neighboring councils to establish a new roading business unit, invested in our core infrastructure, and worked with our communities on local improvement plans. We have changed and improved the way we deliver some of our core services. Our finances are in a strong position and we continue to retire debt.

### Year of transition

During 2016/2017 Kaipara has gone through a significant change. After four years the Commissioner era came to an end with the local government elections in October 2016 which were fully contested. We welcomed a completely new Council and Elected Members have been learning rapidly. We are all now focused on plans for the future of the district. Meetings have been held regularly in townships across the district as Council has been keen to engage with local communities.

### Investing in our infrastructure

An important development has been the establishment of the Northern Transportation Alliance (NTA) where Kaipara, Whangarei and Far North districts have formed a shared services business unit. This manages our roading activity which is our largest area of spend. The NTA has had a busy first year running our core maintenance and capital projects, while also developing a common approach in future to planning and procuring roading across the whole of Northland.

Our water assets have also seen significant expenditure including works across the whole district on our stormwater, drinking water, wastewater and land drainage assets. We are also spending more money on condition assessments and investigating our underground pipe networks to inform more detailed future plans.

### Thriving communities

The good work in recent years developing local plans with our communities has seen a number of projects now completed in most townships. These schemes improve our reserves, playgrounds and walkways so that locals and visitors can enjoy the district. Our three main parks have all seen improvements this year and Kai Iwi Lakes has had a particularly successful year with many domestic and international visitors.

In Mangawhai plans for the future have been developed with strong community input and we will be consulting on these as the Long Term Plan is developed in 2017/2018. These plans respond to the continued growth in the east of the district. Elsewhere we are seeing other signs of growth and development interest as Auckland spills over its boundary and major road schemes have been given the go-ahead. This will continue as the district has so much to offer and as New Zealand develops and changes demographically.

**Delivering services**

Council employees have been focused on delivering a wide range of services to our ratepayers. Our resident's survey results show that you see improvement in many areas. The overall performance score increased to 68% this year from 55% last year. We have committed funds to modernise in key areas, including our telephone system and website, and our principal contracts have performance measures that are focused on maintaining high levels of service. We are also looking at other improvements such as our main library in Dargaville and whether to relocate to a new or improved facility.

**Sound Finances**

Kaipara is now consistently delivering more services and investing in its infrastructure, while also keeping rate increases at affordable levels and retiring debt. Our finances are sound and we end the year with a healthy surplus providing options for next year. Membership of the Local Government Funding Agency (LGFA) has helped keep our interest costs down and rates arrears and other debts have again been reduced. This enables the district to consider funding projects it could not contemplate in recent years. This provides a good basis for our long term planning which will be a key theme for 2017/2018. The Council team is optimistic looking ahead and keen to work with the community for a successful future.

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## 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.

Greg Gent

**Mayor**

26 September 2017

**Chief Executive**

26 September 2017

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## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF KAIPARA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

The Auditor-General is the auditor of Kaipara District Council (the District Council). The Auditor-General has appointed me, Peter Gulliver, 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 2017. 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 24 and pages 30 to 73:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2017;
    - 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 153 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 75 to 152:
  - present fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, 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 75 to 152 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 75 to 152, 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 required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 25 to 29, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information 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 2 to 7 and 12 to 17, 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.

Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the District Council.

**Peter Gulliver**  
**for Deloitte Limited**

On behalf of the Auditor-General  
Auckland, New Zealand

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## Reader's Guide

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

### What does the Annual Report include?

The first part of this Report introduced Kaipara District Council and provides an overview of events during 2016/2017. It also includes the Audit Report. The second part contains the financial results for the year to June 2017. It also includes the accounting policies and notes to the financial statements. The third part includes Council's Groups of Activity Statements.

### Activities

Based on the performance targets listed in the first year of the Long Term Plan 2015/2025, Council's work programme is divided into 10 significant activities and individually assessed to determine how well targets have been met. Performance ratings used in this Report are as follows:

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

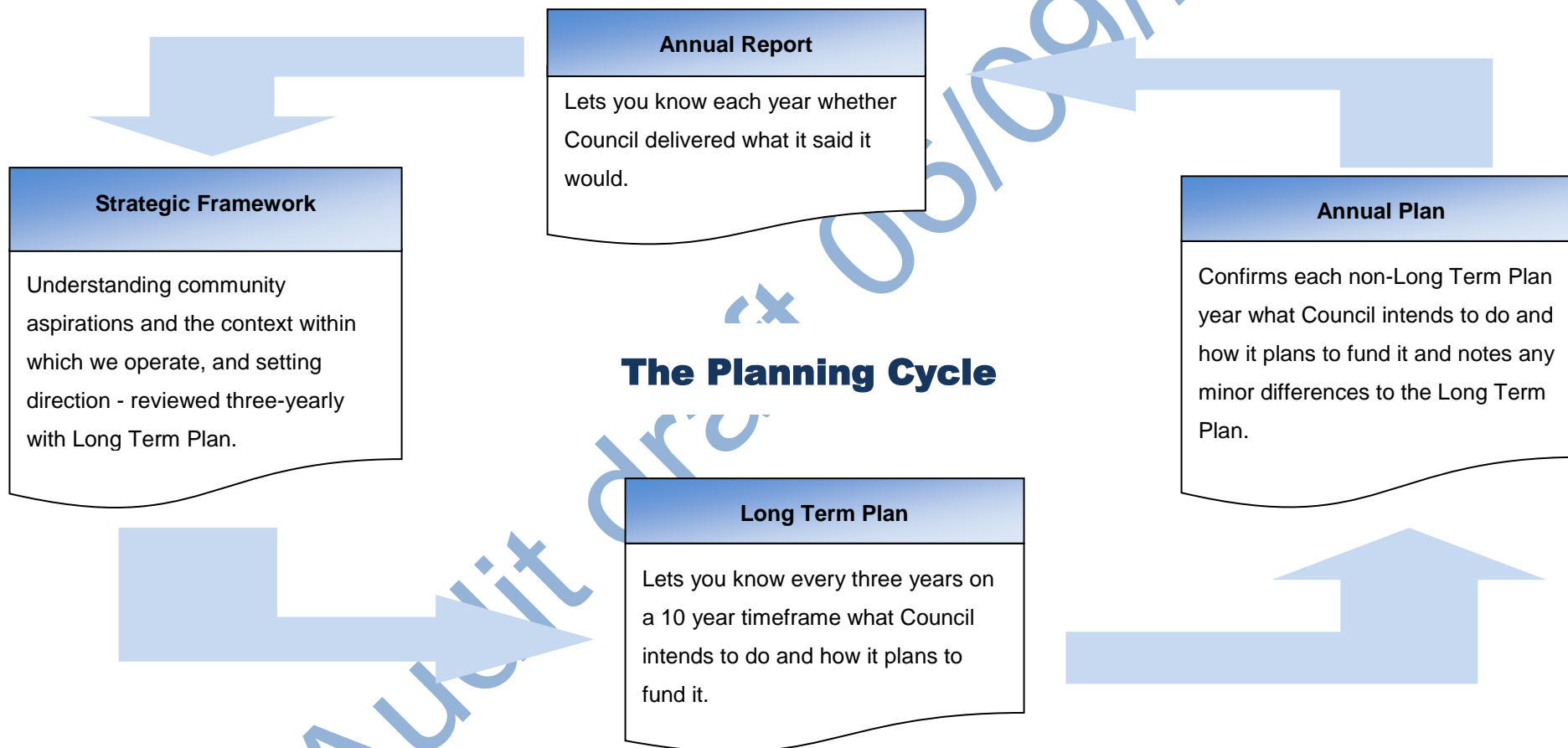
### Where does the Annual Report fit into the planning and reporting cycle?

This Annual Report is reporting on the delivery of year two of Council's Long Term Plan 2015/2025.

## Setting the Scene

The purpose of this Annual Report is to tell you whether we did what we said we would in the 2016/2017 year. This is the second year of the Kaipara District Council Long Term Plan 2015/2025 adopted by Council on 30 June 2015. It sets out what was achieved and not achieved and the associated costs as compared to what was signalled in the Long Term Plan.

Consequently, this Annual Report needs to be read in conjunction with the Long Term Plan 2015/2025.





## Council working with Maori

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

Council recognises the importance of its relationships with Te Uri o Hau, Ngati Whatua and Te Iwi O Te Roroa. Council and Te Uri o Hau signed a reviewed Memorandum of Understanding and Council is negotiating a Mana Enhancing Agreement with Te Roroa.

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

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

Council is committed to constructive engagement and acknowledges the positive approach to Council initiatives in 2016/2017 to decision-making processes.

## The Year in Review

The past year has been a notable one for Council, with a transition from the tenure of Commissioners back to a democratically elected Council. Elected Members and staff have worked hard to ensure a smooth transition as they complete a busy financial year.

Over \$217,000 was contested for by the community in grants and contracts for service with 31 of these being awarded across the district. It reflects Council's newly adopted vision of "Thriving Communities Working Together". Council acknowledges the high level of volunteers across the district.

### Community placemaking

A strong focus on community this year has seen the adoption of the Dargaville Placemaking Plan and development of the Mangawhai Community Plan (MCP). The community Advisory Panel convened for the MCP has gathered valuable input on how Mangawhai residents want to see growth managed. Further development of these initiatives will be considered as part of the Long Term Plan 2018/2028.

Other areas of the district that have had facility upgrades and improvements included: Kelly's Bay, Tinopai and Kaiwaka. A range of smaller park improvements were seen at Kelly's Bay, Dargaville, and Mangawhai, with new park signage occurring across the district.

Kaiwaka also saw the adoption by Council and NZ Transport Agency of the Kaiwaka Improvement Plan, a collaborative project which will deliver a distinctive, safe, connected and vibrant community along the State Highway.

Libraries are a growth area for our communities. In the age of digital media, services such as e-books, e-media and digital magazines are a popular choice with residents and this financial year has seen free Wi-Fi extended to Mangawhai, Kaiwaka and Maungaturoto libraries.

### Kaipara's premier parks

Adoption of the Kai Iwi Lakes (Taharoa Domain) Reserve Management Plan (RMP) was a milestone event this year. This RMP will drive a large volume of work. Proactive improvements have been made to tracks at the Domain for accessibility and safety, along with a number of early portions of the future Walking and Cycling Strategy. Pest control and weed eradication were managed effectively and successfully through the year alongside the issues presented by Myrtle Rust.

Campground improvements have occurred to provide an even more enjoyable stay for those wanting to take advantage of the Taharoa Domain facility. The centre at Lake Waikare (previously the Kai Iwi Lakes Water Ski Club building) has been established as a public resource for other community activities, which we hope to see being utilised in the near future by education groups, functions and any other needs to meet our communities.

Pou Tu Te Rangi Harding Park saw over 7,000 native species being planted during the year, alongside new road frontage signage and modernisation of the park entrance. Ongoing conversations around road direction were concluded with the community and Councillor input.

At Mangawhai Community Park, work progressed on the Pioneer Heritage Village with additional buildings being relocated on the site. Projects of note included; the sealing of the carpark between the Mangawhai Activity Zone and the Pioneer Heritage Village, walking track work and landscaping. Once this is completed the Village will be available for community groups to utilise and in the next 12 months Fire and Emergency New Zealand will look to move next to the ambulance station to create an emergency services hub.

### **Regional collaboration**

Regionally, at the start of the financial year, Kaipara District Council became part of the Northern Transportation Alliance (NTA). This alliance has combined staff, services and resources for roading and transportation in Northland to improve consistency and services for all Northland road users. The day to day workings of our roading team have continued, with the service bringing benefits of shared knowledge, staff retention, and a closer working relationship with all related bodies. A big focus for the NTA will be the procurement of new maintenance contracts as well as the large-scale NZ Transport Agency (NZTA) projects set to begin soon, bringing potential for new residents and visitors to the Kaipara district.

Other areas of collaboration that are being explored regionally are Information and Communication Technology options from region-wide procurement to commonality of systems. The focus is to see if savings and efficiencies can be gained by working together. Thus far work has begun with Far North District Council looking at customer services and common software procurement to obtain cheaper pricing through economies of scale.

### **Economic growth**

Resource consent applications increased 33% on the previous financial year with building consent applications also increasing from last year. The complexity of applications in both disciplines has increased which has meant more technical input from staff and customers. The overall growth in development continues to be predominantly in the eastern area of the district and the Mangawhai Community Plan will ensure future growth is managed and prepared for.

We continue to monitor market trends in the economy due to Kaipara's proximity to Auckland, along with NZTA infrastructure projects and the increasing numbers of international visitors to New Zealand.

### **Infrastructure**

A series of public meetings were held in the latter half of the year focusing on roading performance. These were well attended, and considered to be informative and productive. From those meetings Council has set up panels for wider community input into roading issues moving forward.

Weather events have impacted the roading network this year, namely cyclones Debbie and Cook. These events created over 200 slips having a dramatic effect on the quality of the roading network and our ability to make repairs in a timely manner. Options are being considered now on how best to repair these for longevity.

This year an upgrade to the Mangawhai Water Treatment Plant saw a Council-led team recognised by the Institute of Public Works Engineering Australasia for the Best Public Works Project under \$5 million.

### **Financial position improved**

Council continues to enjoy sharper interest rates with being a member of the LGFA. The Mayor and Councillors have stated many times since the election that a focus for them is to bring debt to a more manageable level and to ensure there is focus on affordability for ratepayers.

We planned a debt reduction of \$0.2 million for the 2016/2017 financial year, but were able to pay off \$2.8 million in overall debt for the year.

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A scenic view of a coastal landscape. In the foreground, there are long, thin, yellowish-green leaves of a plant, possibly a Pandanus. In the middle ground, a large tree with many bright red flowers (likely a Pohutukawa) stands prominently. To its right, a tall palm tree with a crown of fronds is visible. The background shows a vast blue ocean under a clear blue sky. The text "Part Two - Financials" is overlaid in white on the image.

## Part Two - Financials

## Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2017

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

For the year ended:			Actual	Annual Plan	Annual Report
30 June			2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000
<b>Revenue</b>					
	Note				
Rates	2a		32,230	32,288	31,297
Subsidies and grants	2c		9,721	11,657	10,202
Activity income			5,193	4,043	9,216
Contributions			3,219	1,190	3,984
Investments and other income	2c		6,441	392	2,228
<b>Total revenue</b>	2a		<u>56,804</u>	<u>49,570</u>	<u>56,928</u>
<b>Expenses</b>					
Activity costs			22,309	22,986	26,516
Employee benefits			8,833	8,614	6,726
Finance costs			3,067	3,440	3,613
Depreciation	10a,11		10,274	9,600	10,091
<b>Total expenses</b>	3		<u>44,483</u>	<u>44,640</u>	<u>46,946</u>
<b>Surplus/(deficit) for the period</b>			<u>12,321</u>	<u>4,930</u>	<u>9,981</u>
<b>Other comprehensive revenue and expense</b> (Items that will not be reclassified subsequently to surplus or deficit)					
Gain/(loss) on revaluation	4a		6,255	13,571	15,849
<b>Total comprehensive revenue and expense for the period</b>			<u>18,577</u>	<u>18,501</u>	<u>25,830</u>

The accompanying notes form part of these financial statements.

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

### Revenue

**Subsidies and grants:** Revenue is \$1.9 million below budget due to lower claims to NZ Transport Agency (NZTA). Roothing works have been carried forward to the next financial year.

**Activity income:** Activity income is \$1.1 million ahead of budget due increased building control and resource consent income and Kai Iwi Lakes camping fees and charges.

**Contributions:** Contributions are \$2.0 million ahead of budget due to development and financial contributions received reflecting increased activity in the district.

**Investment and other income:** The favourable variance against budget of \$0.4 million is due to the evaluation of interest rate swap derivatives to fair market value and gains on sale of assets.

### Expenditure

**Activity costs:** Costs are \$0.8 million below budget due to lower roading maintenance costs partially offset by higher water services costs.

**Depreciation:** Depreciation is \$0.7 million above budget due to the cumulative effects of assets revaluations.

**Other comprehensive revenue and expense:** Gain on revaluation is below budget due to a small increase in the value of land under roads and an adjustment to the methodology for road formation.

## Statement of Financial Position as at 30 June 2017

As at		Actual	Annual Plan	Annual Report
30 June		2016-2017	2016-2017	2015-2016
		\$'000	\$'000	\$'000
<b>Net assets/equity</b>	Note			
Accumulated comprehensive revenue and expense	4a	381,972	375,619	370,863
Asset revaluation reserves	4a	205,754	210,459	199,499
Restricted reserves	4a	5,325	5,692	5,673
Council created reserves	4a	-15,405	-18,408	-16,965
<b>Total net assets/equity</b>		<b>577,647</b>	<b>573,362</b>	<b>559,070</b>
<i>represented by</i>				
<b>Current assets</b>				
Cash and cash equivalents		11,874	682	7,285
Trade and other receivables	6	5,057	7,410	6,180
Accrued revenue		1,963	1,946	1,883
Other financial assets	5a	115	115	115
Non current assets held for sale		186	210	186
<b>Total current assets</b>		<b>19,195</b>	<b>10,363</b>	<b>15,649</b>
<i>less</i>				
<b>Current liabilities</b>				
Trade and other payables	7	9,751	9,386	8,254
Provisions	8a	145	188	139
Employee entitlements		614	413	512
Public debt	9a	17,127	1,064	6,983
<b>Total current liabilities</b>		<b>27,637</b>	<b>11,051</b>	<b>15,889</b>
<b>Working capital/(deficit)</b>		<b>-8,442</b>	<b>-688</b>	<b>-239</b>
<i>plus</i>				
<b>Non current assets</b>				
Property, plant, equipment	10a	635,584	643,649	624,003
LGFA Borrower notes		688	560	560
Biological assets	13	3,531	2,786	3,466
Other financial assets	5a	278	273	276
<b>Total non current assets</b>		<b>640,081</b>	<b>647,268</b>	<b>628,306</b>
<i>less</i>				
<b>Non current liabilities</b>				
Public debt	9a	45,000	63,684	57,978
Provisions	8a	4,796	4,291	4,570
Derivative financial liabilities	18a	4,196	5,243	6,448
<b>Total non current liabilities</b>		<b>53,992</b>	<b>73,218</b>	<b>68,997</b>
<b>Net assets</b>		<b>577,647</b>	<b>573,362</b>	<b>559,070</b>

The accompanying notes form part of these financial statements.



### Explanation of major variances against Annual Plan

**Equity:** The unfavourable variance relates to the lower revaluation of infrastructure assets only partially offset by a higher than budgeted net surplus.

**Cash and cash equivalents:** Cash and cash equivalents are \$9.7 million higher than planned. Cash is being retained to meet capital commitments planned for the next years.

**Trade and other receivables:** Trade and other receivables are \$2.2 million lower than budget due to continuing focus on collecting outstanding debt.

**Property, plant and equipment:** Lower than budgeted revaluation of roading.

**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 assets and liabilities:** Council uses interest rate derivatives to assist in achieving a long term stable interest rate on debt. Lower than budget derivative liabilities of \$1.0 million is due to the nature of these financial instruments whereby their value is not able to be budgeted with certainty due to the unpredictability of interest rates. Derivatives are marked to market at each balance date, and as the floating interest rate is lower than at last balance date. This resulted in a decrease in the liability Council has on some derivatives.

**Public debt:** Approximately \$2.8 million of existing debt was retired during the year which was \$2.6 million higher than planned. Council is now, in keeping with its treasury policies, utilising surplus cash to reduce external borrowing. Council is ensuring that it maintains adequate working capital by having committed bank short term borrowing facilities in place. The variance to budget on both the Public Debt in Non-Current Liabilities and the Public Debt in Current Liabilities reflects the repayment and classification of the current loan maturity dates.

## Statement of Changes in Net Assets/Equity for the Year Ended 30 June 2017

For the year ended:	Actual	Annual Plan	Annual Report
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000
<i>Balance at 1 July</i>	559,070	554,861	533,239
<b>Comprehensive revenue and expense for the period</b>			
Surplus/(deficit) for the period	12,321	4,930	9,981
<b>Other comprehensive revenue and expense for the period</b>			
Surplus on Revaluation of Infrastructure 10a	6,256	13,571	15,849
<b>Total comprehensive revenue and expense for the period</b>	18,577	18,501	25,830
<b>Balance at 30 June</b>	<u>577,648</u>	<u>573,362</u>	<u>559,070</u>

Note

The accompanying notes form part of these financial statements.

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## Statement of Cash Flows for the Year Ended 30 June 2017

For the year ended:	Actual	Annual Plan	Annual Report
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000
<b>Cash Flow from Operating Activities</b>			
<i>Receipts:</i>			
Rates	32,282	32,288	31,605
Fees, charges and other	9,837	5,511	13,225
Grants and subsidies	9,721	11,657	11,570
Interest received	16	25	28
<i>sub total</i>	<b>51,856</b>	<b>49,481</b>	<b>56,428</b>
<i>Payments:</i>			
Suppliers and employees	28,732	31,552	31,912
Taxes (including the net effect of GST)	-315	0	20
Interest expense	3,067	3,440	3,613
<i>sub total</i>	<b>31,485</b>	<b>34,992</b>	<b>35,546</b>
<b>Net Cash Flow from/(to) Operating Activities</b>	<b>20,371</b>	<b>14,489</b>	<b>20,882</b>
<b>Cash Flow from Investing Activities</b>			
<i>Receipts:</i>			
Sale of Property, plant and equipment	577	150	1,369
<i>sub total</i>	<b>577</b>	<b>150</b>	<b>1,369</b>
<i>Payments:</i>			
LGFA Borrower notes	128	0	560
Mortgage advances	0	0	0
Property, plant and equipment purchases	13,397	15,863	13,425
<i>sub total</i>	<b>13,525</b>	<b>15,863</b>	<b>13,985</b>
<b>Net Cash Flow from/(to) Investing Activities</b>	<b>-12,948</b>	<b>-15,713</b>	<b>-12,616</b>
<b>Cash Flow from Financing Activities</b>			
<i>Receipts:</i>			
Loans raised (Net)	0	0	0
<i>Payments:</i>			
Loans repayment (Net)	-2,834	-213	-10,906
<b>Net Cash Flow from/(to) Financing Activities</b>	<b>-2,834</b>	<b>-213</b>	<b>-10,906</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>4,588</b>	<b>-1,437</b>	<b>-2,640</b>
Cash and cash equivalents at beginning of period	7,285	2,119	9,926
Cash and cash equivalents at end of period	<b>11,874</b>	<b>682</b>	<b>7,285</b>

The accompanying notes form part of these financial statements

## Annual Report Disclosure Statement for the year ending 30 June 2017

### What is the purpose of this Statement?

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

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

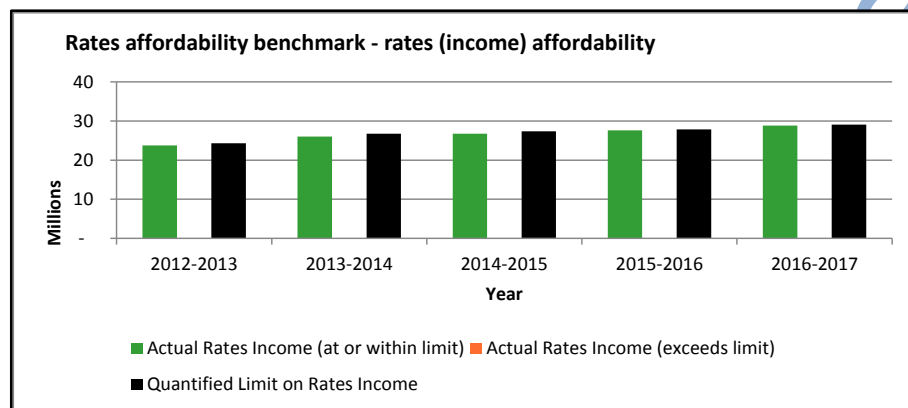
### Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

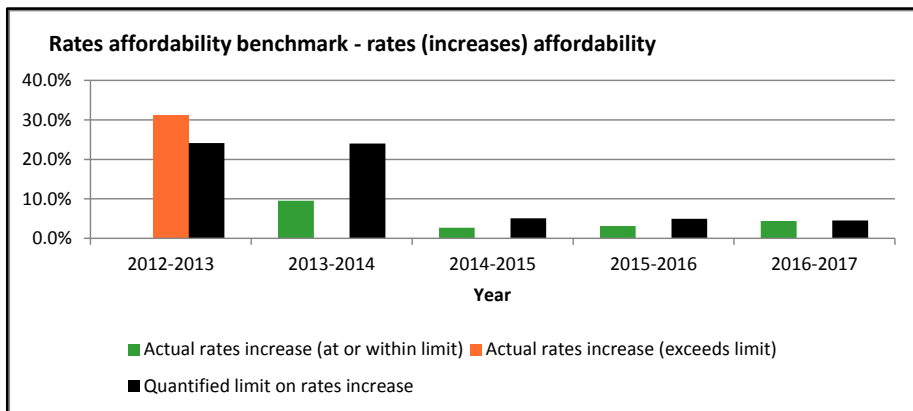
### Rates (income) affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plan. The quantified limit for 2016/2017 was set in the Long Term Plan at \$29.1 million excluding water meter billing.



Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increase included in the Financial Strategy included in the Council's Long Term Plan. The quantified limit for 2016/2017 was 4.50% above the previous year's rates excluding water meter billing.

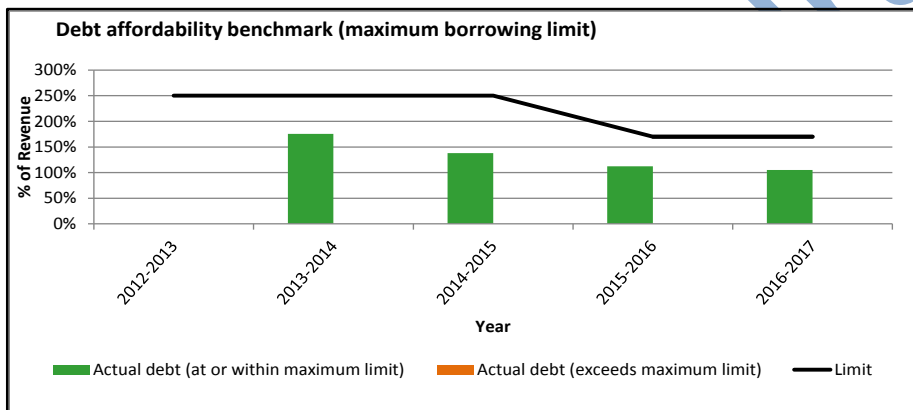


Debt affordability benchmark

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.

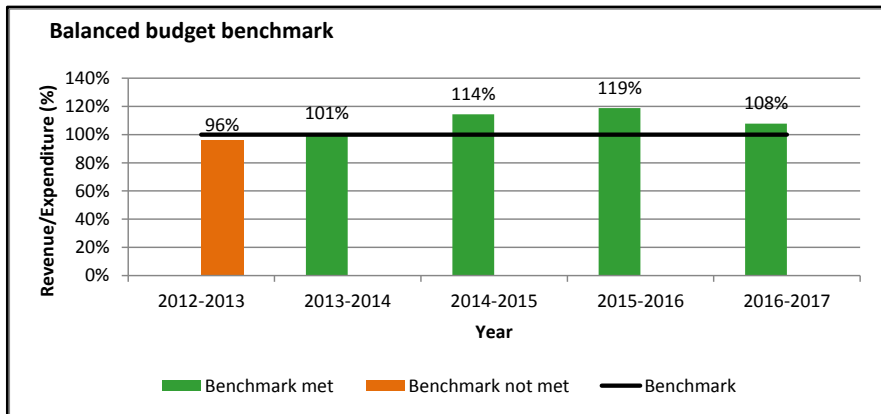
Prior to 30 June 2012, Council operated a segmented debt policy for debt associated with the Mangawhai Community Wastewater Scheme (MCWWS). There was no quantified limit and the balance of debt ("core debt") was subject to 2:1 ratio of "normal operating revenue" to debt.



**Balanced budget benchmark**

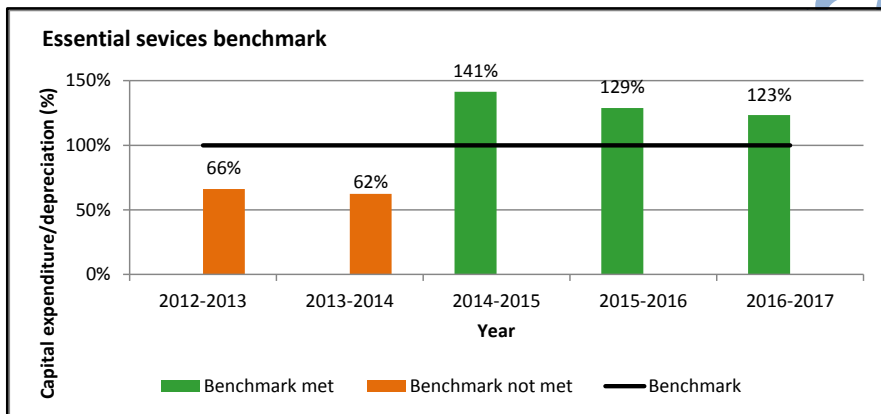
The following graph displays the Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial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

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



**Essential services benchmark**

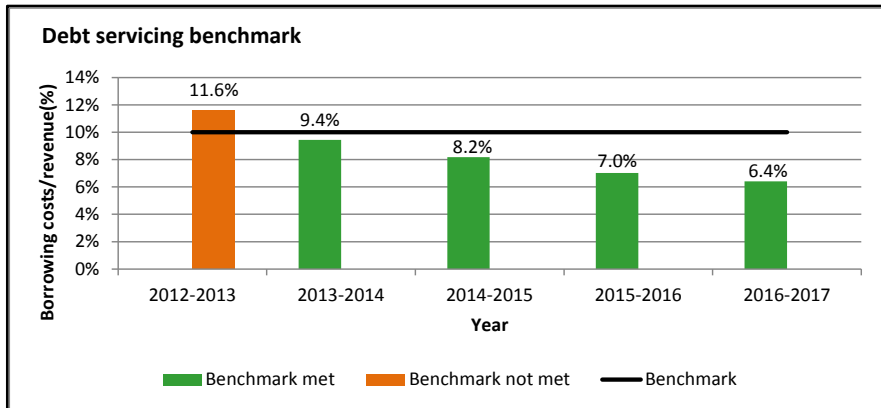
The following graph displays the Council’s capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



**Debt servicing benchmark**

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

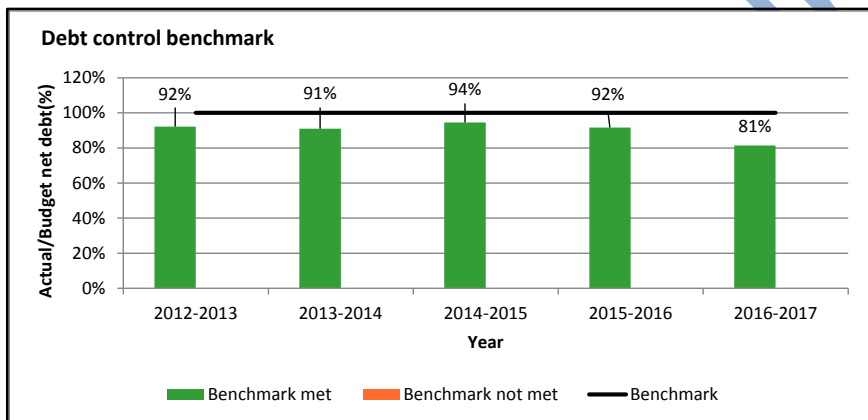
Because Statistics New Zealand projects the Council’s population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if it’s borrowing costs equal or are less than 10% of its revenue.



**Debt control benchmark**

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

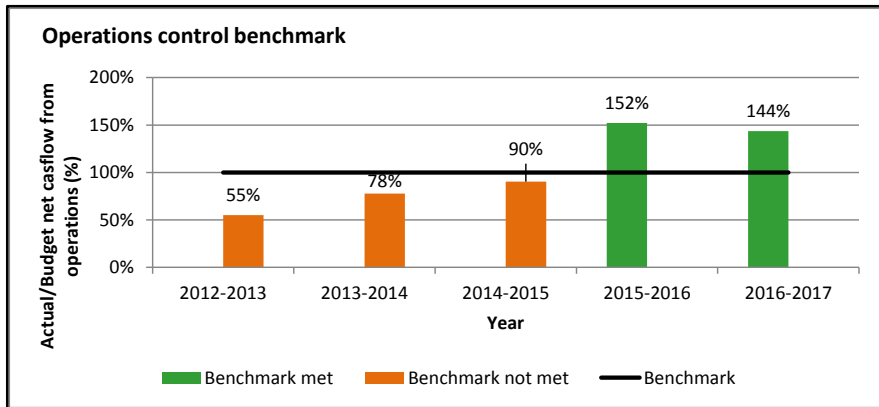
This Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



**Operations control benchmark**

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

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



All benchmarks were met in 2016/2017.

Audit draft 06/09/2017



## Notes to Financial Statements

### 1 Statement of Accounting Policies for the year ended 30 June 2017

#### 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). Council will be classified as a "Tier 1" entity.

The financial statements of Kaipara District Council are for the year ended 30 June 2017. The financial statements were authorised for issue by Council on 26 September 2017.

#### Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with Tier 1 PBE Standards.

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		Expected life years	Depreciation straight line
Roading			Water Supply	20-80	1.25%-4%
Top surface (seal)	4-20	5%-25%	Wastewater	14-80	1.25%-7%
Pavement (basecourse)			Stormwater	40-80	1.25%-2.5%
Urban sealed	40-80	1.25%-2.5%	Landfills and transfer stations	33.3	3.0%
Rural sealed	40-80	1.25%-2.5%	Halls	50	2%
Unsealed	20-60	1.67%-5%	Community housing	50	2%
Foundation and unsealed subgrade	n/a <sup>1</sup>	-	Plant, equipment and motor vehicles	5-10	10%-20%
Culverts	25-100	1%-4%	Buildings	50	2%
Kerb and channel	25-80	1.25%-4%	Building contents	10	10%
Bridges	40-100	1%-2.5%	Other plant	5	20%
Signs	12	8.3%	Computer and office equipment	5	20%
Lights	15-40	2.5%-6%	Library collection	5	20%
Footpaths	25-80	1.25%-4%			
Drainage	15-100	1%-6%			

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

**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).

<sup>1</sup>Not depreciated

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

***Superannuation schemes - defined contribution schemes***

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

***Provisions***

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a 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 44 local authority guarantors of the 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 2017, LGFA had borrowings totalling \$7.946 billion (2016: \$6.501 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 2017:

- **Classification of property**

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

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

**2 Income and Expenditure Summary****2(a) Non-exchange revenue summary**

For the year ended:	Actual	Annual Plan	Annual Report
30 June	2016-2017	2016-2017	2015-2016
	\$'000	\$'000	\$'000
<b>Non exchange revenue</b>			
Rates	32,230	32,288	31,297
Resource consents	1,359	0	1,061
Solid waste recoveries	40	0	73
Community spaces access fees	0	0	0
<b>Total Non exchange revenue</b>	<b>33,628</b>	<b>32,288</b>	<b>32,431</b>
<b>Exchange revenue</b>	<b>23,176</b>	<b>17,282</b>	<b>24,496</b>
<b>Total revenue</b>	<b>56,804</b>	<b>49,570</b>	<b>56,928</b>

**2(b) Rating base information**

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

	As at 30 June 2016	As at 30 June 2015
Number of rating units within the Kaipara District	15,298 units of which 14,437 are rateable	15,036 units of which 14,210 are rateable
Total capital value of rating units within the Kaipara District	\$6,488,928,925 of which \$6,315,056,550 is rateable	\$6,358,815,225 of which \$6,187,157,350 is rateable
Total land value of rating units within the Kaipara District	\$3,748,625,825 of which \$3,680,231,450 is rateable	\$3,715,405,125 of which \$3,648,211,350 is rateable

**2(c) Revenue summary – analysis**

For the year ended:	Actual	Annual Report
	2016-2017 \$'000	2015-2016 \$'000
30 June		
<b>Subsidies and grants</b>		
NZTA Rooding Subsidies	9,721	10,202
<b>Total Subsidies and grants</b>	<b>9,721</b>	<b>10,202</b>
<b>Investments and Other Income</b>		
Petrol tax	206	199
Gain on disposal of property, plant and equipment	115	379
Unrealised gain on forestry revaluation	65	769
Unrealised gain on investments	5,413	0
Finance income	16	28
Vested assets	261	733
Sundry income	365	120
<b>Total Investment and Other Income</b>	<b>6,441</b>	<b>2,228</b>

**2(d) Targeted rates for metered water supply**

For the year ended:	Actual	Annual Report
	2016-2017 \$'000	2015-2016 \$'000
30 June		
<b>Targeted Rates for metered water supply</b>		
Water Supply	2,744	2,936
<b>Total Targeted Rates for metered water supply</b>	<b>2,744</b>	<b>2,936</b>

The Local Government (Financial Reporting and Prudence) Regulations 2014 require, from 01 July 2015, Water by Meter charges to be classified in rating income.

**3 Cost of service summary – analysis**

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000
<b>Analysis of expenditure</b>		
Depreciation and amortisation	10,274	10,091
Swaps revaluation through revenue and expense	0	3,128
Land asset write off	634	0
Other expenses	21,333	23,210
<b>Employee benefit expenses</b>		
Salaries and wages	8,833	6,850
Increase/(Decrease) in Annual leave provision	0	-124
<b>Finance costs</b>		
Interest on loans	1,854	3,227
Interest on Local Government Stock	1,213	386
<b>Fees paid to Principal Auditor</b>		
Fees for audit of the Long Term Plan	0	0
Fees for audit of the Annual Report	194	177
Fees for other services	0	0
<b>Total expenditure</b>	<b>44,334</b>	<b>46,946</b>

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

Salaries and wages also includes employer contributions to KiwiSaver which is a Defined Contribution Plan. Employer contributions totalled 2017: \$217,827 (2016: \$162,088).

Interest on loans includes hedge costs.

**4(a) Ratepayers equity**

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000
<b>Accumulated Comprehensive Revenue and Expense</b>		
<b>Balance at 1 July</b>	370,861	362,805
plus Surplus/(deficit) for the period	12,321	9,981
<b>Transfers from Accumulated Revenue and Expense to:</b>		
Restricted reserves	83	-19
Council created reserves	8,126	8,491
<b>Total Transfers from Accumulated Comprehensive Revenue and Expense</b>	<b>8,209</b>	<b>8,473</b>
<b>Transfers to Accumulated Funds from:</b>		
Restricted reserves	430	0
Council created reserves	6,567	6,547
<b>Total Transfers to Accumulated Comprehensive Revenue and Expense</b>	<b>6,997</b>	<b>6,547</b>
<b>Closing balance as at 30 June</b>	<b>381,970</b>	<b>370,861</b>
<b>Asset Revaluation Reserves</b>		
<b>Balance at 1 July</b>	199,498	183,650
Gain/(loss) on revaluation	6,256	15,849
<b>Closing balance as at 30 June</b>	<b>205,754</b>	<b>199,499</b>
<b>Asset Revaluation Reserves</b>		
<b>Operational assets:</b>		
Land	302	302
Buildings	0	0
<b>Total Operational assets</b>	<b>302</b>	<b>302</b>
<b>Infrastructural assets:</b>		
Roads and Footpaths	174,271	174,984
Water Supply	8,494	8,494
Sewerage and the treatment and disposal of sewage	4,023	0
Stormwater Drainage	16,371	13,427
Flood Protection and control works	2,292	2,292
<b>Total Infrastructural assets</b>	<b>205,451</b>	<b>199,197</b>
<b>Total Asset Revaluation Reserves</b>	<b>205,753</b>	<b>199,499</b>

## 4(b) Statement of reserve funds activities

For the year ended:	Community Activities	Regulatory Management	Emergency Management	Flood Protection and Control Works	District Leadership	Solid Waste	The Provision of Roads and Footpaths	Sewerage and the Treatment and Disposal of Sewage	Stormwater Drainage	Water Supply	Total Reserves Funds
30 June	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017	2016-2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Council Created Reserves</b>											
<b>Depreciation Reserve</b>											
<i>Opening Balance</i>	55	0	26	29	11	0	2,052	718	190	768	3,849
Deposited	120	2	0	102	344	0	2,408	474	231	945	4,626
Withdrawn	-136	0	0	-73	-126	0	-2,408	-507	-465	-866	-4,581
<b>Closing Balance</b>	<b>39</b>	<b>2</b>	<b>26</b>	<b>58</b>	<b>229</b>	<b>0</b>	<b>2,052</b>	<b>685</b>	<b>-44</b>	<b>847</b>	<b>3,894</b>
<b>Development Contribution Reserve</b>											
<i>Opening Balance</i>	0	0	0	0	-12	0	86	-26,105	16	29	-25,987
Deposited	0	0	0	0	0	0	154	1,349	11	0	1,515
Withdrawn	0	0	0	0	0	0	-17	-800	0	0	-818
<b>Closing Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-12</b>	<b>0</b>	<b>222</b>	<b>-25,556</b>	<b>27</b>	<b>29</b>	<b>-25,290</b>
<b>Financial Contribution Reserve</b>											
<i>Opening Balance</i>	4,321	0	0	0	0	0	576	0	0	0	4,897
Deposited	1,607	0	0	0	0	0	97	0	0	0	1,706
Withdrawn	-1,169	0	0	0	0	0	0	0	0	0	-1,169
<b>Closing Balance</b>	<b>4,759</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>673</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,434</b>
<b>Provision Expenditure Reserve</b>											
<i>Opening Balance</i>	0	0	0	0	0	250	0	27	0	0	277
Deposited	0	0	0	0	0	250	0	31	0	0	281
Withdrawn	0	0	0	0	0	0	0	0	0	0	0
<b>Closing Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>0</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>558</b>
<b>Restricted Council Reserves</b>											
<b>Restricted Reserve</b>											
<i>Opening Balance</i>	0	0	0	0	5,673	0	0	0	0	0	5,673
Deposited	0	0	0	0	83	0	0	0	0	0	83
Withdrawn	0	0	0	0	-430	0	0	0	0	0	-430
<b>Closing Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,325</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,325</b>

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 Reserve**

Council funds reserved for expenditure provisioned to be spent in future years.



**5(a) Other financial assets**

Other financial assets are valued at fair value.

For the year ended:	Actual	Annual Report
30 June	2016-2017 \$'000	2015-2016 \$'000
<b>Current portion of investments</b>		
Loan	115	115
<b>Total Current financial assets</b>	<b>115</b>	<b>115</b>
<b>Non-current portion of investments</b>		
Emission Trading Scheme - NZU's	257	257
NZLG Insurance Corporation Shares	21	19
<b>Total Non-current financial assets</b>	<b>278</b>	<b>276</b>

**5(b) Emissions Trading Scheme (ETS)**

Council has 631 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 received 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

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000
<b>Trade and other receivables</b>		
Sundry debtors	800	1,755
Land rates and penalties	5,006	4,761
Water rates and charges	625	929
Dog licences and dog infringements	212	236
Prepayments	861	737
<b>Gross Trade and other receivables</b>	<b>7,503</b>	<b>8,418</b>
less Provision for impairment- Land rates	-2,146	-2,130
less Provision for impairment - Other debtors	-300	-108
<b>Total Trade and other receivables</b>	<b>5,057</b>	<b>6,180</b>

As at 30 June 2017 all overdue receivables, including rates, have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables, but does have rates recovery powers under the Local Government (Rating) Act 2002. Those powers are exercised to recover all rates other than on some Maori land with multiple owners, impairment of which is included in Council's doubtful debt provision.

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000
<b>Exchange/ Non exchange receivables</b>		
Exchange	1,495	2,439
Non exchange	3,562	3,741
<b>Total Exchange/ Non exchange Receivables</b>	<b>5,057</b>	<b>6,180</b>
<b>Movement in Impairment Provision</b>		
<b>Opening balance - Impairment provision</b>	-2,238	-2,413
Estimated (increase)/decrease in doubtful debts	-208	175
<b>Total Non-current financial assets</b>	<b>-2,446</b>	<b>-2,238</b>

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

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000
<b>Analysis of Total Trade and Other Receivables Ageing</b>		
Not past due	1,519	2,807
Past due 1-30 days	712	154
Past due 31-60 days	63	75
Past due 60 days	2,762	3,146
<b>Total trade and receivables ageing</b>	<b>5,057</b>	<b>6,180</b>

**7 Trade and other payables**

For the year ended:	Actual	Annual Report
30 June	2016-2017 \$'000	2015-2016 \$'000
<i>Trade and Other Payables</i>		
Trade creditors	2,466	1,943
Accrued expenses	3,932	3,156
Deposits held	2,091	1,992
Receipts held in advance	677	699
Income in advance	585	464
<b>Total Trade and other payables</b>	<b>9,751</b>	<b>8,254</b>

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.

**8(a) Provisions**

For the year ended:	Actual	Annual Report
30 June	2016-2017 \$'000	2015-2016 \$'000
<i>Current provisions</i>		
Landfill closure and aftercare	128	122
Building repairs	17	17
<b>Total Current provisions</b>	<b>145</b>	<b>139</b>
<i>Non-current provisions</i>		
Landfill closure and aftercare	4,666	4,570
Provision for future expenditure	130	0
<b>Total Non-current provisions</b>	<b>4,796</b>	<b>4,570</b>
<b>Total Provisions</b>	<b>4,942</b>	<b>4,709</b>

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**8(b) Provisions – movement in provisions**

	Landfill closure & aftercare	Building repair	Provision for future expenditure	Total
	\$'000	\$'000	\$'000	\$'000
<b>The movement in the provisions are represented by:</b>				
<b>2017</b>				
<i>Balance as at 1 July 2016</i>	4,692	17	0	4,709
Passage of time adjustment	299	0	0	299
Amounts used	-125	0	0	-125
Discount rate adjustment	-71	0	0	-71
Funding increase	0	0	130	130
<b>Balance at 30 June 2017</b>	<b>4,795</b>	<b>17</b>	<b>130</b>	<b>4,942</b>
<b>2016</b>				
<i>Balance as at 1 July 2015</i>	4,417	63	0	4,480
Passage of time adjustment	146	0	0	146
Amounts used	-122	-46	0	-168
Discount rate adjustment	251	0	0	251
Unused amount reversed	0	0	0	0
<b>Balance at 30 June 2016</b>	<b>4,692</b>	<b>17</b>	<b>0</b>	<b>4,709</b>

**Landfill Aftercare Provisions**

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

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

**Closure and post-closure responsibilities include the following:**

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

**Post-closure responsibilities**

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

**Provision**

The cash flows for the landfill post-closures, particularly for Hakaru, are expected to occur up to 2026. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 5.23% (2016: 5.23%).

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.

**9(a) Public debt**

For the year ended:		Actual	Annual Report
30 June		2016-2017	2015-2016
		\$'000	\$'000
<b>Opening balance</b>		64,961	75,868
add Funds raised		77,477	119,111
<b>Total Funds</b>		<b>142,438</b>	<b>194,979</b>
less Repayments		-80,311	-130,018
<b>Closing balance</b>		<b>62,127</b>	<b>64,961</b>
Current portion		17,127	6,983
Non-current portion		45,000	57,978
<b>Total Public debt</b>		<b>62,127</b>	<b>64,961</b>
<b>Balances are represented by:</b>			
Bank Loans		10,127	29,961
Local Government Funding Agency (LGFA)		52,000	35,000
Local Government Stock		0	0
		<b>62,127</b>	<b>64,961</b>

All term liabilities are secured under a Debenture Trust Deed.

For the year ended:		Maturity	Interest Rates	Actual	Annual Report
30 June				2016-2017	2015-2016
				\$'000	\$'000
<b>Maturity and Interest Rates for Public Debt</b>					
ANZ	April 2017	3.26% to 4.55%		0	6,983
ANZ	October 2017	3.55%		0	17,978
ANZ	April 2018	2.80% to 3.34%		5,127	0
BNZ	July 2018	2.61% to 3.94%		5,000	5,000
Local Government Funding Agency (LGFA)	2021 to 2023	3.09% to 3.34%		0	35,000
Local Government Funding Agency (LGFA)	2017 to 2019	2.17% to 2.45%		12,000	0
Local Government Funding Agency (LGFA)	2021 to 2025	2.60% to 2.98%		40,000	0
<b>Total</b>				<b>62,127</b>	<b>64,961</b>

**Undrawn facilities**

Undrawn facilities of \$19.9 million were available at 30 June 2017 (2016: \$18 million).

**Loan Covenant**

Council has loans that amount to \$62.13 million at 30 June 2017 (2016: \$64.96 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.

**9(b) Compliance with Liability Management Policy**

	Target	Achievement	Policy Compliance	Comment
	%	%	Y/N	
Overall Fixed: Floating Mix	60%-90%	98%	No	Out of Policy Position as at 30 June 2017. Approved by Council at meeting on 08 May 2017
Debt and Facilities/Current External Debt	110%	118%	Yes	Achieved
Net Debt as a percentage of Total Revenue	<170%	109%	Yes	Achieved
Net Interest as a percentage of Total Revenue	<15%	6%	Yes	Achieved
Net Interest as a percentage of Annual Rates Income	<20%	10%	Yes	Achieved
<b>Fixed Rate Debt Maturity Profile:</b>				
1 - 3 years	15% - 60%	29%	Yes	Achieved
3 - 5 years	15% - 60%	27%	Yes	Achieved
5 - 10 years	0% - 60%	44%	Yes	Achieved
<b>Debt Maturity Profile:</b>				
0 - 3 years	15% - 60%	48%	Yes	Achieved
3 - 5 years	15% - 60%	34%	Yes	Achieved
5 years plus	10% - 40%	18%	Yes	Achieved

## 10(a) Property, plant and equipment

	Opening Cost	Opening Accumulated Depreciation & Impairment Charges	Carrying Amount	Additions Current Year	Reclass Current Year	Net Disposals Current Year	Transfer to Assets Held for Sale	Impairments Current Year	Depreciation Current Year	Revaluation Surplus/(loss) Current Year	Closing Cost/Revaluation	Closing Accumulated Depreciation & Impairment Charges	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	1-Jul-16	1-Jul-16	1-Jul-16								30-Jun-17	30-Jun-17	30-Jun-17
<b>Property, Plant and Equipment: 2017</b>													
<i>Infrastructural assets</i>													
Roads and Footpaths	469,827	0	469,827	8,075	732	0	0	-1,175	-6,617	463	471,305	0	471,305
Stormwater Drainage	24,075	0	24,075	982	0	0	0	2,944	-434	0	27,567	0	27,567
Flood Protection and Control Works	14,031	0	14,031	120	25	0	0	0	-164	0	14,177	-164	14,012
Sewerage and the Treatment and Disposal of Sewage	53,542	-2,689	50,853	977	0	0	0	0	-1,366	7,182	57,647	0	57,647
Water Supply	28,215	0	28,215	1,162	0	0	0	0	-1,009	0	29,377	-1,009	28,368
Solid Waste	1,318	-1,194	124	0	0	0	0	0	0	0	1,318	-1,194	123
Work in Progress	826	0	826	512	-610	0	0	-123	0	0	728	-123	605
<b>Total Infrastructural assets</b>	<b>591,834</b>	<b>-3,883</b>	<b>587,951</b>	<b>11,829</b>	<b>147</b>	<b>0</b>	<b>0</b>	<b>1,646</b>	<b>-9,591</b>	<b>7,646</b>	<b>602,118</b>	<b>-2,491</b>	<b>599,627</b>
<i>Restricted assets</i>													
Reserves	18,450	0	18,450	686	-296	-634	0	0	-21	0	18,206	-21	18,184
Community Housing	2,314	-392	1,922	5	0	0	0	0	-46	0	2,320	-439	1,881
MEF Property	613	0	613	0	0	-226	0	0	0	0	387	0	387
Halls	2,108	-559	1,549	0	0	-236	0	0	-35	0	1,761	-483	1,278
<b>Total Restricted assets</b>	<b>23,485</b>	<b>-951</b>	<b>22,535</b>	<b>691</b>	<b>-296</b>	<b>-1,096</b>	<b>0</b>	<b>0</b>	<b>-103</b>	<b>0</b>	<b>22,673</b>	<b>-943</b>	<b>21,730</b>
<i>Operational assets</i>													
Land	6,738	0	6,738	146	149	0	0	0	0	0	7,034	0	7,034
Buildings	6,866	-1,448	5,417	399	0	0	0	0	-141	0	7,265	-1,590	5,675
Building Contents	1,418	-1,157	261	82	0	0	0	0	-40	0	1,500	-1,197	302
Mobile Plant (incl MV's)	979	-522	457	92	0	0	0	0	-137	0	1,070	-659	412
Static Plant	106	-106	0	0	0	0	0	0	0	0	106	-106	0
Library Books	296	-133	163	67	0	0	0	0	-66	0	363	-199	164
Office Equipment	3,641	-3,160	481	352	0	0	0	0	-194	0	3,994	-3,354	640
<b>Total Operational assets</b>	<b>20,044</b>	<b>-6,526</b>	<b>13,518</b>	<b>1,138</b>	<b>149</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-578</b>	<b>0</b>	<b>21,331</b>	<b>-7,104</b>	<b>14,227</b>
<b>Total Property, plant and equipment</b>	<b>635,363</b>	<b>-11,360</b>	<b>624,004</b>	<b>13,657</b>	<b>0</b>	<b>-1,096</b>	<b>0</b>	<b>1,646</b>	<b>-10,272</b>	<b>7,646</b>	<b>646,121</b>	<b>-10,538</b>	<b>635,584</b>



	Opening Cost	Opening Accumulated Depreciation & Impairment Charges	Carrying Amount	Additions Current Year	Reclass Current Year	Net Disposals Current Year	Transfer to Assets Held for Sale	Impairments Current Year	Depreciation Current Year	Revaluation Surplus/(loss) Current Year	Closing Cost/Revaluation	Closing Accumulated Depreciation & Impairment Charges	Carrying Amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	1-Jul-15	1-Jul-15	1-Jul-15								30-Jun-16	30-Jun-16	30-Jun-16
<b>Property, Plant and Equipment: 2016</b>													
<i>Infrastructural assets</i>													
Roads and Footpaths	456,254	0	456,254	9,099	1,692	0	0	0	-6,577	9,359	469,827	0	469,827
Stormwater Drainage	21,590	-731	20,859	191	11	0	0	0	-374	3,387	24,075	0	24,075
Flood Protection and Control Works	12,425	-205	12,220	105	17	0	0	0	-112	1,801	14,031	0	14,031
Sewerage and the Treatment and Disposal of Sewage Plant	49,154	-1,340	47,814	715	3	0	0	0	-1,349	0	49,872	-2,689	47,183
Sewerage and the Treatment and Disposal of Sewage Land	3,670	0	3,670	0	0	0	0	0	0	0	3,670	0	3,670
Water Supply	28,801	-2,263	26,538	1,394	105	0	0	0	-1,124	1,302	28,215	0	28,215
Solid Waste	1,318	-1,194	124	0	0	0	0	0	0	0	1,318	-1,194	124
Work in Progress	1,732	0	1,732	785	-1,691	0	0	0	0	0	826	0	826
<b>Total Infrastructural assets</b>	<b>574,944</b>	<b>-5,733</b>	<b>569,211</b>	<b>12,289</b>	<b>138</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,536</b>	<b>15,849</b>	<b>591,834</b>	<b>-3,883</b>	<b>587,951</b>
<i>Restricted assets</i>													
Reserves	17,647	0	17,647	807	0	-4	0	0	0	0	18,450	0	18,450
Community Housing	2,313	-346	1,967	1	0	0	0	0	-46	0	2,314	-392	1,922
MEF Property	817	0	817	0	0	-204	0	0	0	0	613	0	613
Halls	2,108	-517	1,591	0	0	0	0	0	-42	0	2,108	-559	1,549
<b>Total Restricted assets</b>	<b>22,885</b>	<b>-863</b>	<b>22,022</b>	<b>808</b>	<b>0</b>	<b>-208</b>	<b>0</b>	<b>0</b>	<b>-88</b>	<b>0</b>	<b>23,485</b>	<b>-951</b>	<b>22,535</b>
<i>Operational assets</i>													
Land	7,313	0	7,313	133	-137	-571	0	0	0	0	6,738	0	6,738
Buildings	6,467	-1,315	5,152	399	0	0	0	0	-133	0	6,866	-1,448	5,417
Building Contents	1,388	-1,122	266	33	-3	0	0	0	-35	0	1,418	-1,157	261
Mobile Plant (incl MV's)	740	-469	271	289	0	-18	0	0	-86	0	979	-522	457
Static Plant	106	-106	0	0	0	0	0	0	0	0	106	-106	0
Library Books	241	-79	162	55	0	0	0	0	-54	0	296	-133	163
Office Equipment	3,488	-3,003	485	152	1	0	0	0	-157	0	3,641	-3,160	481
<b>Total Operational assets</b>	<b>19,743</b>	<b>-6,094</b>	<b>13,649</b>	<b>1,061</b>	<b>-139</b>	<b>-589</b>	<b>0</b>	<b>0</b>	<b>-465</b>	<b>0</b>	<b>20,044</b>	<b>-6,526</b>	<b>13,518</b>
<b>Total Property, Plant and Equipment</b>	<b>617,572</b>	<b>-12,690</b>	<b>604,882</b>	<b>14,158</b>	<b>-1</b>	<b>-796</b>	<b>0</b>	<b>0</b>	<b>-10,091</b>	<b>15,849</b>	<b>635,363</b>	<b>-11,360</b>	<b>624,003</b>

Council has applied the historical cost method under PBE IPSAS for buildings and land. This does not include land associated with infrastructure assets. This land 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.

### Urban portions of the State Highway network

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

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

### Accounting for revaluations

The most recent valuations were effective as at 30 June 2017. 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)	Roads and footpaths, sewerage and the treatment and disposal of sewage and stormwater drainage impairment revaluation.
Quotable Value	Land associated with and included within sewerage and the treatment and disposal of sewage.

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 was 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. Stormwater drainage, flood protection and control works, and water supply assets were not revalued as at 30 June 2017. These will be revalued in 2017/2018.

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 Income and Expense. To minimise the risk infrastructure asset useful lives have been determined with reference to the NZ Infrastructure Asset Valuation and Depreciation Guidelines published by the NAMS Group and have been adjusted for local conditions based on past experience.

Category	Methods and key assumptions
Roading	<ul style="list-style-type: none"> <li>• Unit costs are sourced from recent contract costs. Where not available, previous valuation unit rates were updated to 30 June 2017 using an overall indicator of sector escalation developed by combining the movements of the underlying labour, other current costs and capital expenditure components.</li> <li>• 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.</li> </ul>
Sewerage and the treatment and disposal of sewage	<ul style="list-style-type: none"> <li>• 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 to 30 June 2017 using an overall indicator of sector escalation developed by combining the movements of the underlying labour, other current costs and capital expenditure components.</li> <li>• 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.</li> </ul>
Land under water	<ul style="list-style-type: none"> <li>• Land has been valued through reference to comparable sales.</li> </ul>

## 10(b) Property, plant and equipment analysis

	Closing Book Value	Acquisitions Constructed	Acquisitions Vested	Latest Estimate of Replacement Cost
	\$'000	\$'000	\$'000	\$'000
<b>Property, Plant and Equipment: 2017</b>	<b>30-Jun-17</b>	<b>30-Jun-17</b>	<b>30-Jun-17</b>	<b>30-Jun-17</b>
<i>Infrastructural assets</i>				
Roads and Footpaths	471,305	7,986	89	631,432
Stormwater Drainage	27,567	810	172	39,930
Flood Protection and Control Works	14,011	119	0	20,729
<i>Sewerage and the Treatment and Disposal of Sewage</i>				
Treatment plants and facilities	28,586	546	0	44,175
Other assets	23,623	431	0	39,795
<i>Water Supply</i>				
Treatment plants and facilities	10,030	297	0	19,313
Other assets	18,338	865	0	46,204
<b>Property, Plant and Equipment: 2016</b>	<b>30-Jun-16</b>	<b>30-Jun-16</b>	<b>30-Jun-16</b>	<b>30-Jun-16</b>
<i>Infrastructural assets</i>				
Roads and Footpaths	469,827	8,367	733	593,549
Stormwater Drainage	24,075	191	0	34,069
Flood Protection and Control Works	14,031	105	0	20,610
<i>Sewerage and the Treatment and Disposal of Sewage</i>				
Treatment plants and facilities	31,832	196	0	44,375
Other assets	19,021	519	0	30,057
<i>Water Supply</i>				
Treatment plants and facilities	10,109	135	0	19,016
Other assets	18,106	1,259	0	45,339

## 10(c) Capital expenditure (disposals) for year

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000
<i>Capital expenditure</i>		
Community Activities	1,306	996
Regulatory Management	0	0
Emergency Management	0	0
District Leadership	521	873
Solid Waste	0	0
The Provision of Roads and Footpaths	8,523	9,884
Stormwater Drainage	982	191
Flood protection and control works	186	105
Sewerage and the treatment and disposal of sewage	977	715
Water supply	1,162	1,394
<b>Total Capital expenditure</b>	<b>13,657</b>	<b>14,158</b>
<i>Disposals</i>		
Community Development	-236	0
MELA Property	-226	-204
Other	-634	-592
<b>Total Disposals</b>	<b>-1,096</b>	<b>-796</b>

**11 Depreciation summary**

For the year ended:	Actual	Annual Report
30 June	2016-2017 \$'000	2015-2016 \$'000

*by Groups of activities*

Community Activities	249	158
Regulatory Management	56	0
Emergency Management	0	3
District Leadership	375	395
Solid Waste	0	0
The Provision of Roads and Footpaths	6,617	6,576
Stormwater Drainage	434	374
Flood protection and control works	164	112
Sewerage and the treatment and disposal of sewage	1,366	1,349
Water supply	1,009	1,124
<b>Total Groups of activities depreciation</b>	<b>10,272</b>	<b>10,091</b>

**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.

		2017 \$000's	2016 \$000's
A	Total value of all assets that are covered by insurance contracts	118,734	113,942
	Maximum amount to which these assets are insured	90,536	92,711
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	539,620	530,987
	Value of any fund maintained by Council for that purpose	Nil	Nil

### 13 Biological assets

In accordance with Council's accounting policy requiring annual revaluations, Chandler Fraser and Keating (Forestry Consultants) performed an independent Desktop valuation of the forests as at 30 June 2017. 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 10.5% (2016:10.5%) for mature trees; and
- The replacement cost method for younger trees.

The movement in asset value is as follows:

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000
<b>Forestry assets movements</b>		
<b>Opening balance</b>	3,466	2,697
Annual revaluation movement	145	849
Harvesting removals	-80	-80
<b>Closing balance</b>	3,531	3,466

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

Council owns and leases nine small forest blocks of radiata pine (631 productive hectares) which are strongly biased toward young replanted strands (2-15 years) and an area of 22-24 year strands. The overall weighted average is 13.4 years.

#### Valuation assumptions

- A discount rate of 10.5% (2016: 10.5%) 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).

It is assumed beyond five years prices remain flat:

- The replacement cost methodology has been applied for the younger strands at \$1,250 per hectare to provide a 'floor value'.

#### **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 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.

Net income from forest harvesting for the year was \$nil (2016: \$nil)

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

For the year ended:	Actual	Annual Report
30 June	2016-2017 \$'000	2015-2016 \$'000
<b>Surplus/(deficit) for the period</b>		
Surplus/(deficit) for the period	12,321	9,981
<b>add/(deduct) Non-cash movements</b>		
Property, Plant and Equipment vested to Council	-261	-733
(Gain)/Loss on sale of assets	-115	-379
Forestry revaluation gain	-65	-769
Land assets write off	634	0
Work in progress written off	123	0
Asset revaluation through Profit and Loss	-3,159	0
Increase/(decrease) in Provisions	232	229
Depreciation	10,274	10,091
Unrealised (gain)/loss on interest rate swaps	-2,253	3,629
Other Financial Assets	-1	-3
<b>Total Non-cash movements</b>	<b>5,669</b>	<b>12,799</b>
<b>add/(deduct) Movements in working capital Items</b>		
Trade and other receivables	1,124	1,027
Accrued Revenue	-80	-803
Employee Entitlements	102	-33
Trade and other payables (net of capital accruals)	1,497	-1,356
<b>Total Movement in working capital Items</b>	<b>2,641</b>	<b>-1,165</b>
<b>Net Cash Inflow from Operating Activities</b>	<b>20,371</b>	<b>20,882</b>

Note

#### 15 Capital commitments and operating leases

For the year ended:	Actual	Annual Report
30 June	2016-2017 \$'000	2015-2016 \$'000
<b>Capital commitments</b>		
Property, Plant and Equipment	522	180
<b>Total Capital commitments</b>	<b>522</b>	<b>180</b>
<b>Operational non-cancellable contracts</b>		
Not later than one year	9,719	11,677
Later than one year and not later than five years	3,692	6,457
Later than five years	239	252
<b>Total Operational non-cancellable contracts</b>	<b>13,651</b>	<b>18,386</b>
<b>Operating leases as lessee</b>		
Not later than one year	86	172
Later than one year and not later than five years	20	92
<b>Total Operating leases as lessee</b>	<b>106</b>	<b>265</b>
<b>Operating leases as lessor</b>		
Not later than one year	39	78
Later than one year and not later than five years	90	72
Later than five years	31	45
<b>Total Operating leases as lessor</b>	<b>160</b>	<b>195</b>

The operating leases are in relation to Council properties.



**16 Contingent liabilities**

For the year ended:	Actual	Annual Report
30 June	2016-2017 \$'000	2015-2016 \$'000
<i>Contingent Liabilities</i>		
Guarantees to other organisations	903	1,003
<b>Total Contingent Liabilities</b>	<b>903</b>	<b>1,003</b>

**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 44 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 2017, LGFA had borrowings totalling \$7.946 billion (2016: \$6.501 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 30 June 2017 was \$147,509.

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.

#### **MRRA and RB & HE Rogan (CIV-2015-488-95)**

The Court's final decision in these proceedings has been received. None of the grounds of challenge against KDC were upheld. The Court also recently ruled against the Northland Regional Council (NRC) on relief and the implications of this ruling are now being considered by NRC. Council does not consider this to be a material issue for Kaipara District Council.

Judgment has not yet been received in the proceeding, RB and HE Rogan v KDC and NRC (CIV-2015-288-182), being an appeal by the ratepayers of a decision from the District Court awarding judgment to the KDC and NRC for unpaid rates. This proceeding was heard in May 2016 and reheard in May 2017. The Court indicated at that time that it would deliver its judgment at the same time as delivering the final judgment in the judicial review proceedings. The decision has not been released at this date. It is not possible to quantify liability at this time but in respect of Mr and Mrs Rogan as the only ratepayers in the proceeding, Council has assessed the risk and does not consider this to be a material issue.

#### **Building weathertightness claims**

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

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

#### **Other legal claims**

In addition to the weathertightness building defect claims, there are a small number of potential legal claims against Council as at 30 June 2017. All seek compensation related to resource consents, property damage, contractual disputes, or other aspects of Council's operations which the claimants believe have caused them loss. Council will vigorously defend all claims and expects its actual liability to be minimal, if indeed there is any liability at all.

**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. Council has no knowledge of any further calls.

**Earthquake risk to buildings**

Council is required, under the Building Act 2004 to have an earthquake prone buildings policy. Under this policy Council is required to assess whether there is any risk to buildings in the Kaipara district. At this point Council has only just begun the task of evaluating buildings to determine if they may be earthquake prone. The former 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.

## 17 Statutory disclosures and remuneration and related party transactions

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000
<b>Chief Executive Remuneration:</b>		
<b>Outgoing Acting Chief Executive</b>		
Salary	74,247	221,386
Lump sum payment	0	0
Vehicle	0	15,000
Other Benefits	2,770	7,092
<b>Total Outgoing Acting Chief Executive Remuneration</b>	<b>77,016</b>	<b>243,478</b>
<b>Chief Executive</b>		
Salary	259,615	0
Lump sum payment	0	0
Vehicle	0	0
Other Benefits	7,788	0
<b>Total Chief Executive Remuneration</b>	<b>267,404</b>	<b>0</b>
<b>Commissioners Remuneration:</b> (ceased 14 Oct 2016)		
<b>Chairperson of Commissioners:</b>		
John Robertson	66,303	209,389
<b>Commissioners:</b>		
Richard Booth	15,615	52,083
Peter Winder	22,348	48,289
<b>Total Commissioners Remuneration</b>	<b>104,266</b>	<b>309,761</b>

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000
<b>Elected Representatives Remuneration:</b> (commencement 15 Oct 2016)		
<b>Mayor:</b>		
Greg Gent	63,105	0
<b>Deputy Mayor:</b>		
Peter Wethey	38,743	0
<b>Councillors:</b>		
Libby Jones	18,765	0
Jonathan Larsen	18,824	0
Karen Joyce-Paki	18,396	0
Andrew Wade	21,484	0
Anna Curnow	22,915	0
Victoria Del La Varis-Woodcock	18,949	0
Julie Geange	21,484	0
	<b>242,665</b>	<b>0</b>
<b>Crown Observer Remunerations:</b>		
Barry Harris	4,830	0
	<b>4,830</b>	<b>0</b>

Key management personnel included the Chief Executive, senior management, a team of three Commissioners and the Mayor and Councillors who replaced the Commissioners after the October 2016 elections. 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, Commissioners and senior management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates etcetera).

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

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016

**Council Employees remuneration:***Annual remuneration by band:*

\$0 - \$60,000	43	48
\$60,000 - \$80,000	38	28
\$80,000 - \$100,000	14	9
\$100,000 - \$120,000	10	11
\$120,000 - \$140,000	3	5
\$140,000 - \$160,000	3	0
\$160,000 - \$200,000	3	3
\$200,000 - \$300,000	1	1

**Total Employees by remuneration band** **115** **105**

*Number of Employees:*

Full time employees	105	95
Part time employees (FTE)	6.0	5.9

**Total Employees (FTE)** **111.0** **100.9**

Severance Payments to Employees	15,000	0
Redundancy Payments to Employees	0	0
Number of Employees	1	0

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016

**Key management personnel compensation**

Salaries and other short term employee benefits	1,634	1,456
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**Total Key management personnel compensation** **1,634** **1,456**

## 18 Categories of financial assets and liabilities

For the year ended:	Actual	Annual Report
30 June	2016-2017 \$'000	2015-2016 \$'000
<b>Loans and Receivables</b>		
Cash and cash equivalents	11,874	7,285
Trade and other receivables	5,057	6,180
LGFA Borrower notes	688	560
Emission Trading Scheme - NZU's	257	257
Loan	115	115
<b>Total Loans and Receivables</b>	<b>17,991</b>	<b>14,398</b>
<b>Financial assets:</b>		
<b>Fair value through revenue and expense</b>		
NZLG Insurance Corporation Shares	21	19
<b>Total Fair value through revenue and expense</b>	<b>21</b>	<b>19</b>
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	9,751	8,254
Public debt	62,127	64,961
<b>Total Financial liabilities measured at amortised cost</b>	<b>71,878</b>	<b>73,216</b>
<b>Financial liabilities measured at fair value through revenue and expense</b>		
Interest rate swaps	4,196	6,448
<b>Total Financial liabilities at fair value through revenue and expense</b>	<b>4,196</b>	<b>6,448</b>

## Fair Value Hierarchy

	Actual 2016-2017 \$'000	Level 2016-2017
Interest rate swaps	4,196	Level 2
NZLG Insurance Corporation Shares	21	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 (2017: \$86 million, 2016 :\$91 million). Included in these totals are forward start interest rate swaps with notional principal of \$29 million (2016: \$34 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.

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000

Council's maximum credit exposure by class	Note	Actual	Annual Report
		2016-2017	2015-2016
		\$'000	\$'000
Cash and cash equivalents		11,874	7,285
Trade and other receivables	6	5,057	6,180
LGFA Borrower notes		688	560
Loan		115	115
<b>Total Council's maximum credit exposure by class</b>		<b>17,734</b>	<b>14,141</b>

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:

For the year ended:	Actual	Annual Report
30 June	2016-2017	2015-2016
	\$'000	\$'000

#### Counterparties with Credit Ratings

Cash and cash equivalents  
and LGFA borrower notes:

AA	0	0
AA-	12,562	7,845
<b>Total cash and cash equivalents and LGFA borrower notes</b>	<b>12,562</b>	<b>7,845</b>



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.

### 18(c) Contractual maturity of financial liabilities

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

		Principal Carrying Amount \$'000	Contractual Cash Flows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>Maturity analysis Financial liabilities</b>							
<i>Council 2017</i>							
Trade and Other Payables	7	9,751	9,751	9,751	0	0	0
Public Debt	9a	62,127	67,651	18,635	8,094	27,448	13,474
<b>Total Council 2016</b>		<b>71,878</b>	<b>77,402</b>	<b>28,386</b>	<b>8,094</b>	<b>27,448</b>	<b>13,474</b>
<i>Council 2016</i>							
Trade and Other Payables	7	8,254	8,254	8,254	0	0	0
Public Debt	9a	64,961	72,382	9,094	19,480	33,222	10,586
<b>Total Council 2015</b>		<b>73,216</b>	<b>80,636</b>	<b>17,348</b>	<b>19,480</b>	<b>33,222</b>	<b>10,586</b>

**Note:** Contractual cash flows includes principal and interest.

**18(d) Contractual maturity of derivative financial assets and liabilities**

	Notional Value \$'000	Fair Value \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>Maturity analysis - Council 2017</b>						
<i>Derivative financial liabilities</i>						
Interest rate swaps	86,000	4,196	208	342	1,135	2,511
<b>Total Derivative financial liabilities</b>	<b>86,000</b>	<b>4,196</b>	<b>208</b>	<b>342</b>	<b>1,135</b>	<b>2,511</b>
<b>Maturity analysis - Council 2016</b>						
<i>Derivative financial liabilities</i>						
Interest rate swaps	91,000	6,448	18	569	963	4,898
<b>Total Derivative financial liabilities</b>	<b>91,000</b>	<b>6,448</b>	<b>18</b>	<b>569</b>	<b>963</b>	<b>4,898</b>

The fair value of forward start interest rate swaps is \$1.68 million (2016: \$1.66 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.

In meeting its liquidity requirements, Council maintains a target level of investments that must mature within the next 12 months. Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy.

**18(e) 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.

	Actual 2016-2017 \$'000 -100bps Profit	Actual 2016-2017 \$'000 -100bps Equity	Actual 2016-2017 \$'000 +100bps Profit	Actual 2016-2017 \$'000 +100bps Equity	Actual 2015-2016 \$'000 -100bps Profit	Actual 2015-2016 \$'000 -100bps Equity	Actual 2015-2016 \$'000 +100bps Profit	Actual 2015-2016 \$'000 +100bps Equity
<b>Interest rate risk</b>								
<b>Financial assets</b>								
Cash and deposits	-119	-119	119	119	-73	-73	73	73
<b>Total financial assets</b>	<b>-119</b>	<b>-119</b>	<b>119</b>	<b>119</b>	<b>-73</b>	<b>-73</b>	<b>73</b>	<b>73</b>
<b>Financial liabilities</b>								
Public debt	51	51	-51	-51	30	30	-30	-30
<b>Total financial liabilities</b>	<b>-68</b>	<b>-68</b>	<b>68</b>	<b>68</b>	<b>-43</b>	<b>-43</b>	<b>43</b>	<b>43</b>
<b>Total sensitivity to interest rate risk</b>	<b>-68</b>	<b>-68</b>	<b>68</b>	<b>68</b>	<b>-43</b>	<b>-43</b>	<b>43</b>	<b>43</b>

**19 Capital management**

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

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

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

The Local Government Act 2002 requires 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 01 August 2009. The total financial commitment during those 10 years, excluding the annual inflation adjustments which apply to the contract, is approximately \$9.3 million spread fairly evenly by year. The \$9.3 million is the present value, and includes a quantum of asset renewal expenditure being provided by, and paid for, by Trility Pty Ltd.

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.

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

The service arrangement is reflected in these annual accounts only to the extent of the \$1,104,643 booked as wastewater operating expenses for 2016/2017 (2016: \$1,092,895).



**Part Three – Groups of Activity  
Statements**

## How to read this section

### What we do

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

### Why we do it

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

### What we did this year

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

### What levels of service we agreed to provide

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

A number of these performance measures are based on the Key Research Report which was completed in June 2017. The survey was conducted via telephone interviews with 400 respondents. This survey is intended to give an indication of residents' satisfaction with Council services.

### Significant negative effects

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

### Operating expenditure and revenue

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

## Community Activities

### What we do

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

#### *Community housing*

Council owns 56 residential units in Dargaville, Ruawai and Mangawhai which are all externally managed. Tenants need to be over the age of 55 and meet certain criteria, including the capability of living independently.

#### *Open spaces*

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

Council has two campgrounds at Kai Iwi Lakes that it owns and operates, three that are leased out to commercial operators and five that are community-run.

#### *Community assistance*

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

#### *Libraries*

Council operates the Dargaville Library. This is the only Council library within Kaipara. There are a further four volunteer community libraries which operate independently, with financial support from Contracts for Service.

All libraries share a catalogue and collection.

## Why we do it

Reserves and parks are held and managed by Council in trust for the benefit and enjoyment of the public. They contribute significantly to the quality of life in the district, the health of the community and the sense of place for local residents. Some functions within this activity are discretionary. However, there is significant community support for many of the functions and most are listed in the Local Government Act 2002 as core services for a Council.

## What we did this year

### *Community assistance*

The Community Assistance Policy was applied as usual this year. Council has also agreed to pay for half of the insurance of the eleven community halls that were handed back from Council to the community. Last year's total amount was approximately \$20,000. This is also paid for out of the grants budget.

### **Operational Grants**

There were twelve applicants for Operational Grants approved in April 2017, totaling \$36,566.73. The funds were allocated in May 2017.

<b>Organisation</b>	<b>Amount</b>
Northland Chamber of Commerce	\$5,000.00
Poua Landcare	\$6,000.00
Northern Wairoa Maori, Maritime and Pioneer Museum	\$5,994.28
Maungaturoto Library	\$519.80
Dargaville and Districts Citizen's Advice Bureau	\$5,000.00
Northern Wairoa A&P Association	\$2,000.00
Christmas in the Gardens	\$500.00
Mountains to Sea Conservation Trust	\$4,200.00
Creative Northland	\$2,000.00
Mangawhai Museum and Historical Society	\$2,197.65



Organisation	Amount
Mangawhai Activity Zone Charitable Trust	\$525.00
Kumarani Productions	\$2,630.00

### Contracts for Service

There were four applicants for Contracts for Service approved in June 2016 and funds were allocated in July 2016, totaling \$9,115.33. This assistance was considered and agreed as part of the Annual Plan Process for 2016/2017.

Organisation	Amount
North Kaipara Maori Wardens Association	\$3,000.00 per annum for three years – Dargaville Library
North Kaipara Maori Wardens Association	\$3,000.00 per annum for three years – Taha Awa Garden
Environmental Education Sustainability Trust	\$1,465.33 for a one year period
Progressive Paparoa and Paparoa Lions Club	\$1,650.00 per annum for three years

### Capital Grants

There were four applicants for Capital Grants approved in June 2016 and funds were allocated in July 2016, totaling \$26,980. This assistance was considered and agreed as part of the Annual Plan Process for 2016/2017.

Organisation	Amount
Maungaturoto Recreational Society	\$10,000.00
Avoca Tangowahine Public Hall	\$4,000.00
Taipuha Hall Society	\$5,980.00
Kelly's Bay Improvement Society	\$7,000.00

**Mangawhai Endowment Lands Account (MELA) Grants**

Applications for funds from MELA were also considered and agreed by the MELA Committee, made up of three Otamatea Councillors and two appointed members from the Mangawhai Community.

Organisation	Amount
Friends of Mangawhai Community Park	\$15,000
Mangawhai Activity Zone Charitable Trust	\$35,000
Mangawhai Football Club	\$20,000
Mangawhai Harbour Restoration Society	\$20,000
Mangawhai Harbour Water Quality Advisory Panel	\$9,528.71
Mangawhai Heads Volunteer Lifeguard Service	\$7,525
Mangawhai Library Hall	\$15,502.75
Mangawhai Recreational Charitable Trust	\$13,800
Mangawhai Riparian Planting Group	\$13,220.98
Mangawhai Tennis Club	\$9,000
New Zealand Fairy Tern Charitable Trust	\$20,000
<b>Total</b>	<b>\$178,577.44</b>

**Open spaces**

Good progress was made on delivering the capital projects with the exception of Mangawhai Heads to campground project which was delayed while the Mangawhai Community Plan was developed. Tinopai playground was also delayed while community consultation was undertaken to confirm the site. The source of all the funding for the majority of capital projects is reserve contributions. Reserve contributions are collected from property development, under provisions in the Resource Management Act and Kaipara District Plan for investment in open space enhancements and must be used for that purpose.

We continued to implement the Public Toilet Strategy with:

- an upgrade to Kellys Bay toilet;
- an upgrade of the Tinopai toilet and Tinopai Hall wastewater system;
- connection of Alamar Crescent, Mangawhai, toilets to Council's wastewater system; and
- improvements to the Kaiwaka toilets so that they could cope with the very high level of use they get being along State Highway 1.

We also commissioned murals on toilets at Alamar Crescent and Mangawhai Activity Zone (MAZ).

A range of smaller park improvements were made around the district that included:

- shade sails at Kelly's Bay and Pahi playgrounds;
- new park signs;
- bollards to restrict vehicles at Memorial Park (Dargaville) and Robert Street (Mangawhai);
- upgraded pathway through Gordon Street (Dargaville) accessway; and
- new cemetery berms Mt Wesley (Dargaville).

Council and NZTA both adopted the Kaiwaka Improvement Plan. A plan to make it easier for pedestrians to move around town safely and to slow traffic. In line with this a number of improvements were made including a playground upgrade, walkway linking McLean Park (northern rest area) to the township together with an underpass and amenity improvements such as screening of the wastewater pump station.

Council adopted the Dargaville Placemaking Plan which included the concept of continuing the Northern Wairoa River path to improve the connection with the river. The first stage of this path from the wharf to band rotunda was completed.

Council has three parks that are now co-governed:

- Pou Tu Te Rangi Harding Park – Heritage Park with Te Uri o Hau;
- Taharoa Domain with Te Roroa and Te Kuihi; and
- Mangawhai Community Park with members of the community.

The development of these reserves is now progressing well as the governance committees get up to speed with what is required to implement their respective Reserve Management Plans (RMPs).

At Kai Iwi Lakes (Taharoa Domain), Council is now implementing the newly adopted RMP. For the 2016/2017 year again over 10,000 plants, eco-sourced from within the Domain, were planted as well as continuation with the pest plant removal programme. This includes removal of acacia, wattle, wilding pines and aerial spraying of pampas. Council purchased the former Kai Iwi Lakes Water Ski Club building which has been rebranded as Lake Waikare Events Centre. To support community use of Lake Waikare new signs, picnic tables and a swimming pontoon were installed. The tracks upgrade programme continued with the stretch from Promenade Point towards Pine Beach the main focus.

Again good progress was made on delivering the Pou Tu Te Rangi Harding Park RMP. Weed control on the areas cleared last year continued and in the autumn over 7,000 native plants were planted. New pedestrian links to Old Golf Course Road and Park Road were built to improve access to the Park and to link with the walkways developed last year. The main entrance to the Park has had a facelift with the new Park branded signs, new picket fence, more weed tree removal and in-fill planting of the specimen trees.

Mangawhai Community Park development continued as the master plan is being implemented. The focus is developing the Pioneer Heritage Village near the Museum. During the year the Old Library, School and Post Office were transferred to the site to join the Old Church. Volunteers are actively engaged in this project to develop a range of buildings available for community use.

Council continued to support the Kauri Coast Community Pool Trust with an annual grant and swim numbers were 23,677, almost 20% up on the previous year.

### ***Community housing***

The units are usually fully occupied although there has been regular turnover, mainly due to residents requiring additional health services. The units have been refurbished on a case-by-case basis, between tenancies. The Dargaville Community Development Board Inc. manages the community houses in Dargaville and Ruawai under a Contract for Service.

### **Libraries**

Dargaville Library and our four community libraries have been working together well this year with all volunteers commenting on the benefits of weekly visits from Dargaville Library staff. All libraries have been addressing growth and increasing digital services. In consortia with Whangarei and Far North libraries BorrowBox by Bolinda has been added to our E-books and E-audio offering. We have also partnered with Whangarei, Far North and NorthTec libraries to offer Zinio digital magazines. Working together has brought the cost down considerably and given our readers a much larger range of material than we could afford ourselves. Our free Wi-Fi continues to be popular with both locals and tourists. We now provide Wi-Fi at Mangawhai, Kaiwaka and Maungaturoto libraries.

We recognise that many customers being referred to the library computers did not have the skills to use them. We partnered with the 20/20 Trust and the Te Roroa Learning Centre to offer free computer training in Dargaville and Maungaturoto. We are currently running 10 week courses in both centres during school terms.

We run popular school holiday programmes in Dargaville and are trialling them in the community libraries. We also work with the local schools to promote our summer and winter reading programmes aimed at increasing literacy in the region.

We offer training for students using our digital services. We have worked with two schools so far and have plans to help two more in the coming months.

We are working on an investigation to present to Council regarding Dargaville Library being relocated to a more suitable space.

The contribution of this activity to community outcomes is as follows:

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

## Community Activities – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017	2016-2017	2015-2016	30 June	2016-2017	2016-2017	2015-2016
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
<b>Operating funding</b>				<b>Capital funding</b>			
<b>Sources of operating funding</b>				<b>Sources of capital funding</b>			
General rates, uniform annual general charges, rate penalties	3,492	3,492	3,373	Subsidies and grants for capital expenditure	0	0	0
Targeted rates	284	282	282	Development and financial contributions	1,607	500	500
Subsidies and grants for operating purposes	48	50	50	Increase (decrease) in debt	0	6	-933
Fees and charges	1,074	753	1,139	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	298	298	337	Lump sum contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	Other dedicated capital funding	0	0	0
				<b>Total sources of capital funding</b>	<b>1,607</b>	<b>506</b>	<b>-433</b>
<b>Total operating funding</b>	<b>5,196</b>	<b>4,875</b>	<b>5,180</b>	<b>Applications of capital funding</b>			
<b>Application of operating funding</b>				Capital expenditure - to meet additional demand	50	230	0
Payments to staff and suppliers	3,938	3,773	3,881	Capital expenditure - to improve the level of service	1,120	815	846
Finance costs	62	62	75	Capital expenditure - to replace existing assets	136	313	340
Internal charges and overheads applied	755	755	850	Increase (decrease) in reserves	742	-566	-1,244
Other operating funding applications	0	0	0	Increase (decrease) of investments	0	0	0
				<b>Total applications of capital funding</b>	<b>2,048</b>	<b>791</b>	<b>-59</b>
<b>Total applications of operating funding</b>	<b>4,755</b>	<b>4,590</b>	<b>4,806</b>	<b>Surplus (deficit) of capital funding</b>			
<b>Surplus (deficit) of operating funding</b>	<b>441</b>	<b>285</b>	<b>374</b>		<b>-441</b>	<b>-285</b>	<b>-375</b>
				<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Financial comment:

- Higher fees received due to increased patronage at Kai Iwi Lakes Campground. This also increased the associated costs.
- Financial contributions are well ahead of plan due to high levels of activity.
- Capital expenditure is close to budget with an increased programme to utilise the financial contributions.

## Community Activities – Performance Measures

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Community Halls</b> <i>Provision: Publicly available hall in every urban settlement with a resident population exceeding 1,000.</i> <b>Measured by:</b>				
Annual count.	A public hall is available in Dargaville, Mangawhai Village and Mangawhai Heads	A public hall is available in Dargaville, Mangawhai Village and Mangawhai Heads	A public hall is available in Dargaville, Mangawhai Village and Mangawhai Heads	Achieved
<b>Community Housing</b> <i>Quality: Affordability To provide housing suitable for members of the community who have difficulty providing it themselves</i> <b>Measured by:</b>				
Annual Tenant Survey - percentage of tenants satisfied with standard of accommodation and services.	95%	Not formally measured	76%	Not achieved Analysis required to determine reasons behind the low level of satisfaction.
Annual Tenant Survey - percentage of tenants who rate Council response to request for service as excellent/good.	90%	Not formally measured	80%	Not achieved Analysis required to determine reasons behind the low level of satisfaction.
Net cost to ratepayers for Council's Community Housing services.	Zero	\$22,000	Zero	Achieved
Annual occupancy rate.	90%	98%	98%	Achieved

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
Compliance with the Memorandum of Understanding with Housing New Zealand for the management (not necessarily by Council) of Dargaville, Ruawai and Mangawhai Community Housing.	100%	100%	100%	Achieved
<b>Reserves and Open Space</b> <i>Open Space, linkages and facilities: To provide and enhance open spaces, linkages and facilities to promote community well-being and enjoyment.</i> <b>Measured by:</b>				
Percentage of residents who are very/fairly satisfied with their local parks and sports fields.	85%	84%	86%	Achieved
Percentage of residents who are very/fairly satisfied with their public conveniences.	65%	72%	79%	Achieved
User satisfaction with cleanliness and lack of litter and graffiti.	70%	70%	69%	Not achieved Achieving this target can be challenging as the level of graffiti, although low compared with other councils, is still unacceptable to the public.
Parks Maintenance Contract measures are met.	Achieved	Achieved	Achieved	Achieved
An active sports park within a 40 minute drive of all residents (not all belonging to Council) with toilet and changing facilities.	Achieved	Not achieved	Not achieved	Not achieved The delay in Sportsville (Dargaville) build, which includes changing rooms, means this measure is not met.



Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
Coastal access and esplanade reserves in urban areas already developed or zoned for residential development in the District Plan, with car parking areas.	Achieved	Not achieved	Achieved	Car parking areas were improved at Baylys Beach and Wood Street, Kainui Street, Pearson Street (Mangawhai).
A local purpose reserve within 15 minute walk of residents in urban areas already developed or zoned for residential development in the District Plan.	Achieved	Not formally measured	Achieved	98% of residents within urban areas are within a 15 minute walk of a local purpose reserve.
A public toilet in shopping areas servicing an urban population over 2,000.	Achieved	Achieved	Achieved	Achieved
<b>Community Assistance</b> <i>Implementing the Community Assistance Policy including Grants, Contracts for Service, Licence to Occupy and the Mangawhai Endowment Lands Account.</i> <b>Measured by:</b>				
Contract for Service, Operational and Capital Grants, Mangawhai Endowment Lands Account applications called for and processed within timeframes.	Achieved	Achieved	Achieved	Achieved
<b>Libraries</b> <i>Accessibility: To provide accessible library services to the residents of Kaipara.</i> <b>Measured by:</b>				
Percentage of householders that have used the district's libraries in the past 12 months.	60%	24%	40%	Not achieved The question asked in the survey differs from the measure. The survey asked if they used Dargaville Library rather than the district's libraries.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<i>Quality: To provide a range of quality resources and material relevant to the residents of Kaipara.</i>				
<b>Measured by:</b>				
Percentage of library users who are very/fairly satisfied with the Kaipara district's library services.	81%	90%	91%	Achieved
To comply with Library and Information Association of New Zealand Aotearoa (LIANZA) guidelines for populations of 5,000 or more the Public Library in Dargaville is open for 43 hours per week including Saturdays.	Achieved	Achieved	Achieved	Achieved

#### Community Activities – Significant Negative Effects

- Negative effects in the Open Space activity can include effects from such matters as traffic generation, parking congestion and noise from formal and informal activities. District-wide, most negative impacts are seasonal or limited to short time periods and are associated with holiday recreational activities, events or sporting codes.
- Sometimes when Council takes a step in providing support it can create an expectation of ongoing assistance; dependency can be created. This is the opposite of what Council seeks to achieve; resilient, vibrant, sustainable communities albeit supported strategically by Council.
- There is an uneven level of library services provided throughout the region with the only public library in Dargaville and the rest managed by volunteers.

## Regulatory Management

### What we do

Council delivers:

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

Council is an accredited Building Control Authority and, as part of this, intends to continually improve consent processing times, quality assurance systems and address the backlog of outstanding Code Compliance Certificates (CCC).

### Why we do it

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

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

## What we did this year

### ***Building control services***

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

### ***Resource management***

The RMA Consents Team has now brought all services, including development engineering, in-house. They continue to use consultants and contractors to help with processing consents, which have increased by 33% on the previous financial year. Involvement in PIM checks for building consents and comments on LIM reports has also increased as interest in the property market in Kaipara continues to grow at a high level. There has been a significant increase in subdivision activity including the finalising of subdivisions consented in the last 10 years. Proactive monitoring of resource consent conditions is ongoing, but restricted by limited staff resources and other workload priorities of the Monitoring Officer and RMA staff.

### ***Animal management***

Reg the Dog allows online registration and payment of dog fees. Customers continue to enjoy the ease of registration and service excellence.

The animal management and out of hours contract was carried out by Environment Northland Limited (ENL) during 2015/2016. The contract was put out to tender during the 2016 year and awarded to Armourguard. The service transition to Armourguard was from 12 September 2016 for a three year period and to date has proven most successful.

### ***Environmental health/alcohol licensing***

Full implementation of the Sale and Supply of Alcohol Act 2012 has progressed well, however the demands will be fully realised once the in-house service has been in operation for the year 2016/2017. The implementation of the new Food Act 2014 has begun, however the full cost of this will not occur until 2018 as premises transition to Food Control Plans. The Northland District Health Board's one year contract for 2015/2016 ceased on 30 June 2016. From 01 July 2016 the services of Environmental Health Officers and Alcohol Licensing Inspectors were undertaken by in-house appointments.

## The contribution of this activity to community outcomes

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

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## Regulatory Management – Financial Impact Statements – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017	2016-2017	2015-2016	30 June	2016-2017	2016-2017	2015-2016
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
<b>Operating funding</b>				<b>Capital funding</b>			
<b>Sources of operating funding</b>				<b>Sources of capital funding</b>			
General rates, uniform annual general charges, rate penalties	857	857	470	Subsidies and grants for capital expenditure	0	0	0
Targeted rates	0	0	0	Development and financial contributions	0	0	0
Subsidies and grants for operating purposes	0	0	0	Increase (decrease) in debt	0	0	0
Fees and charges	3,618	2,893	2,487	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	623	623	569	Lump sum contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	7	5	0	Other dedicated capital funding	0	0	0
<b>Total operating funding</b>	<b>5,105</b>	<b>4,378</b>	<b>3,527</b>	<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Application of operating funding</b>				<b>Applications of capital funding</b>			
Payments to staff and suppliers	3,789	3,369	2,607	Capital expenditure - to meet additional demand	0	0	0
Finance costs	0	0	0	Capital expenditure - to improve the level of service	0	0	0
Internal charges and overheads applied	1,007	1,007	920	Capital expenditure - to replace existing assets	0	0	0
Other operating funding applications	0	0	0	Increase (decrease) in reserves	309	2	0
<b>Total applications of operating funding</b>	<b>4,795</b>	<b>4,376</b>	<b>3,527</b>	Increase (decrease) of investments	0	0	0
<b>Surplus (deficit) of operating funding</b>	<b>310</b>	<b>2</b>	<b>0</b>	<b>Total applications of capital funding</b>	<b>309</b>	<b>2</b>	<b>0</b>
				<b>Surplus (deficit) of capital funding</b>	<b>-309</b>	<b>-2</b>	<b>0</b>
				<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Financial comment

- Total fees and charges and payments to staff and suppliers are both above budget due to the ongoing high levels of activity in the district.

## Regulatory Management – Performance Measures

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Building Control Inspections, Compliance and Enforcement</b> <i>Customer Benefits: Ensure effective response to customer enquiries about building standards.</i> <b>Measured by:</b>				
Percentage of customers who rate Request for Service responses as excellent/good.	85%	85%	80%	Not achieved Building control volumes have been high this year with economic growth in the east, and key vacancies have been difficult to fill.
<b>Responsiveness: To process applications in accordance with statutory timeframes.</b> <b>Measured by:</b>				
Percentage of Building Consents (BC) processed within 19 working days.	95%	99.77%	98%	Achieved
Percentage of Project Information Memoranda (PIM) processed within 19 working days.	95%	99.49%	99%	Achieved
Percentage of Code Compliance Certificates (CCC) issued within 20 working days.	100%	99.33%	100%	Achieved
<b>Quality: Monitoring of Building Consent applications and inspections to ensure projects comply with New Zealand Building Code.</b> <b>Measured by:</b>				
Advise building owners/occupiers of the expiry date of their Warrant of Fitness one month before the expiry date.	95%	85%	95%	Achieved

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
All new buildings in the Kaipara district for which Building Consent has been issued comply with the NZ Building Code (includes approval of building plan, as well as confirmation that the resulting building matches the approved plans).	97%	100%	100%	Achieved
Buildings under construction inspected to ensure that code compliance is achieved.	80%	100%	100%	Achieved
Illegal activity/unauthorised work complaints investigated within three working days.	92%	100%	90%	Not achieved Result close to target and looking to improve in this current year.
<b>Resource Consents, Monitoring and Enforcement</b>				
<i>Customer Benefits: Ensure effective response to customer enquiries about District Plan/Resource Consent requirements.</i>				
<b>Measured by:</b>				
Percentage of customers who rate Request for Service responses as excellent/good.	85%	77%	84%	Not achieved This result is slightly under the target, however is a good improvement from 77% in 2016. The department continues to work on process improvements to assist the customer experience.
<i>Responsiveness: To process applications in accordance with statutory timeframes</i>				
<b>Measured by:</b>				
Percentage of non-notified Resource Consents processed within 18 working days.	95%	93%	95%	Achieved



Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
Percentage of Resource Consents notified by Council that is subject to objections/appeals against consent conditions.	1%	Nil	2.5%	Not achieved Due to the higher complexities of consents resulting in more objections and appeals.
Percentage of Land Information Memoranda (LIM) processed within 10 working days.	100%	100%	100%	Achieved 621 LIMs were processed during the year with the average processed in 8 days.
<b>Quality:</b> Resolving of complaints concerning breaches of conditions of resource consent and other non-compliance with the District Plan.				
<b>Measured by:</b>				
Percentage of complaints concerning breaches of Resource Consent conditions relating to earthworks and/or sediment control that are resolved to ensure compliance within 5 working days.	95%	100%	100%	Achieved
Percentage of complaints regarding unconsented works and non-compliance with the District Plan and Resource Consent investigated within 5 working days.	90%	100%	100%	Achieved
Percentage of all new granted Resource Consents are audited each year to ensure they comply with relevant conditions.	15%	64%	75%	Achieved Result reported is the percentage of Resource Consents that have received an inspection as a result of monitoring follow up.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Environmental Health</b>				
<i>Health and Safety Customer Service: Regulate commercial operations to protect public health.</i>				
<b>Measured by:</b>				
Percentage of food premises inspected at least once per year.	100%	100%	100%	Achieved
Percentage of alcohol premises inspected at least once per year.	100%	100%	76%	Not achieved This result is under the target, however since bringing the function in-house the department continues to work on process improvements.
<b>Reliability: Respond to environmental health issues in the interest of protecting public health.</b>				
<b>Measured by:</b>				
Percentage of customers who rate Requests for Service responses as excellent/good.	85%	38%	81%	Not achieved Since bringing the environmental health team in-house a significant improvement of 43% has been made.
<b>Animal Management</b>				
<i>Reliability: Respond to animal management issues.</i>				
<b>Measured by</b>				
Percentage of priority response times being met.	86%	94%	100%	Achieved
Percentage of customers who rate Request for Service responses as excellent/good.	85%	44%	48%	Not achieved The new contractor has been fully meeting their obligations with regards to response times, however the public perception survey resulted in a 48% delivery.

**Regulatory Management – Significant Negative Effects**

- Compliance costs to complete subdivisions can be significant before the developer receives the subdivision title.
- The recent accumulative effect of increased subdivisional and construction activity, perceived by the community on the environment, can have an adverse effect i.e. economic growth too quick.
- New changes to and emerging legislation has had significant effects on resourcing adequate staff numbers. It is anticipated that we are very close to a full complement so as to cope with these strains.
- The BCA and RMA process improvements have resulted in an increase in perception from developers/customers that compliance and a higher level of consent information is required resulting in elevated costs.

Audit draft 06/09/2017

## Emergency Management

### What we do

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

### Why we do it

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

### What we did this year

#### *Civil defence*

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

The development of a Community Response Plan for civil defence purposes for Dargaville has been completed. Community Response Plans are already in place for Ruawai, Matakohe, Paparoa, Maungaturoto, Kaiwaka, Tinopai and Mangawhai. Five of these areas have local plans published on <http://www.nrc.govt.nz/civildefence/Community-Response-Plans>

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

#### *Rural fire*

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

It was a relatively quiet fire season. All fires were fought successfully and none resulted in claims against the National Rural Fire Fund.

During the year Council worked with the Fire and Emergency New Zealand (FENZ) transition team to ensure that a smooth transition of Council's rural fire responsibilities and obligations occurred at the formal establishment of FENZ at midnight on 30 June 2017.

**The contribution of this activity to community outcomes**

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

## Emergency Management – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000	30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000
<b>Operating funding</b>				<b>Capital funding</b>			
<b>Sources of operating funding</b>				<b>Sources of capital funding</b>			
General rates, uniform annual general charges, rate penalties Targeted rates	183	183	212	Subsidies and grants for capital expenditure	0	115	115
Subsidies and grants for operating purposes	0	0	0	Development and financial contributions	0	0	0
Fees and charges	3	118	118	Increase (decrease) in debt	0	0	0
Internal charges and overheads recovered	0	0	0	Gross proceeds from sale of assets	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	Lump sum contributions	0	0	0
				Other dedicated capital funding	0	0	0
<b>Total operating funding</b>	<b>186</b>	<b>302</b>	<b>330</b>	<b>Total sources of capital funding</b>	<b>0</b>	<b>115</b>	<b>115</b>
<b>Application of operating funding</b>				<b>Applications of capital funding</b>			
Payments to staff and suppliers	229	260	285	Capital expenditure - to meet additional demand	0	0	0
Finance costs	0	0	0	Capital expenditure - to improve the level of service	0	0	0
Internal charges and overheads applied	42	42	46	Capital expenditure - to replace existing assets	0	153	153
Other operating funding applications	0	0	0	Increase (decrease) in reserves	-85	-38	-38
<b>Total applications of operating funding</b>	<b>270</b>	<b>302</b>	<b>331</b>	Increase (decrease) of investments	0	0	0
<b>Surplus (deficit) of operating funding</b>	<b>-85</b>	<b>0</b>	<b>0</b>	<b>Total applications of capital funding</b>	<b>-85</b>	<b>115</b>	<b>115</b>
				<b>Surplus (deficit) of capital funding</b>	<b>85</b>	<b>0</b>	<b>0</b>
				<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Financial comment:

- Fees and charges and capital expenditure are both below budget reflecting the non-replacement of a fire engine.

**Emergency Management – Performance Measures**

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Civil Defence</b>				
<i>Reliability: To build a resilient and safer Kaipara District and communities understanding and managing their hazards and risks.</i>				
<b>Measured by:</b>				
Number of Civil Defence training exercises conducted per annum.	1	1	1	Achieved Exercise Tangaroa was completed during late August and September.
Time taken to activate the Emergency Operations Centre after the notification of a local Civil Defence emergency.	<1 hour	Not formally measured	Not formally measured	No event occurred that required activation of the Emergency Operations Centre.
Three yearly updating and reviewing of Kaipara Community Response Plans. Plans will be displayed on Regional Council's website and a link from Kaipara.	4 plans updated and reviewed per year	4	4	Achieved New plan for Tinopai and reviews of three others including at Mangawhai.
<b>Rural Fire</b>				
<i>Health and Safety: To protect life and property from rural fires with trained personnel within the Kaipara District Rural Fire Authority Area.</i>				
<b>Measured by:</b>				
Percentage of fire fighters who meet the National Rural Fire Authority Training Standards.	80%	100%	100%	Achieved All volunteers were trained to the appropriate standards.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Health and Safety:</b> Fire safe behaviour and practices through public education and rural fire co-ordination.				
<b>Measured by:</b>				
The number of public awareness campaigns run each year.	At least one campaign per year	One campaign was held	One campaign was held	Achieved One campaign was held during Summer 2016/2017.

#### Emergency Management – Significant Negative Effects

- Extinguishing rural fires may require the use of water chemical suppressants resulting in damage to the environment, ground and air pollution. This is mitigated through limiting the use of suppressants to essential requirements and compliance with National Rural Fire Authority standards.
- Fire sirens and warning systems result in noise pollution. The use of sirens will be limited to testing and emergency requirements. Preferential use of alternative technologies, such as telecommunications, will be investigated and applied where applicable.
- Damage to the natural environment such as broken vegetation and spoilt beaches may occur during emergency response and recovery activities for example, providing access to 'at risk' people, property and infrastructure, disposal of slip and flood material and restoration of hazard protection structures and lifelines. Activities will be limited, where possible, to the protection of life and property.



## Flood Protection and Control Works

### What we do

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

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

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

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

- Maintains floodgates; and
- Monitors floodbank settlement rates.

### Why we do it

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

### What we did this year

#### *Raupo Drainage District*

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

This year saw the replacement of Floodgate N°38 which was identified through condition assessment as needing to be replaced. Floodgate N°1 had remedial repairs on the floodgate with replacement of two wingwalls. Floodgate N°39 saw replacement of three wing walls.

The Raupo Drainage Committee met quarterly.

#### **Other Drainage Districts**

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

- Weed spraying; and
- Drain cleaning.

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

#### **The contribution of this activity to community outcomes**

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

## Flood Protection and Control Works – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000

**Operating funding****Sources of operating funding**

General rates, uniform annual general charges, rate penalties	14	14	14
Targeted rates	626	623	601
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
<b>Total operating funding</b>	<b>654</b>	<b>650</b>	<b>628</b>

**Application of operating funding**

Payments to staff and suppliers	355	339	405
Finance costs	0	0	0
Internal charges and overheads applied	59	59	63
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>414</b>	<b>397</b>	<b>468</b>
<b>Surplus (deficit) of operating funding</b>	<b>241</b>	<b>253</b>	<b>159</b>

**Financial comment:**

- Lower capital expenditure relates to floodgates not able to be completed in the year.

For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000

**Capital funding****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
<b>Total sources of capital funding</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Applications of capital funding**

Capital expenditure - to meet additional demand	0	0	0
Capital expenditure - to improve the level of service	0	170	0
Capital expenditure - to replace existing assets	185	434	0
Increase (decrease) in reserves	56	-351	159
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding</b>	<b>241</b>	<b>253</b>	<b>159</b>

**Surplus (deficit) of capital funding**

<b>Surplus (deficit) of capital funding</b>	<b>-241</b>	<b>-253</b>	<b>-159</b>
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**Funding Balance**

<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>
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## Flood Protection and Control Works – Performance Measures

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Reliability:</b> Monitor drainage of rivers and streams. Ensure minimal flood risk and coastal erosion to the community.				
<b>Measured by:</b>				
The number of schemes maintained to their full service potential.	100% of schemes maintained to ensure that they provide protection to the agreed standard and the scheme assets are maintained as established in the adopted Asset Management Plans	100%	100%	Achieved All schemes worked well in a winter with an above average rainfall.
Non-performance of drainage network due to poor monitoring or maintenance causing an inability to contain a 1 in 5 year flood as measured by public feedback i.e. service requests that result in additional cleaning to drains needed.	< 5 service requests	0	0	Achieved Network is managed so that it stays in relatively good condition and is able to cope when put under pressure.
Council inspection of drainage network to ensure that a 1 in 5 year flood is contained by the network.	Twice yearly inspections	Minimum yearly inspections and targeted maintenance completed	Minimum yearly inspections and targeted maintenance completed	Not achieved Lack of resourcing meant that in some schemes inspection only occurred once this financial year.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
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	Minimum yearly inspections and targeted maintenance completed	Minimum yearly inspections and targeted maintenance completed	Achieved Inspections completed and debris removal and minor spall placement undertaken this year.

#### Flood Protection and Control Works – Significant Negative Effects

- A lack of drainage networks or a lack of maintenance on the existing network could result in increased flooding of farming and cropping communities in low-lying land near rivers, streams and canals.
- The frequency of significant storm events and rainfall intensities are expected to increase steadily along with sea levels in the future.

## District Leadership

### What we do

#### *Governance*

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

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

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

#### *Community planning*

There continues to be population growth in the eastern areas, while other communities experience a static population growth.

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

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

#### *Corporate planning*

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

### Why we do it

This activity is largely driven by statutory requirements. Council is required to work in compliance with multiple Acts of Parliament including:

- Local Government Act 2002;
- Local Government (Rating) Act 2002;

- Resource Management Act 2007;
- Reserves Act 1977;
- Local Government Official Information and Meetings and Act 1987;
- Public Records Act 2005;
- Local Authorities (Members' Interests) Act 1968; and
- Kaipara District Council (Validation of Rates and Other Matters) Act 2013.

### **What we did this year**

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

#### ***Governance***

This year saw the term of office for the Government-appointed Commissioners come to an end, and an elected Council was returned in October 2016. Councillors have spent time on induction materials and establishing a new Governance framework.

In addition the Government appointed a Crown Manager to deal with historic legal cases and a Crown Observer to support the new Council.

#### ***Community planning***

Council has:

- Held community planning meetings to support partnerships and facilitate community-led projects in Paparoa, Maungaturoto, Ruawai, Dargaville, Kaiwaka, Tinopai and Te Kopuru;
- Implemented the Kaiwaka Township Improvement Plan and Dargaville Placemaking Plan which have been the focus in partnership with these communities;
- Started preliminary research into a community plan for Dargaville and this is likely to be presented to Council in 2018;
- Through a Community Advisory Panel, worked on a Draft Mangawhai Community Plan, in readiness for community feedback. The Mangawhai Community Plan is a Council response to the growth issues in Mangawhai and seeks to align the Long Term Plan with the provisions of the District Plan. Changes to the District Plan are anticipated following the community engagement;
- Continued with a Kaipara District Plan Change (#4) to reduce the water storage requirements for firefighting, with the preparation of the hearing report;

- Completed a Kaipara District Plan Private Plan Change (#3) for a parcel of land in Mangawhai to be rezoned Commercial from Residential;
- Adopted the Easter Sunday Shop Trading Policy; and
- Adopted the Kai Iwi Lakes (Taharoa Domain) Reserve Management Plan 2016. Implementation has begun at the Domain, including a multi-agency working group to monitor the endangered Dune Lake Galaxia.

### **Corporate planning**

The Annual Report 2015/2016 was adopted in September 2016, a month early. Preparation for this Annual Report also commenced in the latter half of the 2016/2017 financial year.

The Annual Plan 2017/2018 was adopted on 26 June 2017. The Plan was prepared under the provisions of the Local Government Act which require the use of the same year for the Long Term Plan 2015/2025 as a reference point. The final Plan was a streamlined version of previous annual plans. Prior to adoption of the Plan, community feedback was sought using a Consultation Document prepared for that purpose.

A comprehensive business improvement programme is continuing including business-wide customer service training. Significant investment in the IT system has improved reliability and capacity at all the sites from which we operate.

Capital expenditure for this activity related to vehicles, information systems and Council buildings.

The contribution of this activity to community outcomes

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



## District Leadership – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000

## Operating funding

## Sources of operating funding

General rates, uniform annual general charges, rate penalties	4,987	4,928	4,065
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	26	0
Fees and charges	310	159	65
Internal charges and overheads recovered	5,220	5,220	5,147
Local authorities fuel tax, fines, infringement fees and other receipts	695	298	351

**Total operating funding** **11,212** **10,631** **9,628**

## Application of operating funding

Payments to staff and suppliers	9,268	10,195	8,916
Finance costs	-427	-54	-152
Internal charges and overheads applied	219	219	219
Other operating funding applications	0	0	0

**Total applications of operating funding** **9,060** **10,361** **8,983**

**Surplus (deficit) of operating funding** **2,151** **271** **645**

## Financial comment:

- Payments to staff and suppliers are below budget due to lower professional services costs.
- Finance costs show as a negative expense which is actually income. The value is higher due to lower overall costs incurred with lower debt levels during the year.
- Decrease in debt reflects the additional debt retired during the year.

For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000

## Capital funding

## Sources of capital funding

Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-2,834	236	-338
Gross proceeds from sale of assets	577	150	150
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0

**Total sources of capital funding** **-2,257** **386** **-188**

## Applications of capital funding

Capital expenditure - to meet additional demand	28	0	0
Capital expenditure - to improve the level of service	359	401	227
Capital expenditure - to replace existing assets	126	241	230
Increase (decrease) in reserves	-619	15	0
Increase (decrease) of investments	0	0	0

**Total applications of capital funding** **-105** **657** **457**

**Surplus (deficit) of capital funding** **-2,152** **-271** **-645**

**Funding Balance** **0** **0** **0**

**District Leadership – Performance Measures**

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Governance</b> <i>Compliance with legal requirements (as stipulated in the Local Government Act 2002 and Local Government Official Information and Meetings Act 1978) around formal meetings of Council and its Committees.</i>				
<b>Measured by:</b>				
Meetings of Council and Committees are correctly convened and legislatively compliant.	All	All	All	Achieved
<i>Elected Members/Commissioners are provided with detailed, accurate and relevant information.</i>				
<b>Measured by:</b>				
Comprehensive reporting to Council and Committee meetings uses approved systems and processes.	All	All	All	Achieved
Commissioners/Elected Members are satisfied with the level of support and service provided by officers.	Increasing trend	100%	Not achieved	Not achieved Elected Members feedback was that the question was too non-specific to get a meaningful outcome. The questions will look to be improved in the next Long Term Plan.
Percentage of residents that are very/fairly satisfied with how rates are spent on services and facilities provided by Council.	65%	43%	44%	Not achieved Slight improvement but a lot more to be done. It is envisaged that an elected Council with close community links will assist this.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<i>That the Elected Members/Commissioners identify and respond to external risks to reduce or mitigate effects on the community.</i>				
<b>Measured by:</b>				
Percentage of residents that are very/fairly satisfied with the way Council involves the public in decision-making.	37%	40%	56%	Achieved
<i>A proactive programme to develop good relationships with the community and mana whenua.</i>				
<b>Measured by:</b>				
Of those residents which have a view, the percentage of residents and non-resident ratepayers who have some level of confidence in the Council to make plans for the future that are in the best interests of the District.	Increasing trend	46%	51%	Achieved
Percentage of residents who rate the performance of Commissioners/Elected Members as very good/fairly good.	47%	60%	68%	Achieved
That the Mana Whenua Forum meets regularly.	4 times per year	2 times during the year	Once during 2016/2017	Not achieved Given the election of a new Council in October 2016, the Mana Whenua Forum did not meet until the Annual Plan meeting in late March 2017.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<i>The transition from Commissioners back to Elected Members is successful.</i>				
<b>Measured by:</b>				
Committees' Governance Structures are reviewed and adopted by a new Council.	Yes	Not measured	Achieved	Achieved New structure was approved in November 2016.
Good levels of participation in elections.	Over 45%	Not measured	48%	Achieved Above the national average.
<i>Processes established and maintained that provide opportunities for Maori to participate in decision-making (Section 81 LGA 2002).</i>				
<b>Measured by:</b>				
Iwi Relationship Plan is developed and used.	Mana Whenua forum meets 4 times a year	Achieved	Achieved	Not achieved Given the election of a new Council in October 2016, the Mana Whenua Forum did not meet until the Annual Plan meeting in late March 2017.
Participation in Iwi Chief Executive's Forum.	Chief Executive attends at least 2 meetings per year	Achieved	Achieved	Achieved
Maori Staff Advisory Group.	Meets 4 times per year	Achieved	Achieved	Achieved
<b>Community Planning</b>				
<i>Community Action Plans produced to build community trust in Council.</i>				
<b>Measured by:</b>				
Number of Community Planning meetings held and Community Action Plans developed.	4 per year	4	7	Achieved

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<p><i>All statutory required plans and documents are produced in accordance with legislative processes and requirements e.g. District Plan, Reserve Management Plans, Gambling Policy.</i></p> <p><b>Measured by:</b></p>				
District Plan: Percentage of Building Consents that do not require a Resource Consent.	40%	28%	39%	Not achieved Once the Fire Rule Plan Change (#4) is completed, it is expected that fewer Building Consents will require a land use Resource Consent.
Reserve Management Plans for all reserves in the District.	40%	0%	20%	Not achieved Progress is being made on developing an omnibus Reserve Management Plan which groups reserves based on their use or character. Due to resourcing further progress will be limited until the end of the 2017 calendar year. Progress to date is approximately 20%.
<p><i>Community Development Fund distributed through Community Planning, recorded, reported and within budget.</i></p> <p><b>Measured by:</b></p>				
Percentage of Community Development Fund distributed.	100%	100%	100%	Achieved

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Corporate Planning</b> <i>Legal compliance of all statutory plans in accordance with the Local Government, with unqualified audit opinions</i>				
<b>Measured by:</b>				
Council has adopted Long Term Plan/Annual Plan at 30 June of each year.	Achieved	Achieved	Achieved	Achieved
Organisation has a Business Plan to implement Annual Plan/Long Term Plan by October each year.	Achieved	Achieved	Achieved	Achieved
Council is a 'going concern'.	Council has an adopted Annual Report at 31 October of each year with a clean audit report.	Achieved	Achieved	Achieved

#### District Leadership – Significant Negative Effects

- Delays in amending and updating the District Plan affect the Plan's effective implementation and can result in a Plan that is not current and responsive.
- By its very nature, future planning needs to balance the desires of some citizens with the desires of the wider community. This often takes the form of influencing or controlling development activity so that the development of a property does not unreasonably distract from the quality of life of their neighbours or the wider community. In other cases development can impose unacceptable costs on community facilities and infrastructure, or on the environment.
- Growth, if not carefully managed, can have significant negative effects on the district's community, environment, economy and cultural well-being. The aim is to enable growth to take place while successfully managing its impacts.

## Solid Waste

### What we do

Solid waste activities include:

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

The aims and objectives of the solid waste activity are outlined in the Refuse Asset Management Plan for the district.

### Why we do it

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

The statutory requirements are defined in the following Acts:

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

## What we did this year

Private operators are responsible for all waste collection, recycling and disposal services for Council.

An investigation of options for the cost-effective management and disposal of the Hakaru Closed Landfill leachate is nearing completion. It is expected that a final option for future leachate treatment will be approved by Council with physical works to commence in the 2017/2018 construction season.

Resource consent has been granted for the illegal closed landfill on Bickerstaffe Road, Maungaturoto. Physical works are required to cap and remedy the site which is expected to commence in the 2017/2018 construction season. Good progress is also being made with gaining consent for the Dargaville Closed Landfill and it is expected that this will be granted in the 2017/2018 financial year.

A Contract for Service was granted to Love Kaipara to assist in running a programme to increase public awareness around recycling. Funding received from the Waste Minimisation Levy is used for this. Refuse cages and troublesome collection points at Tangowahine, Waihue, Omamari and Aranga were removed and kerbside collections extended in these areas. The removal of these cages and sites has seen a decrease in illegal bags and other rubbish being left at these sites.

The closure of a major private recycling and scrap metal dealer in Dargaville has resulted in a significant increase of recycling and scrap metal being taken to the Dargaville Transfer Station. Additional upgrades have been completed which included the installation of a bottle bay and relocation of recycling area.

The Waste Management and Minimisation Plan (WMMP) was reviewed and approved by Council for public submissions. Four submissions were received with one person wanting to be heard. The hearing is expected to take place early in September 2017 with the WMMP expected to be adopted at the October 2017 Council meeting.

The 2014 Solid Waste Asset Management Plan has been reviewed and budgets for the Long Term Plan 2018/2028 were completed as part of this process.

## What was not completed this year

As previously reported solid waste data has not been imputed into BizeAssets. Options are being investigated for storing this data and will be included in the Long Term Plan 2018/2028. In the interim an excel database has been completed and is maintained with regards to active consents and requirements.

### The contribution of this activity to community outcomes

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



## Solid Waste – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000

## Operating funding

## Sources of operating funding

General rates, uniform annual general charges, rate penalties	828	828	1,003
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	42	79	64
Internal charges and overheads recovered	0	552	509
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0

**Total operating funding** **870** **1,459** **1,576**

## Application of operating funding

Payments to staff and suppliers	700	1,021	1,140
Finance costs	25	25	29
Internal charges and overheads applied	264	130	126
Other operating funding applications	0	0	0

**Total applications of operating funding** **988** **1,176** **1,296**

**Surplus (deficit) of operating funding** **-119** **283** **280**

## Financial comments:

- Payments to staff and suppliers are below budget due to a change to cost allocations with the introduction of the roading Northland Transportation Alliance. Costs have been charged directly to roading.
- Internal charges overall are above budget due to introduction of the roading Northland Transportation Alliance.

For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000

## Capital funding

## 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	-33	-31
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding</b>	<b>0</b>	<b>-33</b>	<b>-31</b>

## Applications 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	-119	250	250
Increase (decrease) of investments	0	0	0

**Total applications of capital funding** **-119** **250** **250**

**Surplus (deficit) of capital funding** **119** **-283** **-281**

**Funding Balance** **0** **0** **0**

## Solid Waste – Performance Measures

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Reliability:</b> To provide regular community kerbside collections.				
<b>Measured by:</b>				
Percentage of residents who are satisfied with rubbish collection measured by the number of complaints received per calendar year regarding collection as a percentage of the total service requests.	73% satisfied	99.5%	99%	Achieved 53 requests received in 2016/2017. (188 in total including illegal dumping) from a total of 13,966.
<b>To ensure that closed landfill activities meet legislative compliance.</b>				
<b>Measured by:</b>				
Percentage of compliance with our Resource Consents.	100%	100%	92%	Not achieved NRC has notified Council that one of the consented closed landfills has exceeded consent limits for some heavy metals. The notification indicates that this was not causing significant environmental effects, however Council is investigating possible causes and solutions to this issue.
<b>To encourage recycling and reduction of waste to landfill.</b>				
<b>Measured by:</b>				
Reduction in amount of waste to landfill from recycling activities with a percentage drop from year to year being a total of 3% less in three years.  <b>NB:</b> Baseline measurement for recycling in 2014 is 530 tonnes of recycling diverted from landfill.	1% less than previous year	17%	21%	Achieved 21% for 2016/2017 period and 25.9% for the fourth quarter. A total of 6,039 tonnes of rubbish was taken to transfer stations from which 1,263 tonnes was diverted from landfill.  Recycling rates have continued to rise throughout the year.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
				<b>Note</b> that while the percentage for 2015/2016 has been corrected due to an error in data calculation (i.e. m <sup>3</sup> was calculated as tonnes) was the same, there was no reporting from Northland Waste so overall landfill and recycling data was not accurate. There has now been improved data collection and data is much more accurate.
Percentage of residents who are very/fairly satisfied with recycling collection in the annual Communitrak Survey.	52%	59%	59%	Achieved Results were higher in the Dargaville and West Coast Central Ward (70 and 63% respectively) than Otamatea Ward (49%)

### Solid Waste – Significant Negative Effects

- Should the solid waste activity not be conducted correctly, this can result in odours, pests and loose refuse from uncollected rubbish.
- Leachate production is a significant negative effect of the solid waste activity which can pollute the natural environment if left unmanaged.
- Kaipara has a dispersed population and the significant negative effect of the solid waste activity in rural areas is household rubbish not being placed in approved collection bags (referred to as illegal dumping). Where possible this is mitigated by the enforcement of appropriate bylaws and issuing of infringement notices.
- Risk that with the upgrading and extension of collection points that illegal dumping is happening/shifting to more remote areas of Kaipara district.
- Discovery and cost to remedy historic landfills or illegal dumping.

## The provision of Roads and Footpaths

### What we do

Council's Roads and Footpaths network consists of 1,573km of mainly rural roads and includes the following assets (excludes State Highways):

- 448km sealed roads (28.5%);
- 1,127km unsealed roads (71.5%);
- 139km roadside drainage;
- 13,985 drainage structures;
- 88km of footpaths;
- 351 bridge assets;
- 7,845 signs; and
- 1,168 streetlights.

Council's Roads and Footpaths activity consists of:

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

## Why we do it

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

## What we did this year

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

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

Description of project	Stage	Budget from Annual Plan	Progress description
Bridges and structures	In Progress	\$403,267	A lack of tender submissions has meant two of these projects being carried forward to the 2017/2018 year.
Emergency works and preventative maintenance	In Progress	\$167,250	Baldrock and Tara Roads carried out under minor improvements. Cyclones Debbie and Cook storm event slips have had initial investigations completed with detailed design underway for Mangawhai Road slips.
Footpaths and berms	Completed	\$60,000	Completed under minor improvements.
Drainage renewals	Completed	\$109,852	All works were carried out and further funds were requested.
Minor improvements	In Progress	\$3,411,578	Kaiwaka-Mangawhai Road seal widening and Mt Wesley Coast Road were re-evaluated, reprioritised and deferred. Paparoa-Oakleigh Road corner easing safety audits were completed with work deferred to the 2017/2018 year. Waihue Road slump was also deferred to 2017/2018. Pukehuia Road/John Wilson Road intersection was not economically viable to complete however line marking was carried out. Turkey Flat Road/Tatarariki Spur Road intersection did not have supporting data to justify NZTA funding.
Sealed pavement rehabilitation	In Progress	\$2,591,695	Waihue Road deferred to 2017/2018 year. Oneriri Road reprioritised until 2026/2027.
Sealed resurfacing	Completed	\$1,164,253	Completed to budget.

Description of project	Stage	Budget from Annual Plan	Progress description
Unsealed heavy road re-metalling various sites	Completed	\$2,068,000	Budget spent and projects reprioritised with some projects brought forward due to changes in harvesting of forests. Ford, Maropiu, Mititai, Tokatoka, Tramline Roads not high priority.
Community programmes and road safety	Completed	\$125,000	Completed under budget.
Infrastructure - unsubsidised	In Progress	\$330,000	Black Swamp Road completed and Settlement Road investigation and design completed with physical works to be carried out in the 2017/2018 year.
Traffic services	78% completed	\$189,572	Was highlighted and forecasted lower.
<b>Total</b>		<b>\$10,620,467</b>	

The NTA was formally started 01 July 2016 and also with that the start-up of the Kaipara District Council (KDC) roading business unit. The start-up has been embraced by the enthusiastic newly appointed team who are seconded to form part of the Northland-wide shared services business unit. It has been a learning curve for the internal unit as well as the wider KDC organisation. With the successful completion of the first year of the NTA, the benefits of system improvements and collaboration are true to the spirit of the initial objective of setting up the NTA.

The updating of the Roding Asset Management Plan (AMP) has been brought in-house for development. The focus of the new AMP is the incorporation of the One Network Road Categories (ONRC) as well as the investment assessment framework and achieving closer alignment between the three Northland councils in the asset management areas.

With regards to the operations and renewals budget, expenditure was 2.7% below Council's initial budget. The overall NZTA budget was under expended by 6.7%. Contributing to the under expenditure was the re-evaluation and reprioritisation of projects and the slip damage received as a consequence of the two cyclones Debbie and Cook, with an additional 23 emergency slips requiring the deferment of planned projects.

The blended aggregate trial continued through the 2016/2017 year. A final report is expected shortly which may lead to a new maintenance specification for unsealed roads as well as proactive maintenance and improvement in knowledge of material sources to ultimately reduce costs and optimise levels of service.

## The contribution of this activity to community outcomes

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

## The Provision of Roads and Footpaths – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017	2016-2017	2015-2016	30 June	2016-2017	2016-2017	2015-2016
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
<b>Operating funding</b>				<b>Capital funding</b>			
<b>Sources of operating funding</b>				<b>Sources of capital funding</b>			
General rates, uniform annual general charges, rate penalties	9,450	9,450	9,300	Subsidies and grants for capital expenditure	5,221	6,241	5,483
Targeted rates	390	390	390	Development and financial contributions	251	324	34
Subsidies and grants for operating purposes	4,452	5,226	4,621	Increase (decrease) in debt	0	-78	-71
Fees and charges	69	0	0	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	2,433	0	0	Lump sum contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	Other dedicated capital funding	0	0	0
<b>Total operating funding</b>	<b>16,795</b>	<b>15,066</b>	<b>14,311</b>	<b>Total sources of capital funding</b>	<b>5,472</b>	<b>6,487</b>	<b>5,446</b>
<b>Application of operating funding</b>				<b>Applications of capital funding</b>			
Payments to staff and suppliers	8,238	8,939	7,802	Capital expenditure - to meet additional demand	32	310	179
Finance costs	60	60	70	Capital expenditure - to improve the level of service	1,385	1,186	1,529
Internal charges and overheads applied	4,568	2,948	2,711	Capital expenditure - to replace existing assets	6,890	9,125	7,919
Other operating funding applications	0	0	0	Increase (decrease) in reserves	1,092	-1,014	-452
<b>Total applications of operating funding</b>	<b>12,866</b>	<b>11,946</b>	<b>10,583</b>	Increase (decrease) of investments	0	0	0
<b>Surplus (deficit) of operating funding</b>	<b>3,929</b>	<b>3,119</b>	<b>3,729</b>	<b>Total applications of capital funding</b>	<b>9,400</b>	<b>9,607</b>	<b>9,175</b>
				<b>Surplus (deficit) of capital funding</b>	<b>-3,928</b>	<b>-3,119</b>	<b>-3,729</b>
				<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Financial comment:**

- Subsidies and grants are below budget due to lower maintenance work completed during the year. The same is also for payments to staff and suppliers.
- Internal charges recovered and applied reflect the change to direct charging with the creation of the Northland Transportation Alliance this year.
- Capital expenditure is lower than budget as is the resulting NZTA funding. Works are planned to be carried forward to next year.



**The Provision of Roads and Footpaths – Performance Measures (Measures 1 to 5 are statutory requirements)**

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>1 Safety</b> <i>The transportation network is designed and managed for safe use with low crash and injury rates.</i> <b>Measured by:</b>				
Number of road fatalities and serious injuries caused by road factors.	12	Nil	0	Achieved No accidents had the road as a causing factor.
<b>2.1 Road Condition (Smoothness)</b> <i>The average quality of ride on a sealed local road network, measured by smooth travel exposure.</i> <b>Measured by:</b>				
Smoothness within average range as below: <90 smooth 90-110 average <110 rough.	90-110	94.5	93.0	Achieved Urban = 87 Rural = 97
<b>2.2 Road Condition (Pavement Integrity Index)</b> <i>The Pavement Integrity Index (PII) is a combined index of the pavement faults in sealed road surfaces. It is a 'weighted sum' of the pavement defects divided by total lane length.</i> <b>Measured by:</b>				
PII within average range as below: <90 poor >90 good >95 very good.	90-95	90.1	108	Achieved Urban = 117 Rural = 101 This was a new measure in 2015/2016 and differs from the Long Term Plan due to NZTA altering the measurement scale.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>3 Road Maintenance</b> <i>The percentage of the sealed local road network that is resurfaced. (This is based on a design life of 15 years).</i> <b>Measured by:</b>				
Minimum reseal percentage of the total sealed length of the network that will be undertaken each year to keep up with surface determination rates.	6.8%	6.8%	6.4%	Not achieved Reseals carried out as per the high speed data recommendations and visual inspections.
<b>4 Footpaths</b> <i>The percentage of footpaths within the district that fall within the level of service as determined by the condition rating (facilities are up-to-date, in good condition and 'fit for purpose').</i> <b>Measured by:</b>				
Percentage of residents who are satisfied with footpaths.	73%	54%	56%	Not achieved We are taking a targeted approach to our footpath repairs and improvements focusing on communities rather than sporadic replacements. This has been an initiative over the previous two seasons with the last focus on the Ruawai community which had the second highest concentration of footpath failures. High priority repairs outside of these communities are being completed also, however the perception that other repairs are not undertaken in a timely manner may be influencing this result.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>5. Response to service requests</b>				
<b>Measured by:</b>				
Percentage of customer service requests, approved for action, closed (customer informed of intended work schedule) within the target day timeframes set.	90%	93.3%	92%	Achieved Results collated from KDC MagiQ system compliance report. Total received: 2,733 Completed: 2,640 Completed in time: 2,518
<b>Road Maintenance</b>				
<i>The length of the unsealed* local road network that is graded.</i>				
<b>Measured by:</b>				
The length of the unsealed local road network that is graded per annum for Secondary Collector.	140km minimum	118.6kms	146km	Achieved All contract grading targets were exceeded. Suitable grading weather approaching winter (less pavement saturation) allowed for more days grading in June. The addition of an extra two graders to bring the network back into contract specifications following the summer stand down period also contributed to the achievement.
The length of the unsealed local road network that is graded per annum for Access.	1,200km minimum	1,537.7kms	1,313km	
The length of the unsealed local road network that is graded per annum for Access (Low Volume).	750km minimum	1,090.7kms	859km	

\*One Network Road Classification (ONRC)

**The Provisions of Roads and Footpaths – Significant Negative Effects**

- Significant negative effects from vehicles using the roads and roading network itself include traffic hazards and accidents, dust, noise, emissions and other amenity effects and environmental effects;
- Council's Roading AMP describes its roading assets and details the practices used to manage those assets which helps to reduce possible negative effects and risks; and
- Storms, greater than average size weather events, will require a restructure of the annual budgets to accommodate the costs to repair district roads.

Audit draft 06/09/2017

## Sewerage and the Treatment and Disposal of Sewage

### What we do

Council provides wastewater collection and treatment systems in:

- Dargaville – servicing the urban area except part of the Beach Road industrial area. The system includes around 46kms of pipeline, 15 pump stations and a treatment plant (oxidation pond, maturation pond and wetland) with a continuous discharge to the Northern Wairoa River;
- Glinks Gully – servicing 24 houses. The system includes approximately 494m of pipeline and one pump station discharging to a disposal area;
- Kaiwaka – servicing 163 houses. The system includes approximately 5.3kms of pipeline, one pump station and a treatment plant (oxidation pond and wetland) discharging to the Kaiwaka Stream;
- Maungaturoto – servicing approximately 369 sites. The system includes approximately 12kms of pipeline, three pump stations and a treatment plant (oxidation pond and membrane plant) discharging into the Wairoa River on each outgoing tide;
- Te Kopuru – servicing the urban area. The system includes approximately 6.6kms of pipeline and a treatment plant (oxidation pond and wetland) discharging to the Northern Wairoa River;
- Mangawhai – servicing or able to service approximately 2,442 users in the Mangawhai Village and Heads areas. The system includes approximately 69.3kms of pipeline and 18 pump stations, a water reclamation plant, and a transfer main to Lincoln Downs where the treated water is stored awaiting irrigation to pasture; and
- Council also regulates trade waste discharges to the wastewater system.

Council's Wastewater Asset Management Plan defines wastewater standards, levels of service, and funding levels to maintain sustainable and affordable services in the above communities.

### Why we do it

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

## What we did this year

### General operations

Since 2007, Downer has been the Three Waters operation and maintenance contractor. The operation and maintenance contract was updated and went to tender. Council received three tenders and the operation and maintenance contract was awarded to Broadspectrum who commenced as the new contractor on 01 July 2016.

### Health and Safety

Risk registers to identify risks and hazards for all activities and areas and how these can be managed through a risk elimination or minimisation strategy, have been developed. Regular audits for mobile and fixed plant of these sites will identify any non-compliances, which Council will have a process to manage. Council has developed a scheduled audit template for internal auditors to use.

### Resource consents

There have been no major issues regarding the resource consents apart from non-compliances at Te Kopuru and Kaiwaka of some parameters, the same have been investigated and managed with the help of NRC. Ongoing monitoring to identify any seasonal trends has been carried out and Te Kopuru has recently been trending towards compliance.

The capital works programme was largely completed with some projects carried forward to the next financial year as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Dargaville - P5: AC 150mm renewal – Cobham Avenue, Haimona, Lorne and Plunket Streets, Hokianga Road and Logan Street - 340m	CCTV As Builts	\$60,000	The physical works as part of this renewal were completed on time, however there has been a delay in receiving the CCTV footage from the contractor.
Dargaville - P6: AC 150mm renewal - First, Second, Third Avenues and Ranfurly Street - 995m	CCTV As Builts	\$170,000	The physical works as part of this renewal were completed on time, however there has been a delay in receiving the CCTV footage from the contractor.
Dargaville - P7: AC 150mm renewal - Finlayson Park Avenue, Victoria, Mako, Jervois Streets - 850m	CCTV As Builts	\$150,000	The physical works as part of this renewal were completed on time, however there has been a delay in receiving the CCTV footage from the contractor.
Dargaville - Pump stations renewal - pumps, electrical and mechanical	Completed	\$50,000	This project was completed on time and had budget savings.

Description of project	Stage	Budget from Annual Plan	Progress description
Dargaville - Safety grills on pump stations	Completed	\$13,000	The safety grills were completed in the 2015/2016 financial year.
Kaiwaka - Environmental compliance	Completed	\$2,000	Completed as per schedule.
Kaiwaka - Pond curtain	Deferred	\$40,000	Deferred to 2017/2018.
Kaiwaka - Safety grills on pump station	Completed	\$1,000	Completed as per schedule.
Mangawhai - Effluent discharge options	As Builts	\$445,000	The physical works as part of this renewal were completed on time, however there has been a delay in receiving the As Builts from the contractor.
Mangawhai - Additional capacity for growth		\$40,000	
Mangawhai - MCWWS resource consent variation 2016/2017		\$150,000	Carry forward of remaining budget to 2017/2018.
Mangawhai - WW Mangawhai disposal option		\$69,500	Carry forward of remaining budget to 2017/2018.
Maungaturoto – Treatment plant, pump stations electrical renewal	Commissioning	\$50,000	A SCADA upgrade has been started here, however due to the high number of wet days, the commissioning of this plant has been put on hold until drier weather.
Maungaturoto - Environmental compliance	Completed	\$2,500	Completed as per schedule.
Te Kopuru - Environmental compliance		\$2,500	Insufficient budget to carry out the project identified.
<b>Total</b>		<b>\$1,245,500</b>	

### Mangawhai Community Wastewater Scheme

The Mangawhai treated effluent land disposal irrigation system was extended from 30 to 46 hectares (of a total 65 hectares available and consented). A design for a further expansion to irrigate the total 65 hectares has also been tabled.

Council adopted a Wastewater Drainage Policy and Wastewater Drainage Bylaw which places obligations on persons using public and private wastewater systems. This bylaw provides clarity on all steps to be taken to connect to public systems and to operate and maintain private systems. Owners of onsite wastewater treatment and disposal systems must ensure that these systems are assessed and maintained at regular intervals as required under the warrant of fitness programme.

Options to extend and upgrade the Mangawhai wastewater scheme to accommodate the forecasted growth have been developed. An option will be incorporated into Council's draft Long Term Plan 2018/2028 for consultation with the community.

Since being commissioned in 2009 with 1,216 connections, the scheme now has 1,956 connections plus 486 'capable to connect' (e.g. site connected to scheme but no house on site yet) totaling 2,442 – double the starting number.

The reticulation network and treatment plant are anticipated to reach capacity in 2020 and disposal of effluent in 2021. A strategy is being developed for the Long Term Plan 2018/2028 and will be consulted on accordingly.

#### The contribution of this activity to community outcomes

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



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

For the year ended:	Actual	Annual Plan	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017	2016-2017	2015-2016	30 June	2016-2017	2016-2017	2015-2016
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
<b>Operating funding</b>				<b>Capital funding</b>			
<b>Sources of operating funding</b>				<b>Sources of capital funding</b>			
General rates, uniform annual general charges, rate penalties Targeted rates	1,925	1,925	2,729	Subsidies and grants for capital expenditure	0	0	0
	5,203	5,208	4,804	Development and financial contributions	1,349	350	349
Subsidies and grants for operating purposes	0	0	0	Increase (decrease) in debt	0	-26	573
Fees and charges	53	9	9	Gross proceeds from sale of assets	0	0	0
Internal charges and overheads recovered	0	0	0	Lump sum contributions	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	Other dedicated capital funding	0	0	0
<b>Total operating funding</b>	<b>7,180</b>	<b>7,142</b>	<b>7,542</b>	<b>Total sources of capital funding</b>	<b>1,349</b>	<b>323</b>	<b>922</b>
<b>Application of operating funding</b>				<b>Applications of capital funding</b>			
Payments to staff and suppliers	2,101	2,430	2,649	Capital expenditure - to meet additional demand	34	579	429
Finance costs	2,816	2,816	3,705	Capital expenditure - to improve the level of service	436	174	350
Internal charges and overheads applied	889	889	936	Capital expenditure - to replace existing assets	507	493	695
Other operating funding applications	0	0	0	Increase (decrease) in reserves	1,746	84	-301
<b>Total applications of operating funding</b>	<b>5,807</b>	<b>6,135</b>	<b>7,290</b>	Increase (decrease) of investments	0	0	0
<b>Surplus (deficit) of operating funding</b>	<b>1,374</b>	<b>1,007</b>	<b>251</b>	<b>Total applications of capital funding</b>	<b>2,723</b>	<b>1,330</b>	<b>1,174</b>
				<b>Surplus (deficit) of capital funding</b>	<b>-1,374</b>	<b>-1,007</b>	<b>-251</b>
				<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Financial comment:**

- Payments to staff and suppliers are \$0.3 million lower than budget due to lower engineering consultancy, plant running and maintenance costs.
- Development contributions are well ahead of the annual plan due to high levels of activity.
- Capital expenditure is \$0.3 million lower than budget primarily due to the deferral of the Mangawhai irrigation extension while Council considers alternative effluent disposal options.

**Sewerage and the Treatment and Disposal of Sewage – Performance Measures (Measures 1 to 4 are statutory requirements)**

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>1 System and adequacy</b> <i>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.</i> <b>Measured by:</b>				
The number of dry weather sewage overflows from Council's sewerage systems, expressed per 1,000 sewerage connections to that sewerage system. The resource consent provides for severe weather events and power failure exceptions.	0	2	2	Not achieved Both failures were attributed to non-weather events. One was from stock entering a pond and the other a broken riser main.
<b>2 Discharge compliance</b> <i>Compliance with the Council's Resource Consents for discharge from its sewerage system.</i> <b>Measured by:</b>				
The number of abatement notices received by the Council in relation to its resource consents for discharge from its sewerage system.	0	0	0	Achieved
The number of infringement notices received by the Council in relation to its Resource Consents for discharge from its sewerage system.	0	0	1	Not achieved Hay bales were in place to filter the wetland discharge, stock had entered the pond and disrupted the process, and hay ended up blocking an outlet causing overflows, which in turn resulted in an infringement notice.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
The number of enforcement orders received by the Council in relation to its Resource Consents for discharge from its sewerage system.	0	0	0	Achieved
The number of convictions received by the Council in relation to its Resource Consents for discharge from its sewerage system.	0	0	0	Achieved
<b>3 Fault response times</b> <i>Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system.</i> <b>Measured by:</b>				
<i>Attendance time:</i> from the time that the Council receives notification to the time that service personnel reach the site.	1 hour	34 minutes	50 minutes	Achieved
<i>Resolution time:</i> from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault.	4 hours for minor blockages 3 days for significant blockages	2 hours 33 minutes	30 hours 29 minutes	Not achieved Resolution time data was not distinguished between minor blockages / significant blockages. Therefore a median of the total resolution time has been calculated.

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>4 Customer satisfaction</b> <i>The total number of sewerage system complaints received by the Council.</i>				
<b>Measured by</b>				
The total number of complaints received by the Council about sewage odour. <i>Expressed per 1,000 sewerage connections to that sewerage system.</i>	16	2.3	3.7	Achieved
The total number of complaints received by the Council about sewerage system faults. <i>Expressed per 1,000 sewerage connections to that sewerage system.</i>	16	3.4	9.8	Achieved
The total number of complaints received by the Council about sewerage system blockages. <i>Expressed per 1,000 sewerage connections to that sewerage system.</i>	15	6.2	15	Achieved
Council's response time to complaints regarding its sewerage system.	1 hour	34 minutes	6 Hours	Not achieved Due to a one odour complaint attendance time being two days - Maungaturoto. Median based on third and fourth quarter results as no measures were available for first two quarters.

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

- Possible negative effects of this activity could include system failure or pipeline breakages that result in contamination of public waterways which results in an environmental or public health risk. Overflows of sewerage to waterways during heavy rainfall events may also be a negative effect. Council's Wastewater Asset Management Plan describes its wastewater assets and details the practices used to manage those assets which helps to reduce possible negative effects and risks.
- Overflows from the wastewater pumping stations to river/water bodies may result in NRC issuing an infringement notice.
- Council has installed a warning system at critical wastewater pumping stations to warn its operations staff before they overflow.
- Failure of wastewater treatment plant in meeting the resource consent parameters may result in NRC issuing an infringement notice. Council measures performance of its wastewater treatment plants on a regular basis to monitor the treatment processes and ensuring compliance with the resource consents.
- The aging membranes at the Maungaturoto Membrane Filtration Plant requires higher maintenance which means higher costs.
- It has been identified that there is a need to desludge the Maungaturoto wastewater pond to improve the quality and capacity of the Maungaturoto Wastewater Treatment Plant. We have been liaising with NRC in regards to the consent to discharge the sludge to the Hakaru Landfill, the pond will be physically desludged in the current financial year - 2017/2018.

## Stormwater Drainage

### What we do

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

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

Stormwater is managed differently across the district:

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

The Stormwater Asset Management Plan (AMP) has been developed alongside Council's Engineering Standards 2011 to determine priorities and maintenance activities. Investment is balanced against a community's ability to pay. The stormwater quality is regularly monitored across the district. Planning and building controls are used to reduce harm to property in flood-prone areas by, for example, imposing minimum floor levels and other building restrictions.

### Why we do it

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

### What we did this year

Council continued to deliver the current levels of service for stormwater drainage, to ensure that stormwater flooding and discharge to the environment is contained and managed to minimise the impact on people, property and the environment. This has been tested this year due to the consistent reoccurrence of high rainfall events received since February. No dwellings have been affected though, there has been some localised ponding of overland flow paths and cul-de-sac's designed to accept and retain the stormwater.

The stopbanks in Dargaville have been tested with the amount of water flowing down the Northern Wairoa River this year, with one event causing minimal ponding in Victoria Street (Dargaville) due to tampering of the floodgate.

### Health and Safety

Risk registers to identify risks and hazards for all activities and areas and how these can be managed through a risk elimination or minimisation strategy, have been developed. Regular audits of these sites will identify any non-compliances, which Council will have a process to manage.

The capital works programme has been delivered as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Dargaville - P1: Conc pipe renewal -Stage 2	As Built	\$150,000	The physical works as part of this renewal were completed on time. The budget was increased to \$550,000 to complete all of the required works this financial year and receive a significant savings due to economies of scale (\$80,000+).
Dargaville – P2-1: Conc pipe (no joint) renewal from CCTV Carrington/Gordon Streets/McKay Crescent; length 200m	As Built	\$50,000	This was included in the above budget and covered the specific design and drawings for the project. Any extra funds were used during construction.
Baylys - All Asset Groups	Completed	\$10,000	Completed as per schedule.
Mangawhai - Additional capacity for growth - Council contribution	Completed	\$37,500	Deferred to 2017/2018 to complete a detailed SWCMP.
Mangawhai – All asset groups renewal and consent related projects (LoS)	Completed	\$10,000	Deferred to 2017/2018 to complete a detailed SWCMP.
	<b>Total</b>	<b>\$257,500</b>	

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

## Stormwater Drainage – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000
<b>Operating funding</b>			
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rate penalties	162	162	171
Targeted rates	1,085	1,079	1,186
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
<b>Total operating funding</b>	<b>1,247</b>	<b>1,241</b>	<b>1,357</b>
<b>Application of operating funding</b>			
Payments to staff and suppliers	366	445	417
Finance costs	226	226	246
Internal charges and overheads applied	186	186	179
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>778</b>	<b>857</b>	<b>841</b>
<b>Surplus (deficit) of operating funding</b>	<b>469</b>	<b>385</b>	<b>516</b>

For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000
<b>Capital funding</b>			
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	11	16	14
Increase (decrease) in debt	0	-323	38
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding</b>	<b>11</b>	<b>-307</b>	<b>52</b>
<b>Applications of capital funding</b>			
Capital expenditure - to meet additional demand	0	38	82
Capital expenditure - to improve the level of service	345	10	259
Capital expenditure - to replace existing assets	465	210	345
Increase (decrease) in reserves	-330	-180	-118
Increase (decrease) of investments	0	0	0
<b>Total applications of capital funding</b>	<b>481</b>	<b>78</b>	<b>568</b>
<b>Surplus (deficit) of capital funding</b>	<b>-469</b>	<b>-385</b>	<b>-516</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Financial comments:

- Capital expenditure is \$0.5 million ahead of budget due to work carried forward from last year and additional works completed in Dargaville.



**Stormwater Drainage – Performance Measures**

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>System Adequacy</b>				
<i>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.</i>				
<b>Measured by:</b>				
The number of flooding events that occur in Kaipara district.	2	0	1	Achieved
For each flooding event, the number of habitable floors affected. (Expressed per 1,000 properties connected to the Council's stormwater system.)	10	0	0	Achieved
<b>Discharge Compliance</b>				
<i>Compliance with the Council's resource consents for discharge from its stormwater system.</i>				
<b>Measured by:</b>				
The number of abatement notices received by the Council in relation those Resource Consents.	0	0	0	Achieved
The number of infringement notices received by the Council in relation those Resource Consents.	0	0	0	Achieved
The number of enforcement orders received by the Council in relation those Resource Consents.	0	0	0	Achieved
The number of convictions received by the Council in relation those Resource Consents.	0	0	0	Achieved

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Response Times</b> <i>The median response time to attend to a flooding event.</i> <b>Measured by:</b>				
The time from when Council receives notification to the time that service personnel reach the site.	2 hours for urgent events	N/A	Not achieved	Not achieved One request saw Council's contractor's response time of 24 hours. Median based on third and fourth quarter results as no measures were available for first two quarters.
<b>Customer Satisfaction</b> <i>The total number of stormwater system complaints received by the Council.</i> <b>Measured by:</b>				
The number of complaints received by Council about the performance of its stormwater system, expressed per year.	18	26	33	Not achieved The amount of rain received in the last quarter of this year has contributed to the number of blocked drain requests.

### Stormwater Drainage – Significant Negative Effects

- The greatest significant negative effect occurs when high levels of stormwater enter the wastewater reticulation. When this happens the wastewater system can be overloaded, requiring wastewater to be directly discharged into the river to deal with the overload. To respond to this issue, parts of Dargaville have been investigated and a number of issues confirmed which need to be rectified to reduce the stormwater infiltration into the wastewater network. Repairs to both the public stormwater system and privately owned stormwater pipes and gully traps still need to be completed.
- Significant storm events overload the stormwater networks which may result in flooding of habitable dwellings and non-habitable buildings, and flooding of the low-lying portions of the road network causing temporary disruptions.
- A further negative effect is the amount of gross pollutants (bottles, plastics, rubbish, hydrocarbons and various other pollutants) discharged into the natural receiving environment from the stormwater system.

## Water Supply

### What we do

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

### Why we do it

To ensure communities with public water reticulation have a reliable supply of potable water, Council is continuing to improve levels of service to implement the 2005 New Zealand Drinking Water Standards for all our five schemes. Those who receive this water pay the cost of its production.

### What we did this year

The existing service levels were delivered for water supply. The new Mangawhai Water Treatment Plant was commissioned in December 2016. Knowledge of the condition of water infrastructure was improved again this year and a much improved AMP is being produced. All systems operated without major fault.

### General operations

It was business as usual for most of the water operations. Council engaged a consultant in 2015/2016 to study and review water leakages for the water supply schemes and provide water loss percentages. We have again engaged the same consultant to review water leakages in the 2016/2017 year, it showed that some of the schemes are improving, however due to a significant leak in the Maungaturoto system, this has affected the results for that system. A positive was that the contractors were able to remedy this leak as soon as it was discovered and next year should show improved results.

### Drought management

Drought management plans for both Dargaville and Maungaturoto were developed in 2015/2016 and implemented in 2016/2017 mainly in Dargaville. Due to dry weather during the summer months, restrictions were put in place to conserve the water usage in the Dargaville area. With the community's' assistance to save water and Council's close monitoring of the water flows, the Dargaville community continued to receive steady water supplies.

**Health and Safety**

Risk registers to identify risks and hazards for all activities and areas and how these can be managed through a risk elimination or minimisation strategy, have been developed. Regular audits of these sites will identify any non-compliances, which Council will have a process to manage.

The capital works programme was largely delivered with some budgets carried forward to the next financial year as follows:

Description of project	Stage	Budget from Annual Plan	Progress description
Dargaville – Baylys trunk main Stage 1: replace 3km of 8km 150mm AC	Completed	\$520,000	The physical works as part of this renewal were completed on time, and because we received favourable rates, about 5km (instead of 3km) of renewal was completed in the year. There has been a delay in receiving the As Builts from the contractor.
Dargaville - P4: AC 100mm renewal - Lorne Street, Montgomery Avenue, Parore Street, Pirika Street – 1,700m	Completed	\$230,000	Completed as per schedule.
Dargaville - Compliance drinking water standards	Completed	\$2,500	Completed as per schedule.
Dargaville – Water take consent compliance	Completed	\$2,500	This project was completed on time and had budget savings.
Glinks Gully – Water take consent compliance		\$1,500	
Mangawhai – Water Treatment Plant upgrade to meet drinking water standards - Provision	Completed	\$30,000	This project was completed on time and received the “Best Public Works Project, Under \$5 million Winners Award” at the IPWEA New Zealand Excellence Awards 2017.
Mangawhai - Water take consent compliance	Completed	\$1,500	Completed as per schedule.

Description of project	Stage	Budget from Annual Plan	Progress description
Maungaturoto - AC 200mm renewal - raw water main - 400m of 8Km	As Built	\$150,000	The physical works as part of this renewal were completed on time, however there has been a delay in receiving the As Built from the contractor.
Maungaturoto - NZDWS compliance	Completed	\$1,500	Completed as per schedule.
Maungaturoto - Water take consent compliance	Completed	\$1,500	This project was completed on time and had budget savings.
Ruawai - Replace balance (third stage) of 2.3km retic of 100-150mm dia to meet fire flow	Completed	\$40,000	This renewal was completed as per schedule.
Ruawai - NZDWS compliance	Completed	\$1,500	This renewal was completed as per schedule.
<b>Total</b>		<b>\$982,500</b>	

#### The contribution of this activity to community outcomes

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

## Water Supply – Funding Impact Statements – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000

## Operating funding

## Sources of operating funding

General rates, uniform annual general charges, rate penalties	0	0	0
Targeted rates	2,744	2,866	3,150
Subsidies and grants for operating purposes	0	0	0
Fees and charges	15	23	23
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0

**Total operating funding** **2,759** **2,890** **3,173**

## Application of operating funding

Payments to staff and suppliers	1,211	830	1,059
Finance costs	305	305	320
Internal charges and overheads applied	465	465	516
Other operating funding applications	0	0	0

**Total applications of operating funding** **1,981** **1,600** **1,895**

**Surplus (deficit) of operating funding** **779** **1,289** **1,277**

For the year ended:	Actual	Annual Plan	Annual Plan
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000

## Capital funding

## 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	-347	269
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** **-347** **269**

## Applications of capital funding

Capital expenditure - to meet additional demand	0	10	9
Capital expenditure - to improve the level of service	297	33	495
Capital expenditure - to replace existing assets	865	940	1,064
Increase (decrease) in reserves	-383	-40	-21
Increase (decrease) of investments	0	0	0

**Total applications of capital funding** **779** **943** **1,547**

**Surplus (deficit) of capital funding** **-779** **-1,289** **-1,277**

**Funding Balance** **0** **0** **0**

## Financial comment:

- Payments to staff and suppliers are ahead of budget due to higher costs with the new water services contract. The operations and maintenance contract was tendered and awarded to Broadspectrum in May 2016 and effective 01 July 2016. The new prices resulted in an increase in the O&M costs for the water supply networks..

**Water Supply – Performance Measures**

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
<b>Safety of drinking water in accordance with NZDWS 2005 (2008)</b>				
<b>Measured by:</b>				
The extent to which Council's drinking water supply complies with part 4 of the NZDWS (bacteria compliance criteria).	Dargaville Maungaturoto Ruawai	Dargaville Maungaturoto Ruawai	Dargaville Maungaturoto Ruawai	Achieved
The extent to which Council's drinking water supplies complies part 5 of the NZDWS (protozoal compliance criteria).	Dargaville Maungaturoto Ruawai	Dargaville Maungaturoto Ruawai	Dargaville Maungaturoto	Achieved Not achieved
			Ruawai	Maungaturoto plant protozoal compliance was not achieved due to issues with continuous monitoring of UV. Achieved
<b>Maintenance of the reticulation network.</b>				
<b>Measured by:</b>				
The percentage of real water loss from Council's networked reticulation system.  <b>Source:</b> Water Balance and Review for Kaipara District Council dated January 2013.  <b>Note:</b> Nationally adopted practices for calculating a water balance (this includes the Infrastructure Leakage Index) have been used in this exercise.	Dargaville 25%	Dargaville 26%	Dargaville 27%	Not achieved Proactive leak investigation needed by contractor. Not achieved A significant leak was detected in the Maungaturoto network in July 2016. This was remedied urgently, however this has affected the overall water loss percentage.
	Maungaturoto 30%	Maungaturoto 35%	Maungaturoto 41%	

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
	Ruawai 30%	Ruawai 25%	Ruawai 41%	Not achieved Due to a large drop in the reservoir levels in August 2016, a leak investigation was carried out, the source of the leak was found and quickly repaired.
	Mangawhai 30%	Mangawhai 32%	Mangawhai 35%	Not achieved Water cartage in the Mangawhai area and for firefighting affected result in this area.
<p><b>Fault response times</b> Where Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system.</p> <p><b>Measured by:</b></p>				
The median response time for attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	1 hour	24 minutes	33 minutes	Achieved Median based on third and fourth quarter results as no measures were available for first two quarters.
The median response time for resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	2 hours	2 hours 47 minutes	13 hours	Not achieved Due to investigation of a detected leak and repair time taken once it was located.



Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
The median response time for attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site.	2 hours	2 hours 18 minutes	1 hour 42 minutes	Achieved Median based on third and fourth quarter results as no measures were available for first two quarters.
The median response time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	3 days	6 hours 40 minutes	64 hours	Achieved
<b>Customer Satisfaction</b>				
<i>The total number of water supply complaints received by the Council.</i>				
<b>Measured by:</b>				
The total number of complaints for the district received by Council about drinking water clarity.	5	13	9	Not achieved Assessment to be undertaken on whether this target is realistic due to the number of water schemes Council currently controls.
The total number of complaints for the district received by Council about drinking water taste.	6	4	0	Achieved
The total number of complaints for the district received by Council about drinking water odour.	4	0	2	Achieved
The total number of complaints for the district received by Council about drinking water pressure or flow.	18	11	21	Not achieved

Performance indicator/service level	LTP Year 2 Target 2016/2017	Actual 2015/2016	Actual 2016/2017	Comments
				Backflow preventer instalments in Dargaville and Maungaturoto on the raw water lines affected the water supply.
The total number of complaints for the district received by Council about continuity of supply.	8	6	25	Not achieved Backflow preventer instalments in Dargaville and Maungaturoto on the raw water lines affected the water supply.
Council's response time to complaints regarding Council's water supply clarity, taste, odour, pressure and continuity of supply.	<24 hours	24 minutes	41 minutes	Achieved
<i>Demand Management</i>				
<b>Measured by:</b>				
The average consumption of drinking water per day per resident within Kaipara District <u>= Billed Metered Consumption (m<sup>3</sup>) x 1,000</u> Number of connections x 365 x 2.5 (occupancy rate).	Dargaville 275 Maungaturoto 340 Ruawai 130 Glinks Gully 52 Mangawhai 230	Dargaville 285 Maungaturoto 293 Ruawai 134 Glinks Gully 50 Mangawhai 264	Dargaville 262 Maungaturoto 263 Ruawai 123 Glinks Gully 47 Mangawhai 435	Achieved Achieved Achieved Achieved Not achieved We have no control over the amount of water consumed at each property.
Water Take Consents	100% compliance with Northland Regional Council Water Take Consents	100%	100%	Achieved

**Water Supply – Significant Negative Effects**

- Possible negative effects of this activity could include water treatment system failure that could affect dialysis patients or the flooding of property due to a breakage in the pipeline. Council's contractors have a list of patients on dialysis and notify them immediately of any outages, supplying them with water if needed. Breaks in the lines are unpredictable, however Council has an alarm activation system that triggers any change to the plant and a 24 hour service to repair faults. Council's Water Supply AMP describes its water assets and details the practices used to manage those assets which helps to reduce possible negative effects and risks;
- A potential negative effect is the supply of non-compliance drinking water to the community. The non-compliance can occur at the water treatment plant or within the water network. Council has stringent water monitoring and testing regimes to control and supply community with compliant drinking water; and
- Council mitigates these potential negative effects by a mix of asset management planning activities including:
  - Asset development work;
  - Monitoring and testing;
  - Demand management initiatives; and
  - Public education, including water conservation programmes.
- A potential negative effect is that a drought could occur over the dry summer months. Council has developed Drought Management Plans to best manage a drought if it occurs, with stringent internal monitoring of river and dam levels. Consistent rainfall helps to reduce any potential drought situations.

## Funding Impact Statement – Whole of Council – Operating and Capital

For the year ended:	Actual	Annual Plan	Annual Report	Annual Plan
30 June	2016-2017	2016-2017	2015-2016	2015-2016
	\$'000	\$'000	\$'000	\$'000
<b>Operating funding</b>				
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rate penalties	21,898	21,839	21,306	21,339
Targeted rates	10,332	10,448	9,991	10,412
Subsidies and grants for operating purposes	4,500	5,302	5,516	4,670
Fees and charges	5,193	4,042	9,216	3,914
Interest and dividends from investments	130	25	28	50
Local authorities fuel tax, fines, infringement fees and other receipts	572	278	316	301
<b>Total operating funding</b>	<b>42,625</b>	<b>41,934</b>	<b>46,374</b>	<b>40,687</b>
<b>Application of operating funding</b>				
Payments to staff and suppliers	30,195	31,601	29,682	29,161
Finance costs	3,067	3,440	3,613	4,294
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding</b>	<b>33,262</b>	<b>35,041</b>	<b>33,295</b>	<b>33,455</b>
<b>Surplus (deficit) of operating funding</b>	<b>9,363</b>	<b>6,893</b>	<b>13,078</b>	<b>7,232</b>

For the year ended:	Actual	Annual Plan	Annual Report	Annual Plan
30 June	2016-2017	2016-2017	2015-2016	2015-2016
	\$'000	\$'000	\$'000	\$'000
<b>Capital funding</b>				
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	5,221	6,356	4,685	5,598
Development and financial contributions	3,219	1,190	3,984	898
Increase (decrease) in debt	-2,834	-564	-10,907	-144
Gross proceeds from sale of assets	577	150	1,209	150
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
<b>Total sources of capital funding</b>	<b>6,183</b>	<b>7,132</b>	<b>-1,028</b>	<b>6,502</b>
<b>Applications of capital funding</b>				
Capital expenditure - to meet additional demand	145	1,167	1,131	699
Capital expenditure - to improve the level of service	3,942	2,789	4,451	3,706
Capital expenditure - to replace existing assets	9,175	11,908	7,860	10,746
Increase (decrease) in reserves	2,284	-1,838	-1,392	-1,418
Increase (decrease) of investments	0	0	0	0
<b>Total applications of capital funding</b>	<b>15,546</b>	<b>14,026</b>	<b>12,050</b>	<b>13,734</b>
<b>Surplus (deficit) of capital funding</b>	<b>-9,364</b>	<b>-6,894</b>	<b>-13,079</b>	<b>-7,232</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

For period ended:	Actual	Annual Plan	Annual Report
30 June	2016-2017 \$'000	2016-2017 \$'000	2015-2016 \$'000
<b>Revenue</b>			
<b>Statement of Comprehensive Revenue and Expense</b>			
<i>Total revenue</i>	<u>56,804</u>	<u>49,570</u>	<u>56,928</u>
<b>Funding Impact Statement</b>			
Total operating funding	42,625	41,936	46,753
Total sources of capital funding	8,440	7,545	8,670
add Provisions	5,739	89	1,505
<i>Total revenue</i>	<u>56,804</u>	<u>49,570</u>	<u>56,928</u>
<b>Expenses</b>			
<b>Statement of Comprehensive Revenue and Expense</b>			
<i>Total expenses</i>	<u>44,483</u>	<u>44,640</u>	<u>46,946</u>
<b>Funding Impact Statement</b>			
Total applications of operating funding	33,262	35,042	33,295
less Internal professional services	-126	0	0
add Depreciation expense	10,274	9,600	10,091
add Provisions	1,074	-1	3,559
<i>Total expenses</i>	<u>44,483</u>	<u>44,640</u>	<u>46,946</u>

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Audit draft 06/09/2017

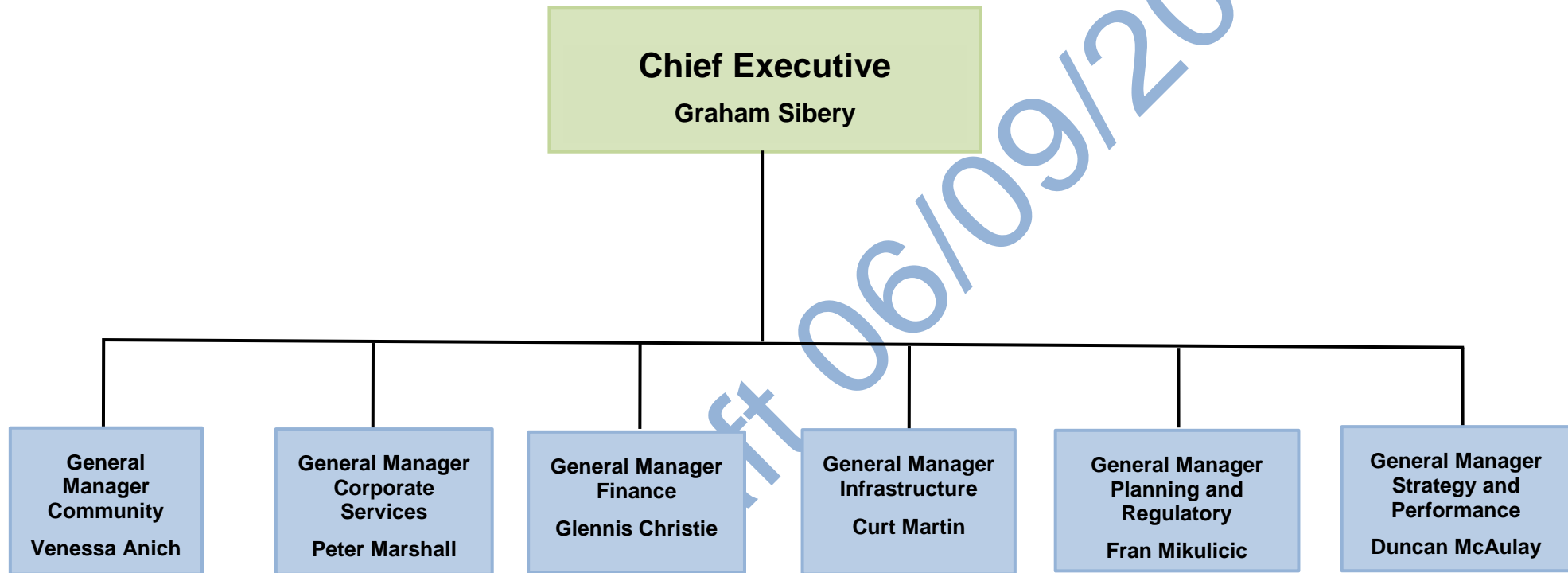


# Appendix

## Council Directory

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



**Organisational Structure 2016/2017**

## Council/Committee Structures

Following the election of October 2016 the Mayor introduced a new Committee structure. Under the Local Government Act Section 41A the Mayor can establish committees of the governing body and appoint the Chair of those committees. The Mayor is also an ex-officio member of all committees of Council.

At 30 June 2017 the committees in place were:

Committee	Members	Purpose
District Licensing Committee	Mark Farnsworth (Chair) Gordon Lambeth Mark Vincent	Statutory Committee to administer Alcohol Licensing. Members are appointed by the Chief Executive on recommendation from Council.
Raupo Drainage Committee	Hamish Davidson David Hart Brian Madsen Ross McKinley Ken Whitehead Mayor Gent	Statutory Committee to govern the Drainage District. Includes ratepayer representatives.
Mangawhai Community Park Governance Committee	Councillor Curnow (Chair) Councillor Wethey Jim Wintle Maurice Langdon	To govern the Mangawhai Community Park in accordance with the master plan and work programme.
Taharoa Domain Governance Committee	Councillor Wade (Chair) Mayor Gent Ric Parore Alan Nesbitt	Govern the Taharoa Domain in accordance with the Reserve Management Plan.
Remuneration and Development Committee	Mayor Gent (Chair) Councillor Curnow Councillor Jones Councillor Wethey	Oversee the Chief Executive's performance.

Committee	Members	Purpose
Citizens Awards Committee	Mayor Gent (Chair) Councillor Curnow Councillor Wade Councillor Wethey	Assess nominations in accordance with the Citizens Awards Policy.
Audit, Risk and Finance Committee	Richard Booth (Chair) Councillor Del La Varis-Woodcock Councillor Geange Councillor Joyce-Paki Councillor Larsen Councillor Wade	Oversee risk management and internal control, audit functions financial and other reporting.
Mangawhai Endowment Lands Account	Councillor Wethey (Chair) Councillor Jones Councillor Larsen	Consider applications for grants from the Mangawhai Endowment Lands Account.
Pou Tu Te Rangi Harding Park Joint Committee	Chair Vacant Matthew Wati Willie Wright Hal Harding Councillor Del La Varis-Woodcock Councillor Joyce-Paki	Manage the Pou Tu Te Rangi Harding Park and Old Wesley Cemetery Reserves.
Funding Committee	Councillor Larsen Community List Members	Allocate funding in accordance with Creative New Zealand Creative Communities Scheme and the Sport NZ Rural Travel Fund.
Community Assistance Grants Committee	Councillor Geange (Chair) Councillor Jones Councillor Joyce-Paki	Assess applications for Community Assistance Grants in line with the policy.

Audit draft 06/09/2017