

2018/2019 ANNUAL REPORT SUMMARY

KAIPARA DISTRICT COUNCIL





Kaipara te Orangahui • Two Oceans Two Harbours

**For more information the full
Annual Report 2018/2019
is available on our website
www.kaipara.govt.nz**



A WORD FROM OUR MAYOR AND CHIEF EXECUTIVE



A handwritten signature in blue ink, appearing to read 'JMS', located below the portrait of Dr Jason Smith.

Dr Jason Smith
Kaipara Mayor

This summary reports on the key projects and initiatives that we have delivered in the past 12 months, where money was spent, and how we have performed as an organisation.

We have focussed on delivering our commitment to the community, our Long Term Plan, A Bright Future. Kaipara is a place of growth, both in terms of population and capacity. We have seen confidence and satisfaction with the Council grow with a 7% increase in overall satisfaction and a 6% increase in Council reputation.

The Provincial Growth Fund announcement at Otamatea Marae in February 2019 was a great sign of central government investment in the stability, and potential of Kaipara as a district. As we continue the work that funding allows, we're in for some great things ahead. In all we do, we're growing our communities to prepare for the future, and we've made some great foundational decisions this year, to ensure we can continue to grow well across our whole district.

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

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

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

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



A handwritten signature in blue ink, appearing to read 'Louise Miller', located below the portrait of Louise Miller.

Louise Miller
Chief Executive



2018/2019

YEAR IN REVIEW

FINANCES AT A GLANCE

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

RESPONDING TO GROWTH

Increased resource and building consents have meant increased income. It has unfortunately also seen us lag in meeting the legal timeframes for processing resource consents. To manage this demand, additional resources have been brought in to process these consents. This growth also drives positive increases in both development and financial contributions, which will go towards historical Mangawhai sewerage infrastructure costs and future development of reserves in areas which have been affected by the growth.

CAPITAL WORKS HIGHLIGHTS

Our roading programme continued to be the largest part of our infrastructure capital works programme where we spent \$14.4m. This year we resurfaced 51km of the sealed network, continued the roll out of LED street lighting across the network, and completed 43.2km of unsealed metalling.

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

COMMUNITY HIGHLIGHTS

Over \$300k of funding was awarded to various community groups, through Community Grants, Contracts for Service, and administering the Rural Sports Travel and Creative Communities Grants.

The year was a great success in terms of receiving central government investment in areas that need it. A total of \$28.24m has been allocated from the Provincial Growth Fund, NZ Transport Agency, National Land Transportation Fund and Council to establish the Kaipara Kickstart Programme.

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





RESIDENT SATISFACTION



OVERALL SATISFACTION

69% ▲ 7%



COUNCIL REPUTATION

65% ▲ 6%

CUSTOMER SERVICE CENTRE



62,434

INTERACTIONS WITH CUSTOMERS, PHONE CALLS & EMAILS



3,102

PHONE CALLS IN MAY 2019

REGULATORY NUMBERS



283

RESOURCE CONSENTS PROCESSED



775

BUILDING CONSENTS PROCESSED



297

NEW DWELLINGS EQUATING TO 85M SPENT ON CONSTRUCTION

TOP 5 PERFORMING SERVICES & FACILITIES

RESIDENT SATISFACTION PERCENTAGES



91%

LIBRARIES



89%

LOCAL PARKS, RESERVES AND SPORTS FIELDS



87%

FOOD SAFETY AND ALCOHOL LICENCING



82%

PUBLIC TOILETS



82%

WASTEWATER

PUBLIC SERVICES NUMBERS



2,000km

OF KAIPARA ROADS GRADED



124,210

TOTAL ITEMS ISSUED AT COMMUNITY LIBRARIES

All figures are from 1 July 2018 to 30 June 2019

ACTIVITY REPORT



78
performance
targets
measured



9
activity
groups



61
performance
measures
achieved

“Of the 78 performance measures, 61 were achieved and 17 were not achieved.”

PERFORMANCE MEASURES



■ Achieved ■ Not Achieved

The table opposite provides a snapshot of target achievements at 30 June 2019. Council's activities are broken down into 9 groups that represent the different parts of Council's business.

78% of the performance measures were achieved which is an improvement from the 2017/2018 result of 68%. This is a result of changes in targets to several measures, new measures being introduced as well as an overall improvement in delivering our services.

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

- Becoming an authority to issue food control plans as well as National Programme 1,2 and 3.
- Completion of the Quail Way Stormwater improvements
- Remedial work started on Tomarata Street / Insley Street bridge



SUMMARY TABLE OF ACTIVITY

ACTIVITY GROUP	PERFORMANCE MEASURES	
	Achieved	Not Achieved
Community Activities	5	2
Regulatory Management	6	4
District Leadership	3	0
The provision of Roads and Footpaths	7	4
Water Supply	20	4
Sewerage and the Treatment and Disposal of Sewage	8	1
Solid Waste	1	2
Stormwater Drainage	7	0
Flood Protection and Control Works	4	0
Total	61	17

FINANCIAL OUTLINE

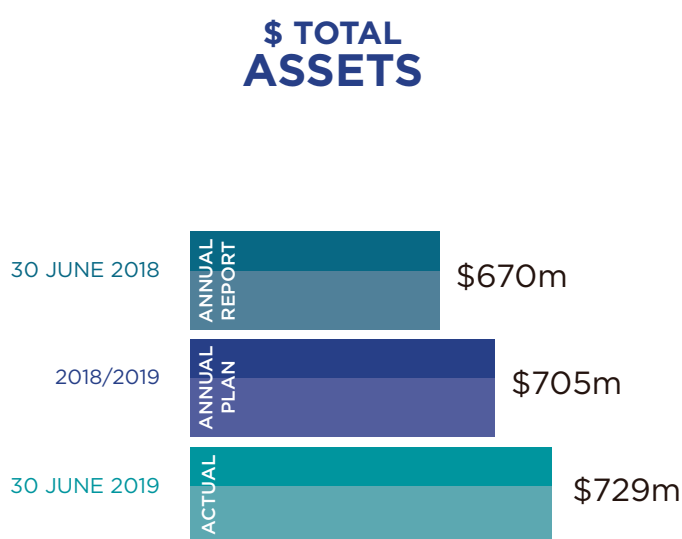
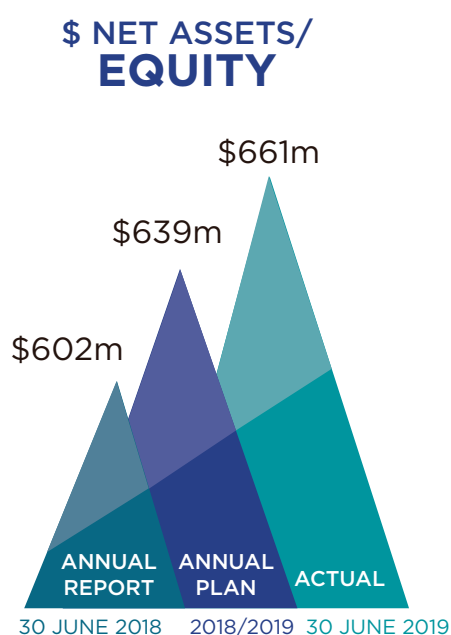
The following year-end financial results for Kaipara District Council are summarised from the full financial statements. The statements do not include all the disclosures provided in the full statements and cannot be expected to provide a complete understanding as provided in the Annual Report.

The table shows the financial year-end results as at 30 June 2019 and includes comparisons from the previous financial year and budget as outlined in the 2018/2019 Annual Plan.

The full report for the financial year to 30 June 2019 was authorised for issue by resolution of Kaipara District Council on 26 September 2019. The Summary Annual Report was issued by the Chief Executive on 16 October 2019. There are no subsequent events after the balance date.

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

This Summary Annual Report has been audited for consistency with the full annual report and the audit report issued by Deloitte, on behalf of the Auditor-General, is included as part of this document. The full Annual Report received an unmodified Audit Report and was adopted by Council on 26 September 2019.



2018/2019

KEY METRICS

ACTUAL
\$'000
2018/2019

ANNUAL
PLAN
\$'000
2018/2019

ANNUAL
REPORT
\$'000
2017/2018

Summary Statement of Comprehensive Revenue and Expense

Total Revenue	59,783	55,926	57,955
less Expenses	(47,947)	(42,997)	(44,281)
less Finance costs	(2,510)	(2,950)	(2,736)
Surplus/(deficit) for the period	9,326	9,979	10,938
Movement in Assets revaluation	49,865	13,036	12,982
Total comprehensive revenue and expense	59,191	23,015	23,920

Summary Statement of Changes in Equity

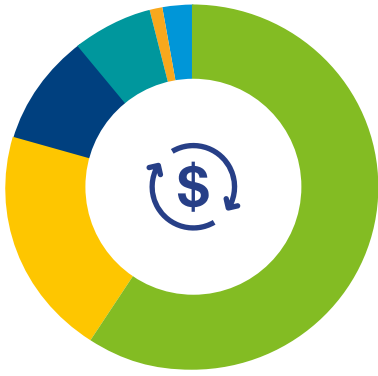
Equity at Start of Year	601,571	616,072	577,647
Total Comprehensive Income	9,326	9,979	10,938
Movement in Assets revaluation	49,865	13,036	12,982
Equity at the End of the Year	660,762	639,087	601,567

Summary Statement of Financial Position

Current assets	12,217	10,454	13,504
Non current assets	716,398	694,504	656,750
Total Assets	728,615	704,957	670,254
Current liabilities	13,259	10,845	21,566
Non current liabilities	54,594	55,026	47,120
Total Liabilities	67,853	65,870	68,686
Net assets	660,762	639,087	601,567

Summary Statement of Cash Flow

Operating Cash Flows	17,808	19,922	21,329
Investing Cash Flows	(18,459)	(23,354)	(13,435)
Financing Cash Flows	(1,064)	(1,969)	(16,127)
Net Cash Flow Increase/(Decrease)	(1,715)	(5,402)	(8,233)
Opening Cash Balance	3,641	5,902	11,874
Closing Cash Balance	1,926	500	3,641



REVENUE

A breakdown of where our revenue comes from

$$\begin{array}{rcl}
 \$35.5\text{m} & + & \$24.3\text{m} & = & \$59.8\text{m} \\
 \text{from rates} & & \text{other income} & & \text{TOTAL} \\
 & & & & \text{REVENUE}
 \end{array}$$

59.4%

■ Rates

20.3%

■ NZ Transport Agency

10.0%

■ Activity Income

6.5%

■ Contributions

1.1%

■ Other gains/losses

2.7%

■ Other Income

FINANCES AT A GLANCE



Operational Expenditure

Operating costs relating to staff and suppliers of Council was higher due to the increased building and resource consent activity.



Contingent Liabilities

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

See overleaf for Kaipara's contingent liabilities.



Decreasing Debt

Debt reduced from \$46m down to \$45m. Council is, in keeping with its treasury policies, utilising surplus cash to reduce external borrowing. Council is ensuring that it maintains adequate working capital by having committed bank short term borrowing facilities in place.



Cash Flow

Council's net cash outflow was lower than planned.



Gain on Revaluation

Roads and footpaths, sewerage, water supply and flood protection assets were valued this year which has seen a large increase in the value of Council's assets.



LGFA Disclosure

Council is one of 52 local authority guarantors of LGFA. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all LGFA's borrowings. At 30 June 2019, LGFA had borrowings totalling \$9.53 billion (2018: \$8.3 billion).



Contingent Liabilities

Council has given a \$750,000 guarantee to Westpac Banking Corporation Ltd on loan advances to the Mangawhai Harbour Restoration Society. The purpose of the loan advance was to fund the Society's harbour restoration project. The Society funds the loan repayments from Council grants. Council has for many years and plans to continue to rate properties in the catchment area of the Mangawhai Harbour to fund the grants. The Society controls all of the activities of the restoration project. The Society's loan balance at June 2019 was \$112,643.

In 1998 a \$108,000 letter of credit was issued in favour of the Northland Regional Council (NRC), being a performance bond in respect of the future capping of district landfills.

A \$45,000 guarantee to the Bank of New Zealand exists for Council credit card limits.

In respect of all of the above guarantees, Council has assessed the risk factor and any uncertainty at zero. Therefore, any question of reimbursement is not applicable.

RB & HE Rogan

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

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

Building Weather tightness claims

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

Other legal claims

Council has in progress a claim that has been lodged with the High Court for foundation failure. Council was originally named as the fifth of six defendants, however, the owners withdrew their claim against certain parties and now Council is the second of two defendants. Council is in a strong position due to the admission of fault by the first defendant a Chartered Professional Geotechnical Engineer upon which Council based its decision to issue the consent.

Community housing caveat

Council undertook the modernisation of 34 of its community housing units, the works programme being completed in March 2009. The programme was funded by Housing New Zealand Corporation by way of an interest-free suspensory loan, conditional on the completion of the work, after which the liability ceased. A caveat remains, however, requiring Council to neither withdraw from providing community housing, nor significantly altering its investment in this joint-funded housing modernisation programme.

At this time Council does not expect to withdraw or significantly alter its investment in community housing. The total value of the interest-free suspensory loan is \$1,020,000 which was previously recognised as revenue.

Riskpool exposure

New Zealand Mutual Liability Riskpool (Riskpool) provides public liability and professional indemnity insurance for its members. Council is a member of Riskpool. The Trust Deed of Riskpool provides that if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any fund year, then the Board may make a call on members for that fund year. Due to the shortfall Council is aware of a further call of \$22,939.66.

Earthquake risk to buildings

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

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

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

The summary annual report was derived from the annual report of the Kaipara District Council (the District Council) for the year ended 30 June 2019. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 6 to 11:

- the summary Statement of Financial Position as at 30 June 2019;
- the summaries of the Statement of Comprehensive Revenue and Expense, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2019;
- the Disclosures to the Summary Financial Statements; and
- the summary Statements of Service Performance of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 26 September 2019.

Opinion

In our opinion:

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

Basis of opinion

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

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

Responsibilities of the Council and the Auditor

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

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

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Bryce Henderson
for Deloitte Limited
On behalf of the Auditor-General
Auckland, New Zealand
16 October 2019



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