

<b>Meeting</b>	Audit, Risk and Finance Committee
<b>Date</b>	Wednesday 11 September 2019
<b>Time</b>	10.00 am
<b>Venue</b>	Mangawhai Club – Molesworth Drive, Mangawhai

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## Open Supplementary Agenda

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### **Membership**

Chair: Stana Pezic  
Members: Deputy Mayor Peter Wethey  
Councillor Victoria del la Varis-Woodcock  
Councillor Jonathan Larsen

**Lisa Hong, Governance Advisor**  
lhong@kaipara.govt.nz



## Audit Management Report year ended 30 June 2019

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 11 September 2019  
**Reporting officer:** Sue Davidson, General Manager Risk, IT and Finance

### **Purpose/Ngā whāinga**

To receive the Auditors' findings and recommendations relating to the recent audit.

### **Executive summary/Whakarāpopototanga**

Alongside the audit of the Annual Report the Auditors prepare a report of findings as they audit the financial statements and service performance statements for year ending 30 June 2019, **Attachment A**.

### **Recommendation/Ngā tūtohunga**

That Audit, Risk and Finance Committee:

- a) Notes the Audit Management Report and Deloitte's Report to Management year ended 30 June 2019 dated 04 September 2019, circulated as Attachment A.

### **Context/Horopaki**

This report will detail the findings and recommendations from the recent audits.

### **Discussion/Ngā kōrerorero**

This is to discuss the Auditors' findings and recommendations.

#### **Policy and planning implications**

Any improvements noted will be scheduled in Council's work plans going forward.

#### **Financial implications**

There are no financial implications.

#### **Risks and mitigations**

Recommendations by the auditor will reduce our exposure to risk

### **Significance and engagement/Hirahira me ngā whakapāpā**

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

### **Next steps/E whaiake nei**

Not applicable, this report is for information only.

## Attachments/Ngā tapiritanga

	Title
A	Attachment A - Deloitte's Report to Management year ended 30 June 2019 dated 4 September 2019.

Sue Davidson, 05 September 2019.

**Deloitte.**



**Kaipara District Council**  
Report to Council  
for the year ended 30 June 2019

4 September 2019

Stana Pezic  
Chair, Audit and Risk Committee  
Kaipara District Council  
Private Bag 1001  
Dargaville

Dear Stana

## Report to Council for the year ended 30 June 2019

In accordance with our normal practice, we include in the attached report all matters arising from our audit of the financial statements of Kaipara District Council for the year ended 30 June 2019 which we consider appropriate for the attention of the Audit, Finance, and Risk Committee ("the Committee"). These matters have been discussed with management and their comments have been included, where appropriate.

We look forward to the Committee meeting on 11 September 2019, at which we will have the opportunity to discuss this report. In the interim, should you require clarification on any matter in this report, please do not hesitate to contact us.

We have substantially completed our audit subject to the satisfactory resolution of the outstanding matters detailed in the report.

This correspondence is part of our ongoing discussions and as required by Office of the Auditor-General's (OAG) auditing standards. The ultimate responsibility for the preparation of the financial statements rests with the Council.

We have prepared this report solely for the use of the Committee and it would be inappropriate for this report to be made available to third parties. If such a third party were to obtain a copy without our prior written consent, we would not accept responsibility for any reliance that they might place on it.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

Yours faithfully



Bryce Henderson  
Partner  
for Deloitte Limited  
On behalf of the Auditor-General

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# Executive Summary

## Status of the audit

Our audit of the financial statements is substantially complete, subject to the outstanding matters noted in the *Audit scope* section.

## Audit scope



We have performed an audit of Kaipara District Council for the year ended 30 June 2019 in accordance with the Office of the Auditor General's (OAG) auditing standards. Our audit is performed pursuant to the requirements of the Local Government Act 2002 (the Act), with the objective of forming and expressing an opinion on the financial statements, performance information, and other requirements of Schedule 10.

## Areas of focus



Our audit procedures were focused on those areas of Kaipara District Council's activities that are considered to represent the significant risk areas, including:

1. Development contribution revenue
2. Revaluation of infrastructure assets
3. Legislative compliance: rates revenue

Additional sector wide areas of focus:

1. Fraud
2. Performance, waste, and probity
3. Managing conflicts of interest and related party transactions
4. Legislative compliance and more specifically of rates
5. Financial prudence
6. Provincial Growth Fund

## Internal controls



In performing our audit we have not identified any material weaknesses in internal controls which would impact upon our ability to provide our opinion on the financial statements.

We have identified a number of recommendations and corrected misstatement, however, which will be communicated under separate cover in the management letter. In some cases these will have arisen from control deficiencies.



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# Executive Summary - continued

## Summary of unadjusted differences



In performing our audit of Kaipara District Council for the year ended 30 June 2019 we have not identified any uncorrected misstatements or omitted disclosures that could, either individually or in aggregate, have a significant effect on the financial statements for the year ended 30 June 2019.

There were however a number of significant adjustments made as part of our audit. The net effect of these items identified has been to increase assets by \$12.5m and reduced net surplus by \$0.6m.

## Other communications



Various matters are communicated in accordance with the requirements of the Office of the Auditor General's auditing standards:

- Independence
- Professional fees / relationships
- Written representations
- Non-compliance with laws and regulations
- Accounting policies / financial reporting
- Related parties
- Other information



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# Audit scope

## Purpose of report

This report has been prepared for Kaipara District Council's ("Council") Audit, Finance, and Risk Committee ("Committee") and is part of our ongoing discussions and as required by the Office of the Auditor General's (OAG) auditing standards. This report includes only those matters that have come to our attention as a result of performing our audit procedures and which we believe are appropriate to communicate to the Committee. The ultimate responsibility for the preparation of the financial statements rests with the Council.

## Responsibilities

We are responsible for conducting an audit of Council for the year ended 30 June 2019 in accordance with the OAG's auditing standards which incorporate the New Zealand auditing standards issued by the NZ Auditing and Assurance Standards Board. Our audit is performed pursuant to the requirements of the Local Government Act 2002 with the objective of forming and expressing an opinion on the financial statements, performance information, and other requirements of Schedule 10 that have been prepared by management with the oversight of the Councillors. The audit of the financial statements does not relieve management or the Councillors of their responsibilities.

## Outstanding matters

As at the date of preparing this report the following matters in respect of our audit are outstanding:

- Completion of audit testing in respect of fixed assets and contributions revenue. We also have matters to clear on other balances where most of our audit work is complete;
- Summary of unadjusted differences to be updated based on final variances identified;
- Resolution of final audit queries;
- Final Quality Control procedures;
- Procedures relating to the final disclosures in the financial statements and SSP;
- Appropriate procedures relating to subsequent events up to the date of our audit opinion;
- Receipt of the signed management representation letter; and
- Adoption of the financial statements and annual report by Council.



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# Areas of focus

## Audit risks

Our audit procedures were focused on those areas of the Council's activities that are considered to represent the significant risk areas which include:

- the significant risks of material misstatement for our audit whether due to fraud or error; and
- other matters of significance which have not been identified as significant audit risks.

These areas of focus were identified as a result of:

- the risk assessment process undertaken during the planning phase of our engagement and presented to the Committee in our audit strategy documents dated 18 April 2019;
- our understanding of the risks faced by the Council;
- discussions with management during the course of our audit
- the significant risks and uncertainties previously reported in the annual report and financial statements;
- our assessment of materiality; and
- the changes that have occurred in the organisation and the environment it operates in since the last annual report and financial statements.

The identification of areas of focus included consideration of the significant qualitative aspects of the entity's accounting practices, including judgements about accounting policies, accounting estimates and financial statement disclosures identified during the course of our audit of the financial statements.

On the following pages we provide a summary of our audit findings in relation to each of our areas of focus. These findings are based on our audit procedures performed for the year ended 30 June 2019.



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# Areas of focus - continued

## Audit risk dashboard

Area of focus	Significant risk	Fraud risk	Planned controls testing approach	Level of management judgement required
Revaluation of infrastructure assets	✓	✗	D+I	
Legislative compliance: rates revenue	✓	✗	D+I OE	
Development contribution revenue	✓	✓	D+I OE	

**D+I:** Testing of the design and implementation of key controls  
**OE:** Testing of the operating effectiveness of key controls

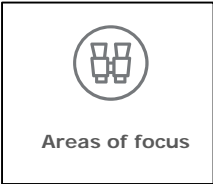
**Level of management judgement required**



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# Areas of focus - continued

## Audit findings - continued

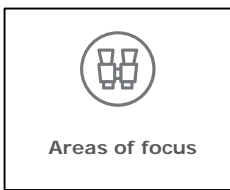
Area of focus	Audit response
<p><b>Revaluation of infrastructure assets</b></p> <p>The Council accounts for revaluations of infrastructural assets on a class of asset basis. The asset classes include roads, land under roads, water reticulation, wastewater reticulation, stormwater systems and flood protection assets. Land associated with the wastewater system (particularly at Mangawhai) is also treated as a separate class of infrastructure asset.</p> <p>Management have adopted a rotation basis for revaluing the asset classes so the valuations are not all completed in the one year. The infrastructure assets to be revalued for the 2018/19 financial year are the roading, water, wastewater reticulation and flood protection assets.</p> <p>Consistent with past practice, Council has engaged independent third party valuation experts to undertake the valuation of these assets, as well as determine (on a desk top basis) whether there has been any material movement in the fair value of the infrastructure assets not subject to a full valuation in 2019.</p> <p>There is a risk that revaluations are not appropriate because of unreasonable assumptions and/or data, and that revaluation movements are not adequately reflected in the financial statements.</p>	<p>In order to address this risk, we:</p> <ul style="list-style-type: none"><li>• Obtained the independent valuations of the relevant infrastructure asset classes;</li><li>• Obtained representations directly from the independent valuers confirming their valuation methodology;</li><li>• Reviewed the key underlying assumptions used by the independent valuers to determine whether these assumptions were reasonable and in line with NZ generally accepted accounting practice (NZ GAAP);</li><li>• Held various discussions with the valuers as appropriate; and</li><li>• Determined whether the revaluation transactions are correctly accounted for and disclosed in the financial statements in compliance with NZ GAAP;</li><li>• Reviewed the desk top reports from the valuers to identify any material fluctuations in value of assets not revalued in the current year; and</li><li>• Reviewed the peer review reports conducted in relation to the roading and stormwater asset valuations.</li></ul>



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# Areas of focus - continued

## Audit findings - continued

### Audit findings

#### Revaluation of infrastructure assets (continued)

A number of material adjustments were made as a result of the audit work relating to roading, water, wastewater reticulation and flood protection assets.

The Committee will recall that we discussed the quality of the infrastructure data in our previous reports to you. We were concerned with the risk that valuers are not provided an accurate and complete set of data to perform their valuation. In addition the quality of data supplied also required improvement (in common with most other Councils)

We have noted improved data quality but there continues to be an area of significant challenge to management and in our year end audit process.

Key areas of challenges, which needed to be resolved during the audit, included:

- We had difficulties in receiving matching data provided by KDC to the valuers and the data that was included in our financial system. To put this into context, the valuers had incorporated \$2.5m of assets in their valuation report but KDC had additions of \$14.4m during the year. This was due to the timing of the valuations versus year end close.
- The ability to have one central point of contract within KDC to take ownership of the data provided to the valuers.
- Inconsistency in information provided between KDC teams e.g. whether assets have been sold or not

In common with other Councils the quality of the data in relation to infrastructure assets is in need of improvement in many areas, particularly in relation to underground assets which form part of the water, wastewater and stormwater asset classes.

Further condition assessment work is required to improve this data quality and therefore reduce the risk of errors in the valuation and unforeseen network failure.

The valuers, and peer reviewers have made a number of recommendations to management concerning improvements to the underlying data. It will be important that these improvements continue to be factored in to subsequent revaluation exercises.

A number of recommendations in this area will be discussed in our management report.



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# Areas of focus - continued

## Audit findings - continued

Area of focus	Audit response	Audit findings
<p><b>Legislative compliance: rates revenue</b></p> <p>Over recent years there have been a number of issues within the Local Government sector arising from rates not being set in accordance with the Local Government (Rating) Act 2002 (LGRA). Compliance with the detail of the LGRA is vital: if the rate is not within the range of options and restrictions provided for in that Act, it may not be valid.</p> <p>Management and Council need to continue to ensure that the requirements of the LGRA are adhered to and that there is consistency between the rates resolution, the Funding Impact Statement for that year, and the Revenue and Financing Policy in the respective LTP or Annual Plan (AP).</p> <p>Council has been party to a number of legal actions in recent years in relation to its rates, and those of Northland Regional Council (NRC), with whom Council has an agreement to administer the rating function for NRC's rates collected in the Kaipara District.</p> <p>In the most recent update, the Court of Appeal dismissed Rogan's appeal on 6 November 2018. The Rogan's have advised recently that they intend to apply to the Supreme Court for leave to extend time to appeal and if that application is granted they will proceed to request leave to appeal to the Supreme Court. Council considers Rogan's chances of succeeding with these applications to be remote.</p>	<p>In order to address this risk, we:</p> <ul style="list-style-type: none"> <li>• Tested the controls around the rates setting process at Council;</li> <li>• Completed a 'work programme' compiled by the OAG, (similar to that completed in the prior year), to assist us in determining if rates had been set correctly by the Council;</li> <li>• Reviewed the meeting minutes recording the adoption of the rates resolution, determining whether the rates are in accordance with the revenue and financing policy as well as reviewing any other information available with regard to rates.</li> </ul>	<p>We identified no material misstatement during our testing on rates.</p> <p>The remaining residual issue is Mr Rogan's application to the Supreme Court in relation to his outstanding rates balance due to KDC, which Council does not consider to be a material amount.</p> <p>We note that Council also uses Simpson Grierson to review its rating documentation prior to its adoption.</p>



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# Areas of focus - continued

## Audit findings - continued

Area of focus	Audit response	Audit findings
<p><b>Development Contributions</b></p> <p>There is a risk that development contributions may be misstated if they are calculated incorrectly or revenue is recognised incorrectly.</p>	<p>We tested a sample of development contributions for accuracy, and to review of the recognition policy and practice against relevant accounting standards to ensure the revenue is recognised at the right time.</p>	<p>Our testing on development contributions is still currently in progress. Our procedures to date show that there are cut off issues and an unadjusted difference has been raised at this time.</p> <p>We will provide an update on this at our meeting.</p>



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# Other areas of focus

## OAG and other audit brief requirements - Audit findings

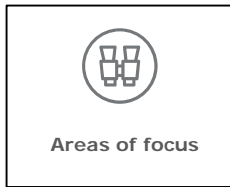
Area of focus	Audit response	Audit findings
<p><b>Fraud</b></p> <p>The primary responsibility for the prevention and detection of fraud rests with management and the Council, including designing, implementing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditor, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.</p>	<p>Throughout the financial year we remained alert for issues that indicate fraud.</p> <p>Specifically our work involved:</p> <ul style="list-style-type: none"> <li>• Formal inquiries of the Council, management and others within the entity regarding the risks of fraud within the Council including the processes in place to mitigate those risks;</li> <li>• Documenting systems and internal controls used by the Council to prevent and detect fraud. In this area we will raise any weaknesses with management and the Council as applicable;</li> <li>• Remaining alert for the existence of any confidentially clauses in employment contracts that may prevent disclosure of information and thus reduce the level of transparency of spending of public monies; and</li> <li>• Reviewing the current fraud policy to ensure it follows OAG guidance and ensure management and employees are aware of the fraud policy and its content.</li> </ul>	<p>We are aware of a potential irregularity during the year and a verbal update will be provided to the Committee.</p>



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# Other areas of focus - continued

## OAG and other audit brief requirements - Audit findings

Area of focus	Audit response	Audit findings
<p><b>Performance, waste and probity</b></p> <p>Ensuring that Parliament’s expectations are met with respect to use of rate payer funds is a key feature of any audit in the public sector.</p>	<p>Our audit approach included a specific programme of work, as in previous years, covering the following aspects:</p> <ul style="list-style-type: none"> <li>• Confirming Council has the appropriate policy framework for areas such as delegated authorities, fraud, conflicts of interest etc.</li> <li>• Testing certain areas of sensitive expenditure to ensure spending is appropriate and authorised in accordance with policy and best practice.</li> <li>• Reviewing areas such as credit card expenditure, fuel card expenditure, and mobile phone expenditure.</li> </ul>	<p>We did not identify any issues in respect of performance, waste, and probity.</p>

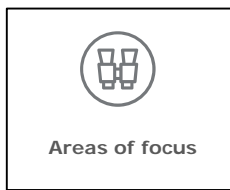
Area of focus	Audit response	Audit findings
<p><b>Managing conflicts of interest and related party transactions</b></p> <p>Councils are required to ensure that there are appropriate procedures in place to identify and manage conflicts of interest that related party disclosures in the financial statements are complete.</p> <p><i><b>This is particularly important in an election period to ensure that Councillors who are standing for re-election and other candidates don’t breach the \$25,000 threshold for related party transactions set out in the Local Authorities (Members’ Interests) Act 1968.</b></i></p>	<p>Our audit procedures on related party disclosures included searching public records for potential related party relationships (such as the Companies Office website).</p> <p>We also ensured any entries in the interests register were individually assessed, and those which met the definition of a related party transaction during the year were disclosed in the Annual Report. This included remuneration disclosures relating to the Councillors and key management personnel.</p>	<p>We are satisfied that related party transactions including remuneration disclosures relating to Councillors have been appropriately disclosed in the annual report.</p>



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# Other areas of focus - continued

## OAG and other audit brief requirements - Audit findings

Area of focus	Audit response	Audit findings
<p><b>Legislative compliance and more specifically legality of rates</b></p> <p>The Council is subject to significant regulatory and legislative compliance requirements. The Council needs to have adequate systems in place to monitor compliance with legislation along with any changes occurring in the applicable legislation.</p>	<p>Our audit procedures included looking at Council's processes for ensuring legislative compliance, including specifically testing compliance with legislation that materially impacts on the financial statements. This included the Local Government Act 2002 and the Local Government (Rating) Act 2002. In particular extensive work was completed on the rates setting process, as outlined in the Areas of Focus section above.</p>	<p>We identified no issues in respect of legislative compliance.</p>

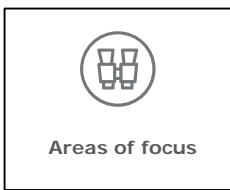
Area of focus	Audit response	Audit findings
<p><b>Financial prudence</b></p> <p>Councils are required to include appropriate benchmarking reporting in the Annual Report as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.</p>	<p>Our audit procedures included reviewing the disclosures and recalculating key ratios to determine whether Council was in compliance with these regulations.</p>	<p>We identified no issues in respect of legislative compliance.</p>



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# Other areas of focus - continued

## OAG and other audit brief requirements - Audit findings

Area of focus	Audit response	Audit findings
<p><b>Provincial growth fund</b></p> <p>The Provincial growth fund represents a \$3billion investment of public money in projects and initiatives which aim to lift productivity potential in New Zealand's regions.</p> <p>The Council entered into two funding agreements in the current year – Kaipara Wharves and Growing the Kai in Kaipara which provides funding of up to \$4,950,000 and \$980,000 respectively.</p>	<p>We reviewed the Kaipara Wharves and Growing the Kai in Kaipara contracts.</p> <p>We focused on the risk that revenue may not be recorded in the appropriate accounting period due to incorrect recognition or deferral of revenue. This could arise from incorrectly identifying conditions or restrictions associated with revenue transactions or incorrectly applying the contractual terms associated with the timing of when revenue is recognised.</p>	<p>There are a number of conditions with this funding and revenue can only be recognised when each separately identified condition is met.</p> <p>We identified no misstatements in relation to revenue recognition or cut-off.</p> <p>At year end approximately \$100,000 has been recognised.</p>



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# Internal controls

## Objective

Our audit approach requires us to obtain an understanding of an entity's internal controls, sufficient to identify and assess the risks of material misstatement of the financial statements whether due to fraud or error.

We remind you that our audit was not designed to express an opinion on the effectiveness of the controls operating within the Council, although we will be reporting to management under separate cover our recommendations on controls that we identified during the course of our audit work. The matters being communicated are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported. Recommendations for improvement should be assessed by you for their full commercial implications before they are implemented.

## Internal controls assessment

In performing our audit of Council for the year ended 30 June 2019 we have identified a number of deficiencies in internal controls which were able to be resolved with additional audit work so as not to impact upon our ability to provide our opinion on the financial statements for the year ended 30 June 2019.

Examples of the issues encountered are set out on page 6 and again on pages 16 and 17. We expect to issue a Management Letter with our controls findings and other recommendations shortly.

## Matters relating to fraud

During the course of our audit the following matters relating to fraud, concerning either employees or management, have come to our attention other than those discussed within the Areas of Focus section of our report.



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# Summary of unadjusted differences

## Unadjusted differences

For the financial statements our materiality was \$1.378m

In performing our audit of KDC for the year ended 30 June 2019 we have not identified any uncorrected misstatements that management believe could, either individually or in aggregate, have a material effect on the financial statements for the year ended 30 June 2019. All adjustments identified during the audit have been made.

Unadjusted misstatements identified	Assets Dr/(Cr) (\$'000)	Liabilities Dr/(Cr) (\$'000)	Equity Dr/(Cr) (\$'000)	Profit or loss Dr/(Cr) (\$'000)
Current year:				
Incorrect journal posted to PPE relating to remediation cost incurred on Bickerstaffe Road Landfill. This should have been provided for in the prior years.	(311)		311	
Depreciation on infrastructure additions excluded from revaluation	(81)			81
Provision for doubtful debts on land rates was understated	(136)			136
Overstatement of contributions income	(201)			201
<b>Total current year</b>	<b>(729)</b>	<b>Nil</b>	<b>311</b>	<b>418</b>
Prior year:				
Carry forward impact of prior year items	-	-	-	-
<b>Total prior year</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>



# Summary of adjusted audit differences

In performing our audit of KDC for the year ended 30 June 2019 we identified a number of audit differences that have been adjusted by management. The effect of these is set out below:

<b>Adjusted misstatements identified</b>	<b>Assets Dr/(Cr) (\$'000)</b>	<b>Liabilities Dr/(Cr) (\$'000)</b>	<b>Equity Dr/(Cr) (\$'000)</b>	<b>Profit or loss Dr/(Cr) (\$'000)</b>
Underaccrual of water charges revenue due to incorrect calculation	106			(106)
Revaluation gain on roading assets not correctly reflected in the fixed asset register due to incomplete data provided to valuer	11,923		(11,923)	
Revaluation gain on water, wastewater and flood protection assets not correctly reflected in the fixed asset register due to incomplete data provided to valuer	1,952		(1,952)	
Provision for doubtful debts on infringements was understated	(261)			261
Bad Debts incorrectly posted		(115)		115
Landfill cost for Hakaru and Awakino were incorrectly posted into property, plant and equipment	(142)	142		



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# Summary of adjusted audit differences - continued

Adjusted misstatements identified	Assets Dr/(Cr) (\$'000)	Liabilities Dr/(Cr) (\$'000)	Equity Dr/(Cr) (\$'000)	Profit or loss Dr/(Cr) (\$'000)
Reversal of prior year adjustment relating to credit balances in debtors reclassified to creditors	(636)	636		
Resource consent accrued revenue incorrectly recognised	(271)			271
Vested assets incorrectly recognised under contributions income				360 (360)
Provision for doubtful debts on land rates was understated	(148)			148
Desludging cost incurred in the year that should have gone against provision		130		(130)
<b>Total</b>	<b>12,523</b>	<b>793</b>	<b>(13,875)</b>	<b>559</b>



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# Summary of unadjusted differences - continued

## Omitted disclosures assessed by management as not being material

In performing our audit of KDC for the year ended 30 June 2019, no material uncorrected disclosure deficiencies were detected in the financial statements. The following omitted disclosures assessed by management as not being material remain uncorrected in the financial statements and management has determined that these do not result in the material misstatement of the financial statements or non-compliance with the applicable legislative framework:

Omitted disclosures assessed by management as not being material	Ref	Management's response
Sensitivity of fair value of interest rate swaps to changes in interest rate have not been disclosed	PBE IPSAS 30:47	Omitted disclosure deemed immaterial by management.



Executive summary



Audit scope



Areas of focus



Internal controls

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Summary of unadjusted differences



Other communications



Appendices



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# Other communications

The following matters are communicated in accordance with the requirements of New Zealand auditing standards:

<b>Independence</b>	<p>We confirm that we have maintained our independence in accordance with the independence requirements of the OAG and <i>Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners</i> issued by the NZ Auditing and Assurance Standards Board and, in our professional judgement, we are independent and the objectivity of the audit engagement partner and audit staff are not compromised.</p>
<b>Professional fees/ relationships</b>	<p>A summary of all fees charged during the year ended 30 June 2019 for audit and non-audit services provided by Deloitte Limited to the Council are detailed in Appendix A.</p> <p>In performing our audit of the Council for the year ended 30 June 2019 no other relationships or other matters existed between the firm, network firms and the Council that, in our professional judgement, may reasonably be thought to bear on our independence.</p>
<b>Written Representation</b>	<p>A copy of the representation letter to be signed on behalf of the Council has been circulated separately.</p>
<b>Non-compliance with laws and regulations</b>	<p>In performing our audit of for the year ended 30 June 2019 we did not become aware of any instances of non-compliance with applicable laws and regulations that may have an impact on the determination of material amounts and disclosures in the financial statements.</p>
<b>Accounting policies / financial reporting</b>	<p>There were no material changes in accounting policies during the year ended 30 June 2019.</p> <p>In performing our audit of Council for the financial year ended 30 June 2019 we have not become aware of any significant qualitative aspects of the entity's accounting practices, including judgements about accounting policies, accounting estimates and financial statement disclosures that need to be communicated to the Committee, other than those in the <i>Areas of focus</i> section.</p>
<b>Related parties</b>	<p>In performing our audit of Council for the financial year ended 30 June 2019 no significant related party matters other than those reflected in the financial statements came to our attention that, in our professional judgement, need to be communicated to the Committee.</p>
<b>Other information</b>	<p>We have read the other information (the financial and non-financial information other than the financial statements) contained within the annual report and identified no material inconsistencies.</p>



# Appendices

## Appendix A: Analysis of professional fees



Executive  
summary



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Summary of  
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differences



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communications



Appendices



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# Appendix A: Analysis of professional fees

We summarise below our agreed audit fees and fees for other services performed during the current financial year. The fees below are exclusive of GST and disbursements.

	2019 (\$)	2018 (\$)
Fees payable to the Council's auditors for the audit of the Council's annual financial statements and summary financial statements	155,000	152,000
Audit of long term plan	-	109,200
Other assurance engagements relating to the Debenture Trust Deed and audit of the Register of Security Stock	9,500	10,600
<b>Total audit related and other assurance fees</b>	<b>164,500</b>	<b>271,800</b>
Online fraud and Corruption Awareness Training	5,000	0
"Tip Offs" Whistleblower Service	7,800	4,550
Forensic investigation	39,508	-
<b>Total services</b>	<b>216,808</b>	<b>276,350</b>





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# Annual Report 30 June 2019 – Recommendation to Council to Adopt

**Meeting:** Audit, Risk and Finance Committee  
**Date of meeting:** 11 September 2019  
**Reporting officer:** Sue Davidson, GM Risk, Finance & IT

## Purpose/Ngā whāinga

The purpose of the Annual Report is to report against measures and outcomes agreed to adoption of the Long Term Plan – Year 1.

## Executive summary/Whakarāpopototanga

The Annual Report reflects the work completed for the year ended 30 June 2019. There is a statutory requirement for Council to adopt an Annual Report prior to 31 October 2019.

This Council will be one of the first to adopt. The results are mainly in line with information provided to Council throughout the year.

## Recommendation/Ngā tūtohunga

That the Audit, Risk and Finance Committee:

- a) Recommends to Council the adoption of the 2018/2019 Annual Report.

## Context/Horopaki

The Local Government Act requires the Council to prepare and adopt an Annual Report within four months of the end of each financial year.

An Annual Report is to provide an outline of Council's performance in comparison with what was planned in its Annual Plan or Long Term Plan. This year Council is comparing with the first year of the 2018/2028 Long Term Plan. The Annual Report details the operating activities of Council and includes the financial statements for the year.

Clause 34 of Schedule 10 requires a Statement of Compliance to be included in the Annual Report indicating whether the statutory requirements in relation to the preparation of the Annual Report have been met. The statutory requirements are outlined under Part 6, Section 98 and Part 3 of Schedule 10. Staff have ensured the 2018/2019 Annual Report meets these requirements.

The summary of the Annual Report will be completed and is to be audited but it is not required to be adopted by Council.

The 2018/2019 Annual Report has been reviewed by Deloitte on behalf of the Auditor General who is appointed as Council's auditor under the Public Audit Act 2001. The draft opinion will be included in the Annual Report to Council.

## Discussion/Ngā kōrerorero

Highlights this year are:

- Council has worked progressively to reduce debt from the level of \$76 million in 2013/2014.
- This year debt was slightly down on the previous year at \$45 million.
- Finance costs are lower than planned as many of our capital projects were not in the construction phase until later in the year.
- Council has kept within the required treasury ratios.
- The largest capital project completed was the Quail Way stormwater programme which was completed within budget.

Council has consistently been told that the expected surplus for the revenues and expenses statement would be just above that budgeted. A last minute adjustment for the market valuation of the swaps we hold as at the 30 June 2019 has meant the overall surplus has reduced and is now slightly under that budgeted. Interest hedging (swaps) is utilised to reduce risks and fix interest rates which is a prudent action to take. This change is a non-cash adjustment until the swaps are realised.

Other movements are:

- Both building and resource consent activity was much higher than planned and this meant the relevant activity revenue was higher than planned. This has also meant additional resource has been brought in to process these consents. Demand was higher than the resource we were able to provide and the processing of resource consents was not within statutory timelines, however there was some improvement to 71% at year end.
- Higher growth has meant additional financial contributions will allow further improvements and additions to reserves in future. There was also a positive increase in development contributions which go towards the Mangawhai sewer.
- Additional grants – ex TIF and Provincial Growth Fund were negotiated and confirmed.
- Other Income has increased because of additional roads and reserves vested in Council.
- Additional staff and consultants were needed for the additional work relating to both building and resource consents and also for work related to the Provincial Growth Fund.
- Finance costs were lower as capital projects were not able to be completed as planned, and interest rates were also lower.

Key changes in the Statement of Financial Position (Balance Sheet) are:

- Trade and other receivables include \$1.5 million subsidy from NZ Transport Agency which was unpaid at balance date.
- Employee entitlements include a full fortnight's salary in this year's figures.

Council also made provision over the next two years for grants of up to \$300,000 for reserve and open space projects from financial contributions.

Council was successful in being awarded grants for a boardwalk at Baylys Beach and toilets at Matakohe and Maungaturoto. In addition, Council put forward detailed applications for various projects in our district and was successful in gaining funding from the Provincial Growth Fund.

Roading continued to be the largest part of our capital works programme however much of this was not undertaken until later in the year which has meant that loans as planned did not need to be taken up as early as had been initially planned.

Council because of its parlous financial state in the past has not been providing for renewals to the extent required by the Local Government Act. This year rates funding of depreciation which is used for renewals was increased from 50% to 67%.

## Options

- a) Recommends to Council the adoption of the 2018/2019 Annual Report.

The Committee to recommend to Council the adoption of the 2018/2019 Annual Report and then a final audit opinion will be provided by Deloitte.

## Policy and planning implications

This 2018/2019 Annual Report contains both the financial statements and also details how Council performed to what was planned in Year 1 of the Long Term Plan.

## Financial implications

There are no additional financial considerations about whether to adopt the Annual Report.

At the time of preparing this report, the audit is substantially complete but is still in progress. If there are any changes required by audit this will be noted at the meeting and formal advice before adoption by Council on 29 September 2019.

## Risks and mitigations

Council must ensure it adopts the Annual Report within four months of balance date.

## Significance and engagement/Hirahira me ngā whakapāpā

The decisions or matters of this report do not trigger the significance criteria outlined in Council's Significance and Engagement Policy, and the public will be informed via agenda on the website.

The Annual Report and the Summary Annual Report must be available to the public one month after adoption of the Annual Report. These will be placed on Council's website and printed copies will be available at the library or on request.

The information contained within the Annual Report will be of considerable interest to the community and of some significance in that it reports on the performance of Council over the 2018/2019 financial year.

## Next steps/E whaiake nei

- The Annual Report will be adopted at the September 2019 Council meeting.
- The Mayor and Chief Executive sign the report.
- Deloitte to issue an audit opinion.
- Report to be released.

## Attachments/Ngā tapiritanga

	Title
A	2018/2019 Annual Report

Sue Davidson, 4 September 2019





# ANNUAL REPORT 2018/2019

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KAIPARA DISTRICT COUNCIL



Kaipara te Ora ngāwai - Two Oceans Two Harbours

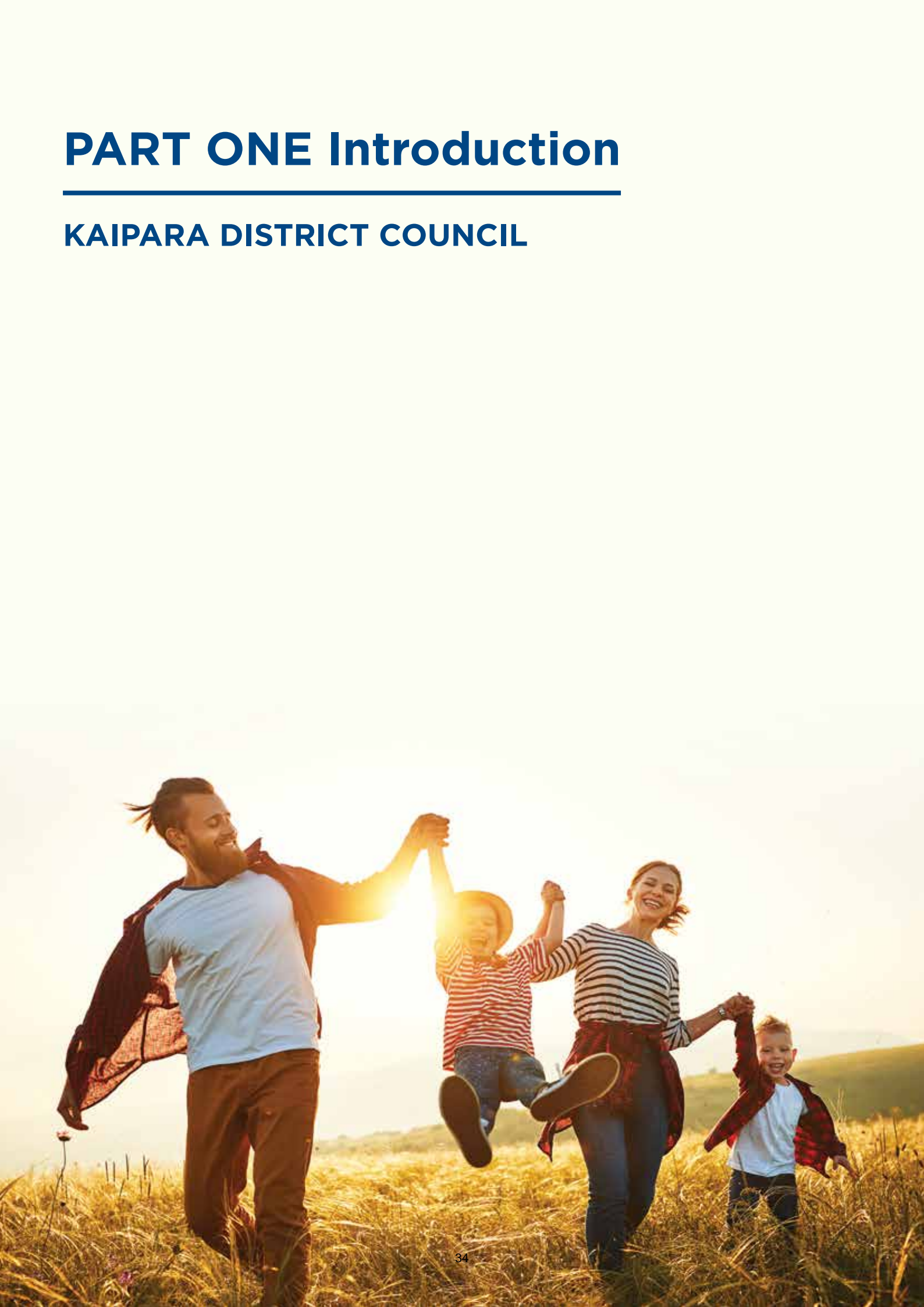




# **PART ONE Introduction**

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**KAIPARA DISTRICT COUNCIL**



# Kaipara District Elected Members

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**Mayor**  
*Dr Jason Smith*



**Deputy Mayor**  
*Peter Wethey*



**Councillor**  
*Victoria del la  
Varis-Woodcock*



**Councillor**  
*Jonathan Larsen*



**Councillor**  
*Julie Geange*



**Councillor**  
*Karen Joyce-Paki*



**Councillor**  
*Libby Jones*



**Councillor**  
*Anna Curnow*



**Councillor**  
*Andrew Wade*

## A word from the Mayor and Chief Executive



**Mayor**  
*Dr Jason Smith*



**Chief Executive**  
*Louise Miller*

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**Dr Jason Smith**  
*Mayor*

**Louise Miller**  
*Chief Executive*



## Statement of Compliance

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

**Dr Jason Smith**

*Mayor*

26 September 2019

**Louise Miller**

*Chief Executive*

26 September 2019

# Audit Report









**RESIDENT SATISFACTION**



**CUSTOMER SERVICE CENTRE**



**REGULATORY NUMBERS**



**TOP 5 PERFORMING SERVICES & FACILITIES**

**RESIDENT SATISFACTION PERCENTAGES**



**PUBLIC SERVICES NUMBERS**



*All figures are from 1 July 2018 to 30 June 2019*

# Service Highlights

## Finances

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

For Kaipara, our debt has remained a constant figure of scrutiny, and for 2018/2019 debt has remained at the same level as last year (2017/2018) at \$45m. In 2013/2014 our debt was \$76m, and Council has consciously had to balance new projects against the increase in debt, while reducing the overall level consistently.

## Infrastructure

Infrastructure is a key component of the service council provides. A water safety Plan in Mangawhai has been completed to ensure we continue to supply safe drinkable water.

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

Our roading programme continued to be the largest part of our infrastructure capital works programme where we spent \$23.5m. This year

we resurfaced 51 km of the sealed network, continued the roll out of LED lighting across the network, and completed 43.2 km of unsealed metaling. Much of our capital works were not undertaken until later in the year which has meant that additional loans were not taken up as early as had been planned and therefore our finance costs are also less than predicted.

## Growth

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

This growth also drive positive increases in both development contributions and financial contributions which will go towards historical Mangawhai sewerage infrastructure costs and future development of reserves in areas which have been affected by the growth. (Income 2019/2020 now \$4.2m whereas 2017/2018 it was \$3.4m. In 2013/2014 as a comparison this was only 950k.

## Community

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



## PART ONE Introduction

Communities Grant. A further \$300,000 was made available for application across the District for community reserve projects, through a change to the (Use Of) Reserve Contributions Policy. This fund looks to empower groups or individuals to take the lead in design and improvement of reserves and open spaces in their communities.

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

All four libraries in the district now provide Wi-Fi 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.

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

We also undertook consultation on an update to our Dog Policy, Gambling and Alcohol Bylaws to

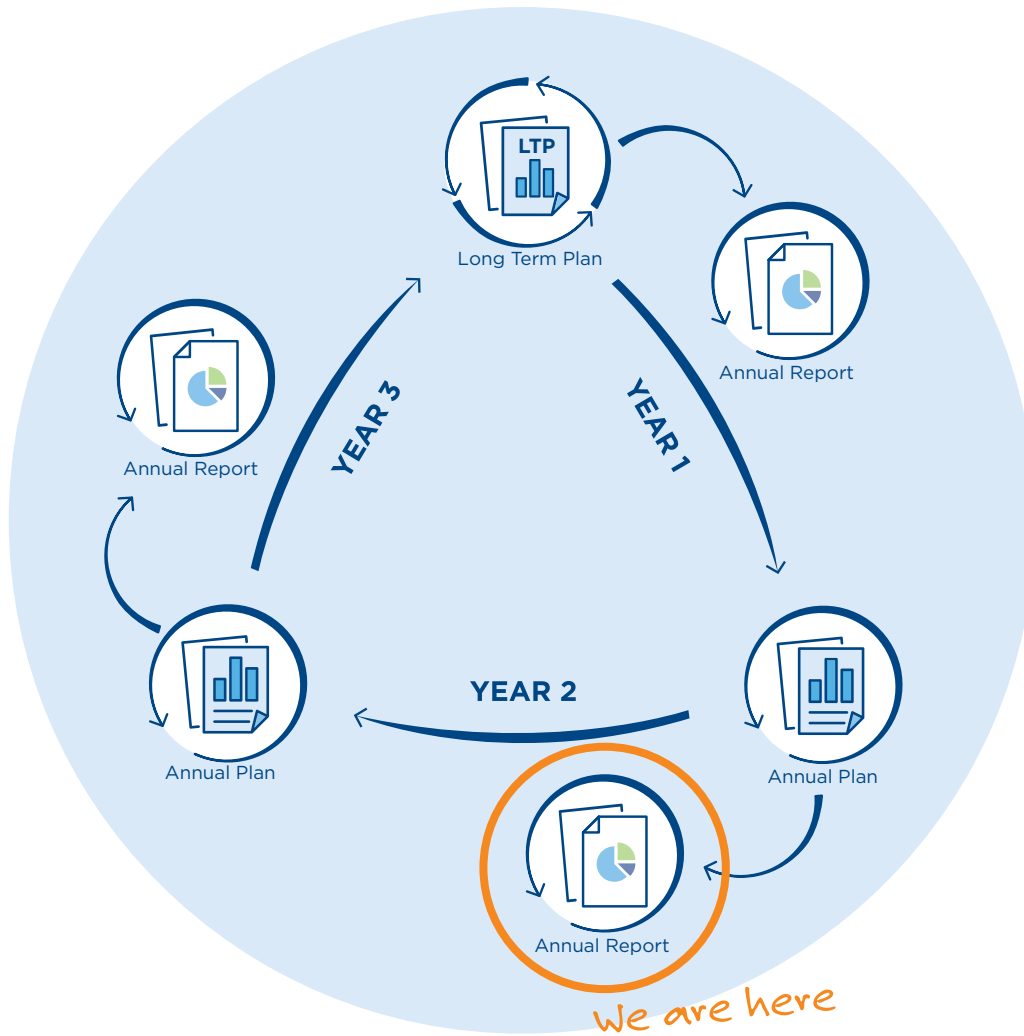
ensure we're keeping our communities safe, and our rules and frameworks align to community expectations.

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

You can download the Antenna App on your mobile phone, or sign up for the People's Panel via our website, [www.kaipara.govt.nz/panel](http://www.kaipara.govt.nz/panel)

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

# Council Planning and Reporting Cycle



# Council working with Māori

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

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

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

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

- Further investment into relationships with Māori through the appointment of an Iwi Relations Manager who joined Council this year. This role will focus on educating Council staff about positive engagement with Māori and evolve Council's relationships with Iwi.
- Council's contribution to the Integrated Kaipara Harbour Management Group (IKHMG) project which is led by Te Uri o Hau offered through staff representation and financial contributions;

- Council working with Iwi to gather input into LTPs and Annual Plans during the Mana Whenua Forum consultation process;
- Council and Te 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 Harding Park Pou Tu Te Rangi in Dargaville.
- Council and Te Roroa working together on initial investigations into a Kaihu Valley Rail Trail as part of Council's Walking and Cycling Strategy.

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





# PART TWO Financials

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## KAIPARA DISTRICT COUNCIL



## Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2019

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

The accompanying notes form part of these financial statements.

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

#### Revenue

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

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

**Investment and other income:** There was an additional reserves and roads vested assets by developers into Council ownership.

#### Expenses

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

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

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

## Statement of Financial Position as at 30 June 2019

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

## Explanation of major variances against Annual Plan

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

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

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

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

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

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

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

**Public debt:** Council is, in keeping with its treasury policies, utilising surplus cash to reduce external borrowing. Council is ensuring that it maintains adequate working capital by having committed bank short term borrowing facilities in place.

## Statement of Changes in Net Assets/Equity for the Year Ended 30 June 2019

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

*The accompanying notes form part of these financial statements. (p.22-65)*

## Statement of Cash Flows for the Year Ended 30 June 2019

For the year ended:		Actual	Annual Plan	Annual Report
30 June		2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
<b>Cash Flow from Operating Activities</b>	Note			
<b>Receipts:</b>				
Rates		34,228	35,029	32,465
Fees, charges and other		8,920	8,017	9,810
Grants and subsidies		12,152	12,860	13,547
Interest received		19	20	142
<i>sub total</i>		<b>55,319</b>	<b>55,926</b>	<b>55,964</b>
<b>Payments:</b>				
Suppliers and employees		34,320	33,055	32,070
Taxes (including the net effect of GST)		578	0	-173
Interest expense		2,510	2,950	2,736
<i>sub total</i>		<b>37,408</b>	<b>36,005</b>	<b>34,634</b>
<b>Net Cash Flow from/(to) Operating Activities</b>	14	<b>17,911</b>	<b>19,922</b>	<b>21,329</b>
<b>Cash Flow from Investing Activities</b>				
<b>Receipts:</b>				
Sale of property, plant and equipment		430	175	4,629
LGFA Borrower notes		0	0	0
<i>sub total</i>		<b>430</b>	<b>175</b>	<b>4,677</b>
<b>Payments:</b>				
Property, plant and equipment purchases		18,992	23,529	18,112
LGFA Borrower notes		-64	0	0
<i>sub total</i>		<b>18,928</b>	<b>23,529</b>	<b>18,112</b>
<b>Net Cash Flow from/(to) Investing Activities</b>		<b>-18,497</b>	<b>-23,354</b>	<b>-13,435</b>
<b>Cash Flow from Financing Activities</b>				
<b>Receipts:</b>				
Loans raised		16,500	0	21,700
<b>Payments:</b>				
Loan repayment		-17,500	-1,969	-37,827
<b>Net Cash Flow from/(to) Financing Activities</b>		<b>-1,000</b>	<b>-1,969</b>	<b>-16,127</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>		<b>-1,586</b>	<b>-5,402</b>	<b>-8,233</b>
Cash and cash equivalents at beginning of period		3,641	5,902	11,874
Cash and cash equivalents at end of period		<b>1,926</b>	<b>500</b>	<b>3,641</b>

The accompanying notes form part of these financial statements. (p.22-65)

## Annual Report Disclosure Statement for the year ending 30 June 2019

### What is the purpose of this Statement?

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

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

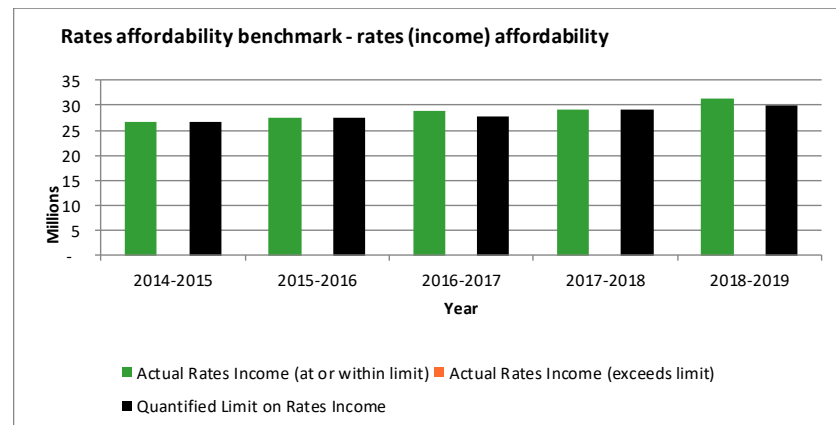
### Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

#### *Rates (income) affordability*

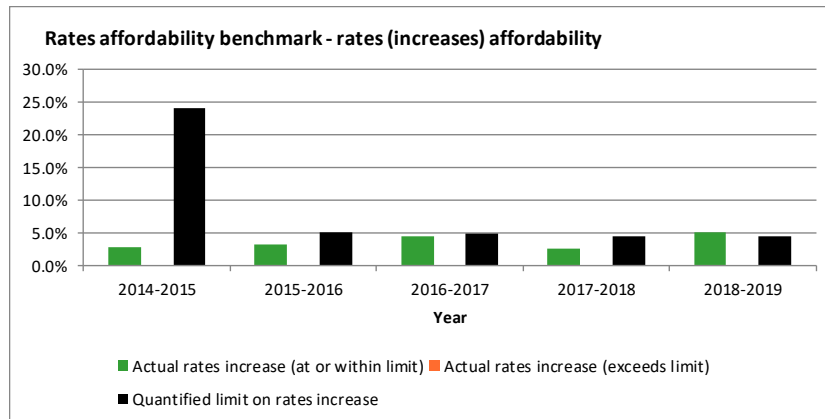
The following graph compares the Council's actual rates income with a quantified limit on rates contained in the Financial Strategy included in the Council's Long Term Plan. The quantified limit for 2018/2019 was set in the Long Term Plan at \$31.2 million excluding water meter billing.



## PART TWO - FINANCIALS

### Rates (increases) affordability

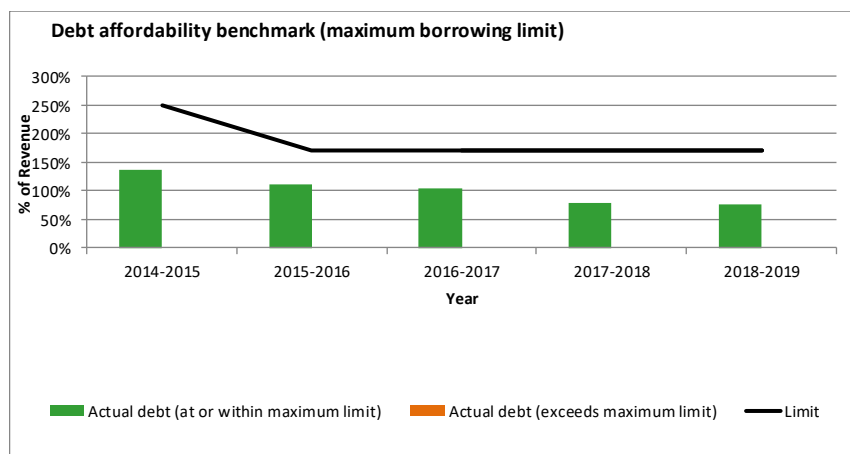
The following graph compares the Council's actual rates increases with a quantified limit on rates increase included in the Financial Strategy included in the Council's Long Term Plan.



### 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.



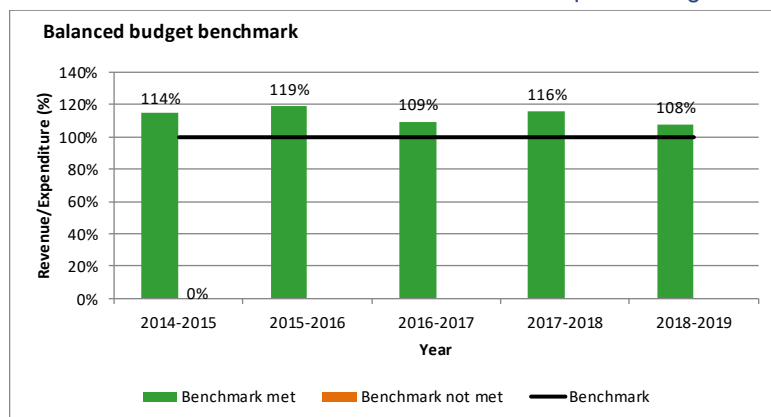


## PART TWO - FINANCIALS

### Balanced budget benchmark

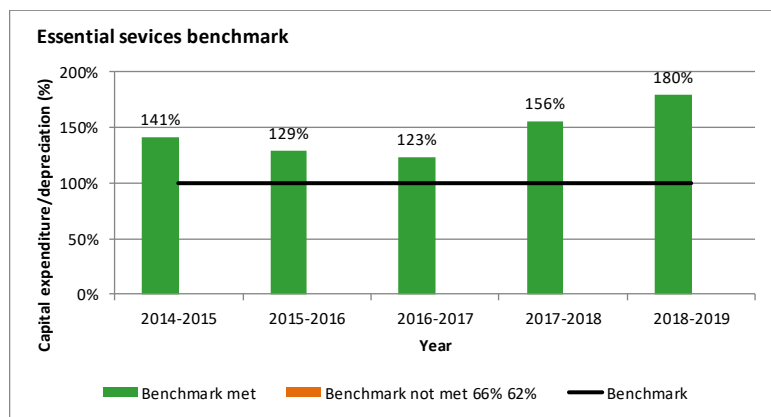
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial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

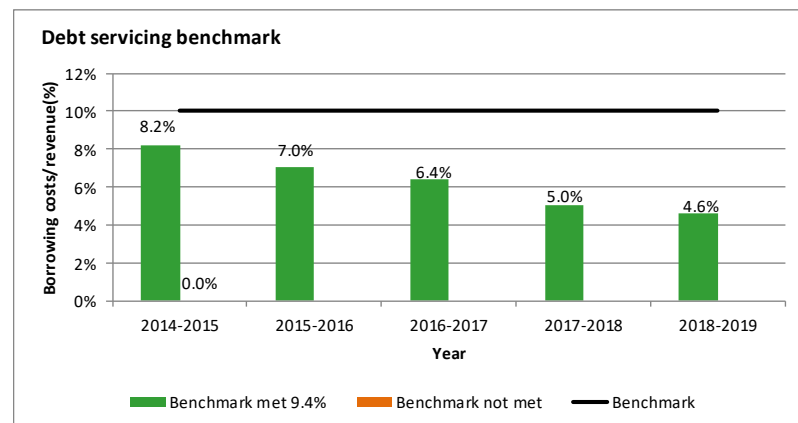


## PART TWO - FINANCIALS

### 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).

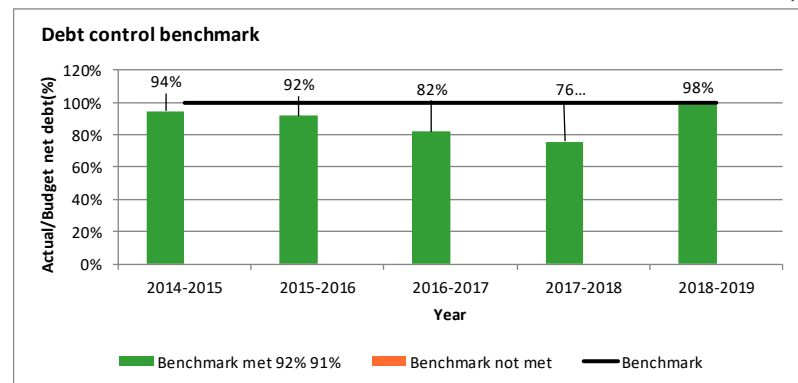
Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



### 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.



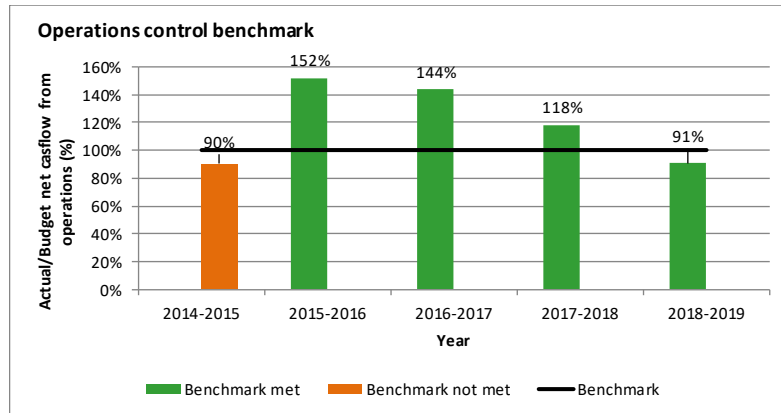
## PART TWO - FINANCIALS

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### 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 2018/2019.

## Notes to Financial Statements

### 1 Statement of Accounting Policies for the year ended 30 June 2019

#### *Reporting entity*

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

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

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

#### *Basis of preparation*

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

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

#### *Going concern*

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

#### Significant Accounting Policies

##### *Revenue*

Revenue is measured at fair value.

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

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

## **PART TWO - FINANCIALS**

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### ***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.

## **PART TWO - FINANCIALS**

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### ***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).

## PART TWO - FINANCIALS

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### 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 asset's 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.

## PART TWO - FINANCIALS

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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.



## PART TWO - FINANCIALS

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### **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:

	<b>Expected life years</b>	<b>Depreciation straight line</b>		<b>Expected life years</b>	<b>Depreciation straight line</b>
Roading			Water Supply	60-70	1.25%-4%
Top surface (seal)	5-100	5%-25%	Wastewater	25-80	1.25%-4%
Pavement (basecourse)			Stormwater	40-80	0.50%-2%
Urban sealed	40-100	1.25%-2.5%	Landfills and transfer stations	10-100	0%-10%
Rural sealed	40-100	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	40-100	1%-4%	Buildings	50	2%
Kerb and channel	25-100	1.25%-4%	Building contents	10	10%

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<sup>1</sup>Not depreciated

## PART TWO - FINANCIALS

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	Expected life years	Depreciation straight line		Expected life years	Depreciation straight line
Bridges	40-100	1%-2.5%	Other plant	5	20%
Signs	12	8.3%	Computer and office equipment	5	20%
Lights	15-100	2.5%-6%	Library collection	5	20%
Footpaths	25-100	1.25%-4%			
Drainage	20-100	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).

### ***New Zealand Units (Forestry) – Emissions Trading Scheme***

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

### ***Creditors and other payables***

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

### ***Employee benefits***

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

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

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

## **PART TWO - FINANCIALS**

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### ***Provisions***

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

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

### ***Financial guarantee contracts***

#### *New Zealand Local Government Funding Agency*

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

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

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

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

### ***Borrowings***

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

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

### ***Net assets/equity***

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

## **PART TWO - FINANCIALS**

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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 Mangawhai 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.

## PART TWO - FINANCIALS

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### 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.

## PART TWO - FINANCIALS

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### Critical judgements in applying Council's accounting policies

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

- ***Classification of property***

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

## PART TWO - FINANCIALS

### 2 Income and Expenditure Summary

#### 2(a) Non-exchange revenue summary

For the year ended:	Actual	Annual Report
30 June	2018-2019	2017-2018
	\$'000	\$'000
<b>Non exchange revenue</b>		
Rates	35,526	33,394
Resource consents	1,495	1,511
Solid waste recoveries	66	57
Subsidies and Grants	12,152	13,547
<b>Total Non exchange revenue</b>	<b>49,239</b>	<b>48,510</b>
<b>Exchange revenue</b>	<b>10,544</b>	<b>9,445</b>
<b>Total revenue</b>	<b>59,783</b>	<b>57,955</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 2018	As at 30 June 2017
Number of rating units within the Kaipara District	15,306 units of which 14,416 are rateable	15,038 units of which 14,163 are rateable
Total capital value of rating units within the Kaipara District	\$8,828,908,200 of which \$8,628,086,400 is rateable	\$6,601,162,525 of which \$6,429,713,150 is rateable
Total land value of rating units within the Kaipara District	\$5,070,792,000 of which \$4,979,713,500 is rateable	\$3,761,943,125 of which \$3,693,729,750 is rateable

## PART TWO - FINANCIALS

### 2(c) Revenue Summary – analysis

For the year ended:	Actual	Annual Report
30 June	2018-2019	2017-2018
	\$'000	\$'000
<b>Subsidies and grants</b>		
NZTA Rooding Subsidies	12,152	13,547
<b>Total Subsidies and grants</b>	<b>12,152</b>	<b>13,547</b>
<b>Investments and Other Income</b>		
Petrol tax	215	209
Gain on disposal of property, plant and equipment	317	754
Unrealised gain on forestry revaluation	28	274
Swaps revaluation through revenue and expense	0	-231
Finance income	19	142
Vested assets	1,560	115
Sundry income	134	226
<b>Total Investment and Other Income</b>	<b>2,273</b>	<b>1,489</b>

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

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

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



## PART TWO - FINANCIALS

### 3 Cost of service summary – analysis

For the year ended:	Actual	Annual Report
30 June	2018-2019 \$'000	2017-2018 \$'000
<b>Analysis of expenditure</b>		
Depreciation and amortisation	10,647	10,704
Swaps revaluation through revenue and expense	1,569	0
Other expenses	24,235	23,343
<b>Employee benefit expenses</b>		
Salaries and wages	11,250	9,890
<b>Finance costs</b>		
Interest on loans	1,346	1,378
Interest on Local Government Stock	1,164	1,358
<b>Fees paid to Principal Auditor</b>		
Fees for audit of the Long Term Plan	0	148
Fees for audit of the Annual Report	183	179
Fees for other assurance services	11	9
Fees for other services	52	8
<b>Total expenditure</b>	<b>50,457</b>	<b>47,017</b>

The auditor of Council is Deloitte Limited who is acting 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 2019: \$294,324 (2018: \$242,748).

### 4(a) Ratepayers Equity

For the year ended:	Actual	Annual Report
30 June	2018-2019 \$'000	2017-2018 \$'000
<b>Accumulated Comprehensive Revenue and Expense Balance at 1 July</b>	390,533	381,972
plus Surplus/(deficit) for the period	9,326	10,938
<b>Transfers from Accumulated Revenue and Expense to:</b>		
Restricted reserves	384	16
Council created reserves	8,164	8,652
<b>Total Transfers from Accumulated Comprehensive Revenue and Expense</b>	<b>8,548</b>	<b>8,669</b>
<b>Transfers to Accumulated Funds from:</b>		
Restricted reserves	0	152
Council created reserves	10,053	6,139
<b>Total Transfers to Accumulated Comprehensive Revenue and Expense</b>	<b>10,053</b>	<b>6,291</b>
<b>Closing balance as at 30 June</b>	<b>401,364</b>	<b>390,533</b>
<b>Asset Revaluation Reserves Balance at 1 July</b>	218,736	205,754
Gain/(loss) on revaluation	49,865	12,982
<b>Closing balance as at 30 June</b>	<b>268,601</b>	<b>218,736</b>
<b>Asset Revaluation Reserves Operational assets:</b>		
Land	302	302
Buildings	0	0
<b>Total Operational assets</b>	<b>302</b>	<b>302</b>
<b>Infrastructural assets:</b>		
The Provision of Roads and Footpaths	219,198	177,270
Water Supply	15,546	10,554
Sewerage and the treatment and disposal of sewage	7,019	5,630
Stormwater Drainage	21,730	21,730
Flood Protection and control works	4,805	3,250
<b>Total Infrastructural assets</b>	<b>268,299</b>	<b>218,434</b>
<b>Total Asset Revaluation Reserves</b>	<b>268,601</b>	<b>218,736</b>

## PART TWO - FINANCIALS

### 4(b) Statement of reserve fund activities

For the year ended:	Community Activities	Regulatory Management	Emergency Management	Flood Protection and Control Works	District Leadership, Finance and Internal Services	Solid Waste	The Provision of Roads and Footpaths	Sewerage and the Treatment and Disposal of Sewage	Stormwater Drainage	Water Supply	Total Reserves Funds
	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000	2018-2019 \$'000
<b>30 June</b>											
<b>Restricted Council Reserves</b>											
<b>Restricted Reserve</b>											
<b>Mangawhai Endowment Lands Account</b>											
<i>Opening Balance</i>	0	0	0	0	5,190	0	0	0	0	0	5,190
Deposited	0	0	0	0	384	0	0	0	0	0	384
Withdrawn	0	0	0	0	0	0	0	0	0	0	0
<b>Closing Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,574</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,574</b>
<b>Council Created Reserves</b>											
<b>Depreciation Reserve</b>											
<i>Opening Balance</i>	181	17	0	160	478	6	2,611	737	231	522	4,942
Deposited	183	14	0	104	465	8	0	733	193	981	2,682
Withdrawn	-108	0	0	0	-222	0	-2,611	-1,608	-17	-1,311	-5,877
<b>Closing Balance</b>	<b>255</b>	<b>31</b>	<b>0</b>	<b>264</b>	<b>721</b>	<b>14</b>	<b>0</b>	<b>-138</b>	<b>407</b>	<b>192</b>	<b>1,746</b>
<b>Development Contribution Reserve</b>											
<i>Opening Balance</i>	0	0	0	0	0	0	35	-24,680	-31	29	-24,648
Deposited	0	0	0	0	0	0	74	1,944	17	0	2,035
Withdrawn	0	0	0	0	0	0	-31	-1,715	-36	0	-1,783
<b>Closing Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>-24,452</b>	<b>-50</b>	<b>29</b>	<b>-24,395</b>
<b>Financial Contribution Reserve</b>											
<i>Opening Balance</i>	5,572	0	0	0	0	0	757	0	0	0	6,329
Deposited	3,080	0	0	0	0	0	75	0	0	0	3,154
Withdrawn	-1,914	0	0	0	0	0	-21	0	0	0	-1,936
<b>Closing Balance</b>	<b>6,738</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>810</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,547</b>
<b>Provision Expenditure Reserve</b>											
<i>Opening Balance</i>	0	0	0	0	0	688	0	-203	0	0	485
Deposited	0	0	0	0	0	250	0	47	0	0	297
Withdrawn	0	0	0	0	0	-454	0	-3	0	0	-457
<b>Closing Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>484</b>	<b>0</b>	<b>-159</b>	<b>0</b>	<b>0</b>	<b>325</b>

## PART TWO - FINANCIALS

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

### **Purpose of each Reserve Fund:**

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

### **Council Created Reserves:**

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

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

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

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

## PART TWO - FINANCIALS

### 5(a) Other financial assets

Other financial assets are valued at fair value.

For the year ended:		Actual	Annual Report
30 June		2018-2019	2017-2018
		\$'000	\$'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
	Civic Financial Services Limited	22	21
<b>Total Non-current financial assets</b>		<b>279</b>	<b>278</b>

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

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

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

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

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

### 5(c) Shareholdings

Civic Financial Services Limited:

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

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

## PART TWO - FINANCIALS

### 6 Trade and other receivables

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

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

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

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

For the year ended:	Actual	Annual Report
30 June	2018-2019 \$'000	2017-2018 \$'000
<b>Analysis of Total</b>		
<b>Trade and Other Receivables Ageing</b>		
Not past due	532	2,008
Past due 1-30 days	1,158	1,003
Past due 31-60 days	356	98
Past due 60 days	6,271	2,983
<b>Total trade and receivables ageing</b>	<b>8,317</b>	<b>6,092</b>

## PART TWO - FINANCIALS

### 7 Trade and other payables

For the year ended:	Actual	Annual Report
30 June	2018-2019	2017-2018
	\$'000	\$'000
<b>Trade and Other Payables</b>		
Trade creditors	3,052	6,401
Accrued expenses	4,419	2,566
Deposits held	2,300	2,425
Receipts held in advance	765	744
Income in advance	683	616
<b>Total Trade and other payables</b>	<b>11,219</b>	<b>12,752</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	2018-2019	2017-2018
	\$'000	\$'000
<b>Current provisions</b>		
Landfill closure and aftercare	135	131
Building repairs	0	17
<b>Total Current provisions</b>	<b>135</b>	<b>148</b>
<b>Non-current provisions</b>		
Landfill closure and aftercare	4,599	4,563
Provision for future expenditure	0	130
<b>Total Non-current provisions</b>	<b>4,599</b>	<b>4,693</b>
<b>Total Provisions</b>	<b>4,734</b>	<b>4,841</b>

## PART TWO - FINANCIALS

### 8(b) Provisions - movement in provisions

	Landfill closure & aftercare	Building repair	Provision for desludging costs	Total
	\$'000	\$'000	\$'000	\$'000
<b>The movement in the provisions are represented by:</b>				
<b>2019</b>				
<i>Balance as at 1 July 2018</i>	4,691	17	130	4,838
Passage of time adjustment	251	0	0	251
Amounts used	-142	-17	-130	-289
Discount rate adjustment	-65	0	0	-65
Funding increase	0	0	0	0
<b>Balance at 30 June 2019</b>	<b>4,734</b>	<b>0</b>	<b>0</b>	<b>4,734</b>
<b>2018</b>				
<i>Balance as at 1 July 2017</i>	4,794	17	130	4,941
Passage of time adjustment	99	0	0	102
Amounts used	-127	0	0	-127
Discount rate adjustment	-75	0	0	-75
Funding increase	0	0	0	0
<b>Balance at 30 June 2018</b>	<b>4,691</b>	<b>17</b>	<b>130</b>	<b>4,841</b>

### Landfill Aftercare Provisions

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

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

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

## PART TWO - FINANCIALS

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

### **Closure responsibilities**

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

### **Post-closure responsibilities**

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

### **Provision**

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

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

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



## PART TWO - FINANCIALS

### 9(a) Public debt

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

All term liabilities are secured under a Debenture Trust Deed.

For the year ended:		Maturity	Interest Rates	Actual	Annual Report
30 June				2018-2019	2017-2018
				\$'000	\$'000
<b>Maturity and Interest Rates for Public Debt</b>					
	BNZ	July 2020	2.6%	0	1,000
	Local Government Funding Agency (LGFA)	2018 to 2019	2.32% to 2.58%	0	7,000
	Local Government Funding Agency (LGFA)	2021 to 2025	2.76% to 3.04%	0	38,000
	Local Government Funding Agency (LGFA)	2019 to 2020	2.14% to 2.38%	1,000	0
	Local Government Funding Agency (LGFA)	2021 to 2027	2.44% to 2.84%	44,000	0
	<b>Total</b>			<b>45,000</b>	<b>46,000</b>

## PART TWO - FINANCIALS

### Undrawn facilities

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

### Loan Covenant

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

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

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

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

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

	Target	Achievement	Policy Compliance	Comment
	%	%	Y/N	
<b>Debt ratios and limits:</b>				
Net Debt as a percentage of Total Revenue	<170%	75%	Yes	Achieved
Net Interest as a percentage of Total Revenue	<15%	4%	Yes	Achieved
Net Interest as a percentage of Annual Rates Income	<20%	7%	Yes	Achieved
Liquidity (per Treasury policy)	>110%	137%	Yes	Achieved
<b>Debt Interest Rate Policy Parameters (calculated on a rolling monthly basis):</b>				
Less than 12 months	50% - 95%	82%	Yes	Achieved
12 - 36 months	40% - 90%	63%	Yes	Achieved
37 - 60 months	30% - 80%	46%	Yes	Achieved
Greater than 60 month	Nil - 50%	37%	Yes	Achieved
<b>Liquidity/funding Maturity Profile:</b>				
0 - 3 years	15% - 60%	58%	Yes	Achieved
3 - 5 years	15% - 60%	27%	Yes	Achieved
5 years plus	10% - 60%	16%	Yes	Achieved

**PART TWO - FINANCIALS**

**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
<b>Property, Plant and Equipment: 2019</b>	1-Jul-18	1-Jul-18	1-Jul-18								30-Jun-19	30-Jun-19	30-Jun-19
<b>Infrastructural assets</b>													
Roads and Footpaths	477,330	0	477,330	14,373	0	0	0	0	-6,719	41,928	526,913	0	526,913
Stormwater Drainage	32,660	0	32,660	1,076	0	0	0	0	-514	0	33,736	-514	33,222
Flood Protection and Control Works	15,162	0	15,162	108	0	0	0	0	-172	1,555	16,653		16,653
Sewerage and the Treatment and Disposal of Sewage	59,241	0	59,241	2,546	0	0	0	0	-1,326	1,440	61,901	0	61,901
Water Supply	30,627	0	30,627	1,617	0	0	0	0	-1,047	4,942	36,139	0	36,139
Solid Waste	1,317	-1,195	122	311	0	0	0	0	-7	0	1,628	-1,202	426
Work in Progress	4,368	-309	4,060	-2,463	0	0	0	0	0	0	1,905	-309	1,596
<b>Total Infrastructural assets</b>	<b>620,704</b>	<b>-1,504</b>	<b>619,201</b>	<b>17,568</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,785</b>	<b>49,865</b>	<b>678,874</b>	<b>-2,025</b>	<b>676,849</b>
<b>Restricted assets</b>													
Reserves	19,052	-57	18,995	886	0	0	0	0	-54	0	19,938	-111	19,827
Community Housing	2,320	-485	1,834	0	0	0	0	0	-46	0	2,320	-531	1,788
MEF Property	387	0	387	0	0	0	0	0	0	0	387	0	387
Halls	1,763	-519	1,244	12	0	0	0	0	-35	0	1,775	-553	1,222
<b>Total Restricted assets</b>	<b>23,522</b>	<b>-1,061</b>	<b>22,460</b>	<b>898</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-135</b>	<b>0</b>	<b>24,420</b>	<b>-1,194</b>	<b>23,224</b>
<b>Operational assets</b>													
Land	5,861	0	5,861	948	0	0	0	0	0	0	6,809	0	6,809
Buildings	7,392	-1,736	5,655	158	0	-139	0	0	-146	0	7,411	-1,882	5,528
Building Contents	1,507	-1,242	265	46	0	0	0	0	-47	0	1,553	-1,289	264
Mobile Plant (incl MV's)	1,152	-785	367	161	0	-12	0	0	-139	0	1,301	-924	377
Static Plant	106	-106	0	0	0	0	0	0	0	0	106	-106	0
Library Books	434	-278	156	73	0	0	0	0	-58	0	507	-336	171
Office Equipment	4,503	-3,622	881	635	0	0	0	0	-337	0	5,138	-3,959	1,179
<b>Total Operational assets</b>	<b>20,955</b>	<b>-7,770</b>	<b>13,185</b>	<b>2,021</b>	<b>0</b>	<b>-151</b>	<b>0</b>	<b>0</b>	<b>-727</b>	<b>0</b>	<b>22,824</b>	<b>-8,497</b>	<b>14,328</b>
<b>Total Property, plant and equipment</b>	<b>665,179</b>	<b>-10,334</b>	<b>654,847</b>	<b>20,487</b>	<b>0</b>	<b>-151</b>	<b>0</b>	<b>0</b>	<b>-10,647</b>	<b>49,865</b>	<b>726,118</b>	<b>-11,716</b>	<b>714,402</b>

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

## PART TWO - FINANCIALS

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

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

### Accounting for revaluations

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

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

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

Land is revaluated primarily with reference to comparable sales.

### Infrastructure Valuations

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

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

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement costs of the asset. The replacement cost is derived from recent contracts in the region for similar assets.

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

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

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

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

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

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### 11 Depreciation summary

For the year ended:	Actual	Annual Report
30 June	2018-2019 \$'000	2017-2018 \$'000

#### by Groups of activities

Community Activities	329	269
Regulatory Management	49	56
Emergency Management	0	0
District Leadership, Finance and Internal Services	485	479
Solid Waste	7	0
The Provision of Roads and Footpaths	6,720	6,899
Stormwater Drainage	514	433
Flood protection and control works	171	163
Sewerage and the treatment and disposal of sewage	1,326	1,397
Water supply	1,046	1,007
<b>Total Groups of activities depreciation</b>	<b>10,647</b>	<b>10,704</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.

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



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### 13 Biological Assets

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

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

The movement in asset value is as follows:

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

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

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

Valuation assumptions:

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

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

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### **Financial risk management strategies**

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

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

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

For the year ended:	Actual	Annual Report
30 June	2018-2019 \$'000	2017-2018 \$'000
<b>Surplus/(deficit) for the period</b>		
Surplus/(deficit) for the period	9,326	10,938
<b>add/(deduct) Non-cash movements</b>		
Property, Plant and Equipment vested to Council	-1,560	-115
(Gain)/Loss on sale of assets	-279	-754
Forestry revaluation gain	-28	-274
Work in progress written off	72	157
Increase/(decrease) in Provisions	-107	-101
Depreciation	10,647	10,704
Unrealised (gain)/loss on interest rate swaps	1,568	231
<b>Total Non-cash movements</b>	<b>10,313</b>	<b>9,848</b>
<b>add/(deduct) Movements in working capital Items</b>		
Trade and other receivables	-2,225	-1,035
Accrued Revenue	1,791	-1,475
Employee Entitlements	239	52
Trade and other payables (net of capital accruals)	-1,533	3,001
<b>Total Movement in working capital Items</b>	<b>-1,728</b>	<b>543</b>
<b>Net Cash Inflow from Operating Activities</b>	<b>17,911</b>	<b>21,329</b>

### 15 Capital commitments and operating leases

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

The operating leases are in relation to Council properties.

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### 16 Contingent liabilities

For the year ended:	Actual	Annual Report
30 June	2018-2019	2017-2018
	\$'000	\$'000
<b>Contingent Liabilities</b>		
Guarantees to other organisations	903	903
<b>Total Contingent Liabilities</b>	<b>903</b>	<b>903</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 52 local authority guarantors of LGFA. When aggregated with the uncalled capital of other shareholders, \$20 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Council is a guarantor of all LGFA's borrowings. At 30 June 2019, LGFA had borrowings totalling \$9.53 billion (2018: \$8.3 billion).

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

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

#### *Other*

Council has given a \$750,000 guarantee to Westpac Banking Corporation Ltd on loan advances to the Mangawhai Harbour Restoration Society. The purpose of the loan advance was to fund the Society's harbour restoration project. The Society funds the loan repayments from Council grants. Council has for many years and plans to continue to rate properties in the catchment area of the Mangawhai Harbour to fund the grants. The Society controls all of the activities of the restoration project. The Society's loan balance at 31 March 2019 was \$116,666.

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.

## **PART TWO - FINANCIALS**

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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 Rogans' 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 Rogans have advised recently 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. We consider their chances of succeeding with these applications to be remote.

### **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 \$250,000.

### **Other legal claims`**

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

### **Community housing caveat**

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

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

### **Riskpool exposure**

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

## **PART TWO - FINANCIALS**

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### **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.

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### 17 Statutory disclosures and remuneration and related party transactions

For the year ended:	Actual	Annual Report
30 June	2018-2019	2017-2018
<b>Chief Executive Remuneration:</b>		
<b>Chief Executive</b>		
Salary	204,615	0
Other Benefits	12,966	0
<b>Total Chief Executive Remuneration</b>	<b>217,581</b>	<b>0</b>
<b>Acting Chief Executive</b> (4 June 2018 - 23 September 2019)		
Salary	61,062	20,769
Other Benefits	1,323	623
<b>Total Acting Chief Executive Remuneration</b>	<b>62,385</b>	<b>21,392</b>
<b>Outgoing Chief Executive</b> (2017-2018: 1 July 2017 - 1 September 2017)		
Salary	0	241,886
Other Benefits	0	8,539
Severance Payment	0	47,769
<b>Total Outgoing Chief Executive Remuneration</b>	<b>0</b>	<b>298,194</b>
<b>Acting Chief Executive</b> (2017-2018: 4 September 2017 - 1 June 2018)		
Salary	0	193,800
Other Benefits	0	0
<b>Total Acting Chief Executive Remuneration</b>	<b>0</b>	<b>193,800</b>

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

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

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

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

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

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

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

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

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



## PART TWO - FINANCIALS

### 18(a) Categories of financial assets and liabilities

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

### Fair Value Hierarchy

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

## **PART TWO - FINANCIALS**

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### **Financial instrument risks**

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

#### ***Fair value interest rate risk***

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

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

#### ***Cash flow interest rate risk***

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

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

### **Financial instruments**

#### ***Liquidity risk***

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

#### ***Maximum exposure to credit risk***

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

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

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

## PART TWO - FINANCIALS

### 18(b) Financial instrument risks

For the year ended:	Actual	Annual Report
30 June	2018-2019	2017-2018
	\$'000	\$'000
<b>Council's maximum credit exposure by class</b> <small>Note</small>		
Cash and cash equivalents	1,926	3,641
Trade and other receivables <sup>6</sup>	8,317	6,092
LGFA Borrower notes	704	640
Loan	115	115
<b>Total Council's maximum credit exposure by class</b>	<b>11,062</b>	<b>10,488</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	2018-2019	2017-2018
	\$'000	\$'000
<b>Counterparties with Credit Ratings</b>		
<b>Cash and cash equivalents and LGFA borrower notes:</b>		
AA	0	0
AA-	2,630	4,281
<b>Total cash and cash equivalents and LGFA borrower notes</b>	<b>2,630</b>	<b>4,281</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.

## PART TWO - FINANCIALS

### 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.

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

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

### 18(d) Contractual maturity of derivative financial liabilities

	Notional	Fair Value	Less than	1-2 years	2-5 years	More than
	Value		1 year			5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Maturity analysis - Council 2019</b>						
<b>Derivative financial liabilities</b>						
Interest rate swaps	64,000	5,995	139	125	1,964	3,766
<b>Total Derivative financial liabilities</b>	<b>64,000</b>	<b>5,995</b>	<b>139</b>	<b>125</b>	<b>1,964</b>	<b>3,766</b>
<b>Maturity analysis - Council 2018</b>						
<b>Derivative financial liabilities</b>						
Interest rate swaps	78,000	4,437	161	315	821	3,140
<b>Total Derivative financial liabilities</b>	<b>78,000</b>	<b>4,437</b>	<b>161</b>	<b>315</b>	<b>821</b>	<b>3,140</b>

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

## PART TWO - FINANCIALS

### 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.

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

### 19 Capital management

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

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

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Local Government Act 2002 and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long term assets that

## PART TWO - FINANCIALS

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will benefit ratepayers in future generations. Additionally, Council has in place Asset Management Plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

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

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

### **20 Service concession arrangement**

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

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

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

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

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

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

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

For the year ended:	Actual	Annual Plan	Annual Report	Annual Plan	For the year ended:	Actual	Annual Plan	Annual Report	Annual Plan
30 June	2018-2019	2018-2019	2017-2018	2017-2018	30 June	2018-2019	2018-2019	2017-2018	2017-2018
	\$'000	\$'000	\$'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	23,519	22,930	22,041	22,041	Subsidies and grants for capital expenditure	7,115	8,276	8,773	8,287
Targeted rates	12,006	12,099	11,353	11,380	Development and financial contributions	3,871	2,494	3,453	1,188
Subsidies and grants for operating purposes	5,038	4,584	4,774	5,895	Increase (decrease) in debt	-1,000	1,037	-16,127	-3,832
Fees and charges	5,962	5,203	6,072	4,799	Gross proceeds from sale of assets	430	175	4,629	150
Interest and dividends from investments	19	20	142	20	Lump sum contributions	0	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	664	320	1,095	282	Other dedicated capital funding	0	0	0	0
<b>Total operating funding</b>	<b>47,208</b>	<b>45,156</b>	<b>45,477</b>	<b>44,416</b>	<b>Total sources of capital funding</b>	<b>10,416</b>	<b>11,982</b>	<b>729</b>	<b>5,792</b>
<b>Application of operating funding</b>					<b>Applications of capital funding</b>				
Payments to staff and suppliers	35,005	33,548	33,172	34,064	Capital expenditure - to meet additional demand	1,494	5,593	357	1,610
Finance costs	2,510	2,950	2,736	3,169	Capital expenditure - to improve the level of service	6,975	5,969	4,754	5,505
Other operating funding applications	0	0	0	0	Capital expenditure - to replace existing assets	10,416	11,532	13,095	11,749
<b>Total applications of operating funding</b>	<b>37,516</b>	<b>36,498</b>	<b>35,908</b>	<b>37,232</b>	Increase (decrease) in reserves	1,224	-2,454	-7,908	-5,888
<b>Surplus (deficit) of operating funding</b>	<b>9,693</b>	<b>8,658</b>	<b>9,569</b>	<b>7,184</b>	Increase (decrease) of investments	0	0	0	0
					<b>Total applications of capital funding</b>	<b>20,109</b>	<b>20,640</b>	<b>10,297</b>	<b>12,976</b>
					<b>Surplus (deficit) of capital funding</b>	<b>-9,692</b>	<b>-8,658</b>	<b>-9,569</b>	<b>-7,183</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	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
<b>Revenue</b>			
<b>Statement of Comprehensive Revenue and Expense</b>			
<b>Total revenue</b>	<u>59,783</u>	<u>55,926</u>	<u>57,955</u>
<b>Funding Impact Statement</b>			
Total operating funding	47,208	45,156	45,477
Total sources of capital funding	10,416	10,770	12,227
add Provisions	2,159	0	252
<b>Total revenue</b>	<u>59,783</u>	<u>55,926</u>	<u>57,955</u>
<b>Expenses</b>			
<b>Statement of Comprehensive Revenue and Expense</b>			
<b>Total expenses</b>	<u>50,458</u>	<u>45,947</u>	<u>47,016</u>
<b>Funding Impact Statement</b>			
Total applications of operating funding	37,516	36,498	35,907
less Internal professional services	-66	0	-137
add Depreciation expense	10,647	9,882	10,703
add Provisions	2,361	2	543
<b>Total expenses</b>	<u>50,458</u>	<u>46,382</u>	<u>47,016</u>



# PART THREE Activity Statements

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## KAIPARA DISTRICT COUNCIL



*Photo courtesy of Northland Inc*

# How to read this section

## What is an Activity?

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

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

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

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

## Performance Measures

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

# Community Activities

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

## Community Outcomes

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

## What we planned

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

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

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

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

### Additional information

The Mangawhai Coastal Walkway project has undertaken further engagement with the community

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

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

## Capital Works Programme

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

## Community Grants

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

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



## Contracts for Service

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

## Creative Communities Grant

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

## Rural Sports Travel Grant

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

## Performance Measures

Community Activities Measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
<b>Community Housing</b>					
Quality: Affordability to provide housing suitable for members of the community who have difficulty providing it themselves.					
Net cost to ratepayers for Council's community housing services.	Zero cost	Achieved	Zero cost	Achieved	
Pensioner housing annual occupancy rate.	90%	Achieved	99%	Achieved 99%	
<b>Reserves and Open Space</b>					
Open spaces, linkages and facilities to promote community well being and enjoyment.					
Percentage of residents who are very/fairly satisfied with their local parks and sports fields.	85%	Achieved	89%	Achieved 92%	259 residents were surveyed
Percentage of residents who are very/fairly satisfied with the district's public toilets	≥70%	Achieved	82%	New measure for 2018/2019	282 residents were surveyed
Parks maintenance contract: a safe working environment is provided for those delivering the service, number of health and safety audits per month	Contractor: 4 Council: 1	Not achieved	Contractor 3.8 KDC .9	Achieved	
Compliance with parks maintenance contract specifications – monthly audits	90%	Not achieved	93% full year 89% in February 89% in May	New measure for 2018/2019	Overall compliance for the year is 93% although audit failed for the months of February 19 (83%) and May 19 (89%) and the measure is for compliance every month hence the not achieved result

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



## Funding Impact Statement

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

### Financial comments:

- 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; and
- Capital expenditure is close to budget with an increased programme

## Funding Impact Statement

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

# The Provision of Roads and Footpaths

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

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

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

## Community Outcomes

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

## What we planned

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

## Capital Works Programme

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



## Performance Measures

The provision of Roads and Footpaths measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
<b>Safety</b>					
The transportation network is designed and managed for safe use with low crash and injury rates.					
There are no fatalities and serious injury crashes on the local network that are directly contributable to road condition.	0	Achieved	0	Achieved	No reports received from Coroner.
The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	≤10	Not Achieved	4	New measure for 2018/2019	There were two fatalities and 14 serious injuries in 2018/2019 due to excess speed, alcohol, inattention and inexperience. In 2017/2018 there were 12 serious injury crashes with 13 people injured. The change from the previous year is 16 - 12 = 4
<b>Road Condition (Smoothness)</b>					
The average quality of ride on a sealed local road network, measured by smooth travel exposure.					
The average quality of ride, measured by smooth travel exposure within the following range.	>90	Achieved	91%	Achieved 93%	Data is currently unavailable as NZTA have not done completed the assessment. Data will be available 01 August 1.
The percentage of the sealed local road network that is resurfaced.	>6.7%	Achieved	12%	Achieved 9.7%	Resealing delivered as programmed

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

PART THREE Activity Statements - The Provision of Roads and Footpaths

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

## Funding Impact Statement

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

## Funding Impact Statement

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



# Regulatory Management

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The regulatory management activity includes Building, Environmental Planning, Environmental Health and Animal Management.

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

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

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

## Community Outcomes

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

## What we planned

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

### Additional information

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



## Performance Measures

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

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

## Funding Impact Statement

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

## Funding Impact Statement

Capital Funding	Actual	Annual Plan	Annual Report
For the year ended: 30 June	2018-2019 \$'000	2018-2019 \$'000	2017-2018 \$'000
<b>Sources of capital funding</b>			
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><i>Total sources of capital funding</i></b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Application of capital funding</b>			
"Capital expenditure - to meet additional demand"	0	0	0
"Capital expenditure - to improve the level of service"	0	0	0
"Capital expenditure - to replace existing assets"	0	0	0
Increase (decrease) in reserves	-1,018	14	14
Increase (decrease) of investments	0	0	0
<b><i>Total applications of capital funding</i></b>	<b>-1,018</b>	<b>14</b>	<b>14</b>
<b><i>Surplus (deficit) of capital funding</i></b>	<b>1,018</b>	<b>-14</b>	<b>-14</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

## District Leadership, Finance and Internal Services

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

### Community Outcomes

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

## What we planned

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

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

**Additional information**

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

This includes three projects:

- Kai - Application was successful in 2018/2019
- Wharves - Application was successful in 2018/2019
- Roads - Application was successful after year end (August 2019)

## Capital Works Programme

Programme Description	Cost from Annual Plan 2018/2019	Project Description
Council Properties	\$150,000	Weathertightness remediation – Dargaville Buildings. Projected cost for Town Hall and Dargaville offices is \$1,000,000.
Information Services	\$1,015,000	This year IT Projects were scoped, prioritised and delivery timelines set for the next 24 months. Some of Council's internal systems have undergone major software upgrades. In addition, two new projects were completed that improved customer experience and connection with the community these being Council's new Website and the Antenno mobile application. A project to implement Isovist ePlan has also commenced. As a result, Council's District Plan will be online later in the year. Project expenditure for the 2018/2019 year was \$541,111.
Chief Executive	\$150,000	The budget for fleet replacement comes under the Chief Executive. Seven vehicles were replaced.



## Performance Measures

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

## Funding Impact Statement

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

## Funding Impact Statement

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

### Financial comments:

Finance to update

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; and

Decrease in debt reflects the additional debt retired during the year.



## Sewerage and the Treatment and Disposal of Sewage

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

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

We provide wastewater collection and treatment systems in:

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

### Community Outcomes

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

## What we planned

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

### Additional information

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

## Capital Works Programme

Programme Description	Cost from Annual Plan 2018/2019	Project Description
<b>Te Kopuru Wastewater Scheme</b>		
Environmental compliance	\$2500	Not started yet.
<b>Dargaville Wastewater Scheme</b>	<b>\$1,241,000</b>	
Pipe renewal from condition assessment	\$150,000	Design this year, construction next year.
	\$30,000	Budget available for emergency pump replacements.
<b>Pump stations 1 and 2 upgrade</b>	<b>\$460,000</b>	<b>Utilised for pump station 2 and rising main renewal.</b>
Pump stations 1 and 2 rising main from PS2 to PS1	\$596,000	Utilised for pump station 2 and rising main renewal.
Environmental compliance	\$5,000	Work completed at pump station 3 with savings.
<b>Kaiwaka Wastewater Scheme</b>	<b>\$152,500</b>	
130m of pipe renewals from condition assessment	\$150,000	This budget will be carried forward to fund the WWTP upgrade that needs to be completed due to non-compliance.
Environmental compliance	\$2,500	Not started yet.
<b>Maungaturoto Wastewater Scheme</b>	<b>\$72,500</b>	
Treatment plant, pump stations electrical renewal, membrane filters	\$70,000	Work has started but will not be finished until November 2019 therefore the remaining budget will be carried over.
Environmental compliance	\$2,500	Work completed at pump station.

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



## Performance Measures

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

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

## Funding Impact Statement

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

## Funding Impact Statement

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

### Financial comments:

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 plan due to high levels of activity

# **Water Supply**

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

Dargaville (including Baylys);

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

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

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

## **Community Outcomes**

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

## What we planned

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

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

### Additional information

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

Maungaturoto backwash discharge project is near completion.

## Capital Works Programme

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

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

## Performance Measures

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



PART THREE Activity Statements - Water Supply

Water Supply measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
<b>Performance Measures</b>					
The median response time for attendance of non-urgent callouts: from the time that the local authority receives notification to the time that service personnel reach the site.	<3 hours	Achieved	58 Minutes	Achieved 48 minutes	
The median response time for resolution of non urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	≤3 days	Achieved	2 Hours	Achieved 2 hours 20 minutes	
<b>Customer Satisfaction</b>					
The total number of water supply complaints received by Council.					
The total number of complaints for the district received by Council about drinking water quality. i.e. clarity, odour, taste, pressure or flow and continuity of supply. Expressed per 1,000 water connections.	≤40	Achieved	6.4	Not achieved 48	This year it was measured differently per 1000 connections, whereas last year this was not the case
Total number of complaints received by Council about Council's response to any of these issues. Expressed per 1,000 water connections.	≤40	Achieved	0.6	New measure for 2018/2019	Based on two complaints and expressed per 1,000 water connections
<b>Demand Management</b>					
The average consumption of drinking water per day per resident within Kaipara District = Billed metered Consumption (m3) x 1,000 Number of connections x 365 x 2.5 (occupancy rate).	Dargaville 275	Not Achieved	304	Not achieved 300	Source: 2019 Water Balance Report
	Maungaturoto 340	Achieved	268	Achieved 302	
	Ruawai 130	Achieved	116	Achieved 121	
	Glinks Gully 52	Not Achieved	76	Not achieved 54	
	Mangawhai 230	Not Achieved	597	Not achieved 487	

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

## Funding Impact Statement

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

## Funding Impact Statement

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

# Flood Protection and Control Works

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

Protect people and property from flooding:

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

## Community Outcomes

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

## What we planned

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

### Additional information

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

## Capital Works Programme

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

## Performance Measures

Flood Protection and Control Works measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
Monitor drainage of rivers and streams, ensure minimal flood risk and coast erosion to the community.					
The number of flood events not contained by the drainage schemes.	0	Achieved	0	New measure for 2018/2019	
Service requests for additional cleaning of drains i.e. missed by the monitoring and maintenance programmes.	<5 requests per year	Achieved	1	Achieved 2	
Biannual inspection of our drainage network to ensure it can contain a 1:5 year flood.	Twice yearly inspections	Achieved	2	Not achieved	
Targeted maintenance of the stop bank system in the Raupo Drainage District to prevent tidal flows from inundating private property during high tide and/or when the river is in flood.	Minimum yearly inspections and targeted maintenance completed	Achieved		Achieved	

## Funding Impact Statement

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



## Funding Impact Statement

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

### Financial comments:

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



## Stormwater Drainage

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

Stormwater is managed differently across the district :

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

### Community Outcomes

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

## What we planned

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

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

### Additional information

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

## Capital Works Programme

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

## Performance Measures

Stormwater Drainage measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
<b>System adequacy</b>					
To provide stormwater drainage systems in urban areas with the capacity to drain water from normal rainfall events and cope with a 1 in 10-year rain event.					
For each flooding event, using a 1:5 year for Urban (Average Recurrence Interval 20%) and 1:10 year for Rural (ARI 10%), the number of habitable floors affected.. (Expressed per 1,000 properties connected to the Council's stormwater system).	<10	Achieved	0	Achieved 0	No flooding event complaints received.

Stormwater Drainage measured by	LTP Year 1 Target 2018/2019	Actual 2018/2019		Actual 2017/2018	Comments for 2018/2019
Performance Measures					
<b>Discharge compliance</b>					
Compliance with Council's resource consents for discharge from its stormwater system.					
The number of abatement notices received by Council in relation to those resource consents.	0	Achieved	0	Achieved 0	NRC email for justification on file.
The number of infringement notices received by Council in relation to those resource consents.	0	Achieved	0	Achieved 0	NRC email for justification on file.
The number of enforcement orders received by Council in relation to those Resource Consents.	0	Achieved	0	Achieved 0	NRC email for justification on file.
The number of convictions received by Council in relation to those Resource Consents.	0	Achieved	0	Achieved 0	NRC email for justification on file.
<b>Response times</b>					
The median response time in a flooding event.					
Measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	<2 hours for urgent events	Achieved	0	Achieved 0	There were no urgent flooding complaints this year.
<b>Customer satisfaction</b>					
The total number of stormwater system complaints received by Council.					
The number of complaints received by Council about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	≤18	Achieved	13	Achieved 11	There were no urgent flooding complaints this year.

## Funding Impact Statement

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

## Funding Impact Statement

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



## **Solid Waste**

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

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

### **Community Outcomes**

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

## What we planned

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

### Additional information

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

## Capital Works Programme

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



## Performance Measures

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

## Funding Impact Statement

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

## Funding Impact Statement

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

### 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; and
- Internal charges overall are above budget due to the introduction of the roading Northland Transportation Alliance.
- Fees and charges and capital expenditure are both below budget reflecting the non-replacement of a fire engine.

# APPENDIX

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# Council Directory

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## Main Office

42 Hokianga Road  
Dargaville 0310

## Mangawhai Service Centre

Unit 6 The Hub  
6 Molesworth Drive  
Mangawhai 0505

## Northland Transportation Alliance

5 Railway Road  
Walton Plaza  
Whangarei 0110

## Postal Address

Private Bag 1001  
Dargaville 0340

**Telephone** 09 439 3123 or 0800 727 059

**Email** [council@kaipara.govt.nz](mailto:council@kaipara.govt.nz)

**Website** [www.kaipara.govt.nz](http://www.kaipara.govt.nz)

## Bankers

### Bank of New Zealand

69-71 Victoria Street  
Dargaville 0310

### ANZ Bank Ltd

Private Bag 92210  
Victoria Street West  
Auckland 1010

## Auditors

### Deloitte on behalf of the Auditor-General

Private Bag 115033  
Auckland 1140



# Management Team

KAIPARA DISTRICT COUNCIL 30 JUNE 2019



**Louise Miller**  
*Chief Executive*



**Sue Davidson**  
*General Manager  
Risk, IT and Finance*



**Jason Marris**  
*General Manager  
Governance, Strategy  
and Democracy*



**Jim Sephton**  
*General Manager  
Infrastructure*



**Fran Mikulicic**  
*General Manager  
Regulatory, Planning  
and Policy*



**Darla Blake**  
*General Manager  
Community Customer  
Services*



**Hannah Gillespie**  
*General Manager  
People and Capability*

# Council Committee Structures

## KAIPARA DISTRICT COUNCIL 30 JUNE 2019

### Audit, Risk and Finance Committee

**Members:** Stana Pezic (Chair)  
Councillor Victoria del la Varis Woodcock  
Councillor Jonathan Larsen  
Councillor Peter Wethey

**Purpose:** To oversee the risk management and internal control, audit functions, financial and other external corporate reporting and compliance with legislation  
To monitor Council's financial performance against the Long Term Plan and Annual Plan.

### Citizens Awards Committee

**Members:** Mayor Jason Smith (Chair)  
Councillor Victoria del la Varis Woodcock  
Councillor Jonathan Larsen  
Councillor Andrew Wade

**Purpose:** To assess nominations in accordance with the Citizens Awards Policy and decide on recipients of Kaipara District Council's Citizens Awards.

### Community Grants Committee

**Members:** Councillor Peter Wethey (Chair)  
Councillor Victoria del la Varis Woodcock  
Councillor Karen Joyce Paki

**Purpose:** To assess nominations in accordance with the Citizens Awards Policy and decide on recipients of Kaipara District Council's Citizens Awards.

### District Licensing Committee

**Members:** Mark Farnsworth (Chair)  
Gordon Lambeth  
Mark Vincent

**Purpose:** To administer Council's alcohol licensing framework as determined by the Sale and Supply of Alcohol Act 2012.

### Funding Committee

#### *Creative Communities Scheme*

**Members:** Allan Mortensen (Chair)  
Councillor Victoria del la Varis Woodcock  
Nicola Everett  
Ollie Knox  
John Pickworth

**Purpose:** Allocate funding in accordance with the Creative New Zealand Creative Communities Scheme.

#### *Rural Travel Fund*

**Members:** Chris Biddles (Chair)  
Councillor Victoria del la Varis Woodcock  
Roxanne Kelly  
Karen Smales  
Vern Stevens

**Purpose:** Allocate funding in accordance with the Sport NZ Rural Travel Fund Scheme.

### Harding Park Committee

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

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

### Mangawhai Community Park Governance Committee

**Members:** Councillor Anna Curnow (Chair)  
Maurice Langdon  
Councillor Peter Wethey  
Jim Wintle

**Purpose:** To govern Mangawhai Community Park in accordance with the Master Plan and work programme.

### **Mangawhai Endowment Lands Account Committee**

**Members:** Councillor Peter Wethey (Chair)  
Councillor Libby Jones  
Councillor Jonathan Larsen

**Purpose:** To consider applications for grants from the Mangawhai Endowment Lands Account (MELA)

### **Raupo Drainage Committee**

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

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

### **Remuneration and Development Committee**

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

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

### **Reserve Contributions Committee**

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

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

### **Taharoa Domain Governance Committee**

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

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

## Elected Members Meeting Attendance 2018/2019

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

### Key:

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

<sup>^</sup> Due to poor coverage the meeting location, Councillor Geange was unable to attend the 29 November 2019 Council meeting via audio link.

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

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

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

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



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