

Vibrant, diverse and thriving

FUTUREKĀPITI

Kāpiti Coast District Council
Summary annual report 2017/18

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Foreword from the mayor

Kia ora and welcome to the Council's annual report for 2017/18. This is my second report as mayor and I'm delighted to have this opportunity to share some of the highlights of Council's many activities in, and for, our community over the past year.

We have worked hard to meet the needs of our growing community and advocate for Kāpiti regionally and nationally. Following the change of government there has been an increasing focus on supporting regions and districts to become the strong and resilient economic foundation of Aotearoa New Zealand.

We have recognised the opportunities this can bring for Kāpiti, and have worked to strengthen our partnerships, both with our key stakeholders and central government. These relationships are an increasingly important part of ensuring our district remains agile and well-placed for forecasted growth. It is through strong partnerships that we can begin to see positive changes happening more quickly and with more benefit for our communities.

The 2017/18 financial year was the third and final year of our *FutureKāpiti* Long term plan 2015-35. The long term plan was shaped in 2015 around the vision of creating a vibrant, diverse and thriving Kāpiti.

The projects and strategies set out in that long term plan have continued to be progressed this year. In particular, this included the completion of the Youth Development Centre developed in partnership with the nationwide youth organisation Zeal. The centre and the supporting mobile services provide our young people with a vibrant, inviting place to go and express their creativity, and feel safe, supported and valued. Many people in our community have supported this endeavour over a long period and we are proud to

have made this investment in the district's young people.

Working with our community

This year has seen us interacting even more with our communities, working in partnership and seeking the views of our residents as we develop plans and make decisions.

We have gathered valuable input on a range of topics, including plans for developing parks and playgrounds, setting speed limits on local roads and making the decision to allow Easter Sunday trading in our district.

We also worked with our community to shape our plans for the next 20 years – *Building a stronger Kāpiti together*. We heard from a real cross-section of Kāpiti people through our long term plan community engagement and consultation. We heard from people facing very real challenges, from making ends meet due to increasing rates, to living with flooding concerns. Our agreed plan now reflects where our district wants to head, with a strong focus on affordability and stormwater improvements.

Our iwi partnership

With the support of our iwi partnership forum, Te Whakaminenga o Kāpiti, we were honoured to be able to host Waitangi Day 2018 at our Council Chambers this year, featuring an exhibition with the theme *Te Tiriti: 'Me huri whakamuri, ka titiro whakamua'*. This multimedia exhibition showcased the relationship

and significance of the Treaty of Waitangi to the Kāpiti Coast. The exhibition was subsequently displayed at the district's libraries over the following months.

Annual Matariki celebrations featured an ART¹ market and included the launch of the annual maramataka (calendar), this year commemorating the final year of World War 1. A waahi tapu tour for the public was also made available during these celebrations.

Our strengthening relationships with iwi have seen a continued emphasis on incorporating the tikanga and values of our partners in our day-to-day business and community events and engagements.

We are in good shape

Our economy continued to develop over 2017/18, with strong GDP growth and high business confidence. We've also seen growth in self-employment and retail spend. Council has been encouraging business growth and job creation.

A key event to support business start-ups was the PopUp Business School Aotearoa programme in May 2018. Teaming up with our iwi partners Te Whakaminenga o Kāpiti, WREDA (the Wellington Regional Economic Development Agency), Xero and Spark we were able to offer over 60 first-time entrepreneurs an opportunity to be part of this business course on a no-fee basis.

¹ Named after our tri-iwi ART confederation.

A great destination

As a community, we are very proud of Kāpiti – and rightly so!

Ensuring our connectivity for business and visitors is vital and we moved quickly to attract a new airline provider to reinstate the Kāpiti to Auckland air service, following Air New Zealand's withdrawal of services. We were thrilled when Air Chathams announced their intention to start a new service early in the 2018/19 year.

We launched our first destination website and digital platform – www.kapiticoastnz.com. The site, developed in conjunction with our colleagues at WREDA, shows off what a great place Kāpiti is to live, visit and do business in.

Signature events are one of our real draw cards for visitors and a great opportunity for locals too. We supported four major established events – the Māoriland Film Festival, Ōtaki Kite Festival, Coastella Music Festival and the Kāpiti Food Fair. We also funded three events for the first time – the Kapiti Coast Festival, the Kāpiti Coast International Jazz Festival and the Kāpiti Farmers Market. Our renowned Arts Trail weekends were again a great success and an example of an event that has flourished and grown with Council support.

Supporting our community

Kāpiti has a strong community sector and we've welcomed the opportunity to support and partner with a range of organisations through a number of community support initiatives.

Nine local not-for profit community organisations were approved for funding from our new contestable social investment fund, to develop initiatives that contribute to Council's three new social investment priorities: connected communities, safe communities, and a capable sector. A further four organisations have been offered assistance with pursuing funding from other sources.

Other initiatives were specifically focused on supporting youth, including the Kāpiti Coast Youth Council Youth2U Dollars grants, with grants awarded to 19 young people and six groups.

Welcoming new New Zealanders

It's a special privilege for me to be part of our citizenship ceremonies which grow in number each year.

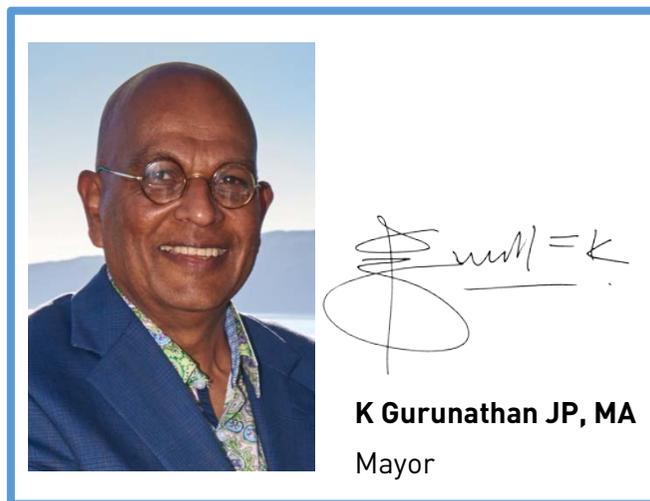
We held nine ceremonies in 2017/18 conferring New Zealand citizenship on 347 people from a wide range of countries. Welcome to our very special piece of New Zealand.

Kāpiti is an increasingly diverse community and during the year we worked with a keen group of residents to establish a local multicultural council which is now formed.

Thank you Kāpiti

The past year brought challenges, but also many highlights and positive developments. I would like to acknowledge the Council staff for all their work for our district and thank the many people and organisations in the community who got involved with our wide-ranging consultations and shared their views and ideas. Your contribution helps make Kāpiti the special place it is.

Finally, I would like to express my thanks to my fellow councillors and community board members for their hard work throughout the year.



Introduction from the chief executive

As the 2017/18 year brought fresh challenges and opportunities to the Council, we continued our focus on delivering core services and improving our financial position.

Stepping into the chief executive role half-way through this financial year, I would also like to record my appreciation for my predecessor, Pat Dougherty, for the excellent work he has done building the capacities and capabilities of the Council as an organisation and ensuring it was in good shape to meet any future challenges.

Financial management

A key focus for 2017/18 has been to continue improving our financial position. While we know that we perform strongly in terms of operating costs per ratepayer, with the 2018 Ratepayers' Report by the Taxpayers' Union ranking us second-lowest in the country, we also have high debt levels.

To help bring down those debt levels, we reviewed our entire proposed capital works programme to align it with what we could reasonably expect to carry out during the year. This resulted in us reducing our planned capital works for 2017/18 by \$7.5 million. By year end we completed nearly 90% of the reduced programme, investing \$23.8 million in capital works across the district.

Some of the key investments in that programme included \$7.2 million in our roading and shared path network, \$3.4 million on town centres, \$2.1 million in our wastewater systems and \$1.5 million in stormwater projects. We also invested \$5.0 million in improving our outdoor spaces and other recreation and leisure facilities.

Overall, we achieved an operating surplus of \$5.9 million, a significantly better outcome than our forecast \$1.35 million deficit. The primary reason for this result was the significantly higher development in the district this year that generated \$6.3 million additional revenue in the form of vested assets and development contributions. This is a positive indicator of the growth we are experiencing.

Further information is provided in our *Financial overview* on pages 18-19.

Customer focus

We're committed to being more customer-focused in all our interactions and this is a key part of my leadership vision for the future.

We've worked hard to use our 'Open for Business' programme to identify and agree on the values and approach that will drive and support a more consistent customer-focused culture for all our teams.

It was great to see that overall satisfaction with the Council remained high at 80% in the 2017/18 Resident Opinion Survey. However, satisfaction levels have dropped in some other areas such as perceptions of the Council and interactions with it. As an organisation we will continue our efforts to better understand our customers and communities and work on improving all our interactions.

Progress on key long term plan projects

In 2017/18 Council continued to progress the key initiatives and projects that were agreed with the community as part of the development of the *FutureKāpiti* Long term plan 2015-35.

A number of key projects were completed during the year, including the redevelopment of Ōtaki pool with a new community-designed splash pad alongside, and the Kāpiti Lights upgrade as part of the Council's town centre transformation programme.

We also completed the youth development centre, as the Mayor has noted, and continued work on our five-year project to assess earthquake-prone buildings across the district. There have been 156 buildings profiled in 2017/18 with a further 250 properties remaining.

However, not all proposed projects have progressed to schedule. Planned construction of the Paekākāriki seawall faced some challenges as a combination of increased costs and our decision to limit capital expenditure led to its deferral to a 2021/22 start date. The proposed Mahara Gallery improvements have been deferred and are now planned to start in 2021 and the planned Raumatī Pool building re-purposing has been even further deferred.

You can see more information on our key initiatives and major projects on pages 14-15 of this annual report or by going to our website www.kapiticoast.govt.nz

Delivering services every day

We provide a wide range of services to the Kāpiti community, from ensuring our water supply is reliable to responding to animal management concerns.

Some things have not gone well this year. The most notable was the road sealing failure on Mazengarb Road and Guildford Drive in early 2018. To minimise these risks in future we will be awarding this work to a specialist chip-sealing contractor.

Additionally, there was some dissatisfaction with Envirowaste's decision to stop collecting plastic rubbish bags. Partly in response to that we have employed a waste minimisation advisor to help residents find waste minimisation and disposal solutions that work best for them. This role is paid for out of the waste levy funding we receive from the Ministry for the Environment.

Changing weather patterns have continued to be a challenge, with Kāpiti experiencing an unusually wet winter in 2017/18. The stormwater discharge survey completed during the year has helped inform future planning of stormwater projects.

Emergency works

Severe weather events again impacted the district, requiring emergency works in several locations.

One of the largest emergency projects was dealing with the renewed movement of a large slip area on Waterfall Road. The road was closed for eight months and an estimated 12,000m³ of slip material was removed to make this site safe. The total cost of the earthworks and road reinstatement was \$0.51 million with NZTA contributing \$0.28 million of that.

In February 2018, Cyclone Gita caused significant damage at several locations along the coast. We responded promptly and most repairs were

completed by the end of March 2018, with the last few completed by the end of June. We spent around \$0.3 million on these emergency repair works.

Water conservation gains

The 2017/18 summer was the driest in the last 10 years resulting in the river recharge scheme being used over 24 days. This ensured that no bore water was used in the water supply to the communities of Waikanae, Paraparaumu and Raumati.

Despite the hot conditions, peak water use remained well below target, recording 417 litres per person per day (l/p/d) against a target of 490 l/p/d. This was achieved without water restrictions and is testament to the success of water conservation and leak reduction efforts over recent years.

Notably, Kāpiti was the only territorial authority in the lower North Island not to need water restrictions over the 2017/18 summer.

Reducing our carbon footprint

Our carbon footprint audit for 2016/17 was completed in early 2017/18 and the result was verified as 3,112 tonnes of CO₂ equivalent, 75% below the level in the 2009/10 baseline year.

As a result, Council has been confirmed by Enviro-Mark Solutions as the leading certified carbon footprint reducer in New Zealand through their CEMARS² programme.

Our ongoing LED streetlight replacement programme will contribute further in this area as the new lights use 58% less energy than conventional technology.

District plan

The Proposed District Plan, which provides for managed growth and development of our district over

the next 10 years, was approved by the Council in November 2017. We are continuing to work through the Environment Court and have made progress towards resolving a significant portion of the 18 appeals made to the Court.

Long term plan 2018-2038

Throughout the year, we worked with the community to shape our Long term plan 2018–2038 *Building a stronger Kāpiti together*. From community workshops to formal consultation and hearings, all your input helped form our plan for the next 20 years.

I am proud to lead everyone in the team here who I know will continue to work hard to deliver on the intent of that plan.

I'm proud too of the results of this 2017/18 annual report which gives us a strong basis to move forward with our new long term plan and ensure the future of our district as 'Toitū Kāpiti – the lifestyle choice'.



A handwritten signature in black ink that reads "Wayne Maxwell".

Wayne Maxwell
Chief Executive

² *Certified Emissions Measurement and Reduction Scheme.*

Delivering on our 2015-35 long term plan

This section discusses our achievements towards the 2015-35 Long term plan in place from July 2015 to June 2018.

Our plan on a page sets out our outcomes for delivery and investment in the community supported by our focus areas for development as an organisation.



Our 2015-2018 outcomes

Our investment of rates and our delivery focus has been guided by five outcomes agreed through the 2015-35 Long term plan process. This section outlines how our work over the past three years has contributed to those outcomes.

Strong partnerships and democracy through community participation

These two outcomes guided how we worked with our community and other organisations.

The Council's most significant partnership is Te Whakaminenga o Kāpiti – the memorandum of partnership between Council and the district's three iwi. You can read a message from the chair of Te Whakaminenga o Kāpiti about the partnership's recent achievements on page 7 of the full annual report.

We've made it easier for residents to interact with elected members and be part of Council's democratic processes. At the end of 2016, we moved public speaking time to the beginning of council meetings to make it easier for speakers to fit it in around other commitments. Elected members led our long term plan and annual plan consultation events, enabling them to hear a range of perspectives, and discuss their ideas for Kāpiti with a wide audience.

Wise management of public funds

This outcome means we consider affordability in everything we do and work to keep costs low while delivering quality services. It also represents our intention to spread costs and benefits fairly across the community and over the lifetime of our assets.

We've demonstrated our cost efficiency by maintaining one of the lowest operating costs per resident out of all councils in the country³. We also want to keep our net borrowings down below 200% of our operating income. So in 2017/18 we reprioritised some of our projects to cut our capital spending. This reduces our debt levels so that in the future we'll be able to more easily afford to replace core assets when needed. More information on this can be found in our financial strategy available on our website.

Together with the previous two outcomes, our management of public funds helped to lay a sound platform for our contribution to the next two outcomes, which focus more on the community and Council's vision for Kāpiti and what we want to help achieve.

Thriving economy, vibrant culture, diverse community

Building and maintaining a thriving district economy is a shared challenge. This outcome recognises the support we provide businesses to contribute to economic development in Kāpiti. We've aimed to do

this while supporting the unique character of our different communities and encouraging greater integration across the district.

Alongside our work with businesses, we supported major events like the Coastella music festival and Māoriland Film Festival, which contribute to our growing reputation as an appealing destination.

We've partnered with the Chamber of Commerce to help young people into local employment through the Work Ready Kāpiti initiative.

Improving our town centres is a major programme of work that will support economic growth in our district. The upgrade of Kāpiti Road was critical to this outcome.

Resilient community

The other key outcome that guided our investments during the last three years is to nurture resilience in the community. For Council this means protecting and enhancing public health and safety, as well as our natural and built environments. This outcome applies to our infrastructure investments, our work with community groups, and regulatory processes.

One of the more direct ways we've contributed to this outcome was through our 'tsunami army' initiative. We investigated the level of emergency preparedness in areas at risk of tsunamis and then carried out a door-to-door campaign to educate residents on responding to a tsunami threat.

³ Taxpayers' Union, 2017 Ratepayers' Report

Our work in water conservation is another area where our ultimate aim is to improve resilience. Our initiatives include offering household rainwater tanks, which can be paid back interest-free through rates, and District Plan requirements for new homes to include water-saving measures. Repairing leaks in our water supply network has also seen a significant reduction in water loss over the past three years.

A major project with a resilience focus is the replacement of the Paekākāriki seawall. Although the construction timeframe has been rescheduled, we gained consent from Greater Wellington Regional Council (GWRC) and agreed the final design with the local community.

In 2017, the Council became the top carbon emissions reducer amongst Enviro-Mark certified organisations in New Zealand, recognising our reduction of greenhouse gas emissions to 75% of 2009/10 levels. The Council also retained its Carbon Emission Measurement and Reduction Scheme (CEMARS) certification until 2020.



Our focus areas

The 2015–35 Long term plan identified three areas Council needed to focus on in the period through to 30 June 2018.

Lift Council performance

One of the priorities in our long term plan was to improve our performance across all Council activities, both customer-facing and internal.

Throughout the first three years we've continued to build an 'open for business' culture across the organisation that has driven improvements to some of our customer services, such as the provision of Land Information Memorandum (LIM) reports.

We've also focused on improving how we communicate what we do and why we do it. We've put

more effort into our social media presence to reach a wider range of people, and also maintained our regular features in local newspapers as we know they remain a key source of information for most Kāpiti residents.

While we still have more work to do in some areas, our resident opinion survey shows the community's overall satisfaction with Council has improved significantly since 2014.

Concentrate on core services

Most of Council's expenditure goes on infrastructure like water and roads, along with community services like libraries, pools and parks.

Having a resilient supply of safe drinking water is vital to our community, and has increasingly become a point of national focus. In the last three years we've completed several projects to improve the long-term security of our water supply such as the Waikanae river recharge scheme, and ensure the safety of our water through the first stage of the Waikanae water treatment plant upgrade.

Following a number of severe weather events from 2015, we analysed our stormwater network and adopted a new stormwater investment programme for 2018/19 onwards, to better address flood risks.

During the construction of the Mackays to Peka Peka Expressway, we worked hard to ensure that our road and footpath networks were not unduly disrupted and we made a number of improvements to the traffic flow and safety on our busiest thoroughfares like Kapiti Road and Raumati Road. While this was challenging at times, we've seen an increase in satisfaction for our services in these areas.

We've also been embedding environmental sustainability as widely as possible across core services. One example is the upgrade of all street

lights with LED technology, bringing cost efficiencies and reducing carbon emissions.

Enhance engagement with the community

To ensure we deliver services that best meet community needs, we have to understand those needs and get input into our proposals. We typically do this through public consultation processes advertised in various media. In the past few years we've expanded the ways people can give feedback, to attract more interest and gather a broader range of views. For example, we established our 'Express Yourself' forum for people who want to know when we're seeking input from our community.

One of the significant consultations we've undertaken recently was on our community facilities strategy, which led to further engagement about our big plans for major parks like Otaraia and Maclean Park.

In early 2017, we ran workshops with community groups to help us understand what's important to Kāpiti residents. We used the insights to review Council's strategic direction and set the context for our 2018–38 Long term plan.

Our strategic direction includes our vision, 'Toitū Kāpiti', and a new set of outcomes we're aiming to achieve over the next 10 years.

You can read more about our direction and the 2018–38 Long term plan on our website.

The next 10 years

As outlined, the Council evolved its strategic direction during the development of the 2018–38 Long term plan. In the new long term plan the outcomes detailed here are reframed as long term goals and we have created a new set of outcomes to steer activities over the next 10 years. We will be reporting against those new outcomes in future annual reports.

Progress on key initiatives and major projects

Four key initiatives were prioritised by Council and community for investment and development as part of the FutureKāpiti Long term plan 2015–35. Here's an update on how those projects are going.



Paraparaumu and Waikanae town centres

We are rolling out a programme of activity that aims to take full advantage of the opportunities provided by the expressway and ensure the Paraparaumu and Waikanae town centres remain attractive places for people to do business, invest and spend time. The Kāpiti Lights upgrade was completed in late 2017, stage one of the project to improve the link between Coastlands and the civic precinct was completed in early 2018, and the cultural thread project in Waikanae to integrate Whakarongotai marae into the town centre is well underway.



Te Ātiawa Park hard courts

The rebuild and resurfacing of the Te Ātiawa Park courts was completed in 2016/17. This popular sports facility, used for both tennis and netball, had undergone a major upgrade over the previous two years. The old cracked courts were rebuilt to provide fit-for-purpose playing surfaces with a high-performance synthetic surface. Lighting at the courts was also upgraded. The venue will now meet the needs of local sportspeople for years to come.



Ōtaki pool and splash pad

The Ōtaki pool complex closed in late February 2017 for modernising and upgrading. The old pool building was then demolished and the rebuild completed by mid-December 2017. The redevelopment includes a new pool hall building (the pool tanks remain the same); ramp entry into the main pool; separation of the filtration systems between the toddlers and lane pools, and the creation of a splash pad. This upgrade will ensure that Ōtaki pool meets the needs of the community for many years.



Performing arts centre

We will invest in the Kāpiti Performing Arts Centre at Kāpiti College, subject to an agreement about community access arrangements for the next 50 years. The agreement was signed by Council in May 2018. It is planned that Council's agreed \$1.6 million contribution will be made when construction is nearing completion, which is currently expected to be in late 2019. Investment in the centre will provide our community with access to facilities years before our previous plans (or budgets) would have allowed.



Six major projects were also given priority

Paekākāriki sea wall

Detailed investigation into the preferred design identified that the cost would significantly exceed the allocated budget of \$10.7 million. Given capital expenditure constraints the project was deferred through the Long term plan 2018-38 to start in 2021/22 and be completed by 2022/23, with a budget allocation of \$17.7 million.



Raumati pool building

The now-closed Raumati pool building is intended to eventually be redeveloped as a multi-purpose community facility. The timing for this was deferred in the Long term plan 2018-38 and is now scheduled for 2037/38.



Otaraua Park

We've been working with the community to draft a development plan for our newest park. This plan, which will shape the park for future years, will go out for wide public consultation from 9 July to 9 August 2018. The finalised plan is expected to be adopted by Council in late 2018.

Once adopted the implementation of this plan will be a staged process over an extended period of time and will allow for external funding through sponsorships and regional economic development investment.

Mahara Gallery and Waikanae Library

Plans for a purpose-built integrated gallery and public library have changed through the Long term plan 2018-38 process as final cost estimates were in excess of \$15 million. To restrain capital expenditure Council has decided instead to undertake maintenance and minor alterations to the existing library building over 2018-20, and \$1.0 million has been set aside for this.



The Mahara Gallery will have its footprint extended in 2021 at an estimated cost of \$6.1 million, subject to the Mahara Gallery Trust completing the fundraising for their two-thirds share.

Youth development centre

The Council has partnered with national youth development provider Zeal Education Trust to provide a youth development centre and associated services in Kāpiti. Zeal runs youth events and activities and has a mobile service to reach across the district.

A building in central Paraparaumu was secured last year for the centre and the fit-out undertaken through 2017/18. That work was completed in June 2018 and the centre is now up and running.



Assessing earthquake-prone buildings

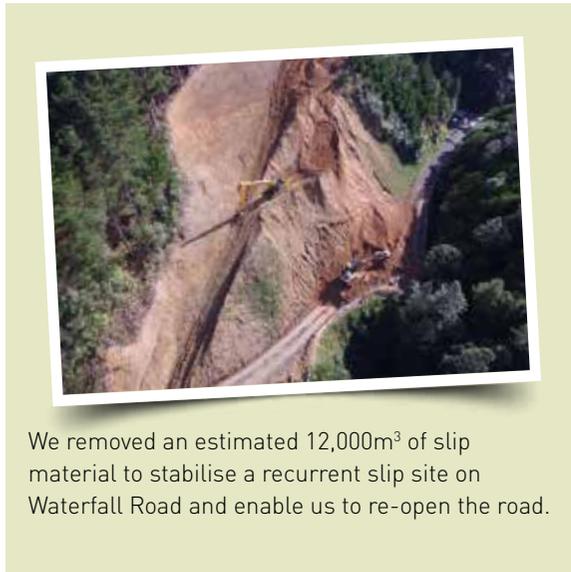
In 2015/16, the Council began a five-year project to assess around 1,500 earthquake-prone buildings as required by new legislation. Our district is in a zone of high seismic activity and it is important that we have buildings that are safe to be in and around. We completed initial assessments of 630 buildings over the first two years of this programme, around 40% of the buildings identified for assessment.



The Government introduced a new procedural approach, effective from 1 July 2017, requiring councils to follow a prescribed methodology to profile buildings and request the completion of seismic assessments by building owners for buildings that fit the earthquake-prone profile. In 2017/18, Council profiled 156 buildings with 250 properties remaining to be profiled.

A snapshot of the year

The following is a selection of other projects completed and the day-to-day services delivered in 2017/18. For full details see the *Our activities and services* section of the annual report (pages 21–95).



Council's carbon footprint result for 2016/17 was verified by audit this year as 3,112 tonnes of CO₂ equivalent, 75% below its 2009/10 level.

Just over **390** metres of wastewater mains were replaced throughout the district

A Destination Kāpiti website which promotes Kāpiti as a desirable place to visit, work and meet went live in April 2018.

Around 4,000 native trees, shrubs and sedges were planted in back-dune areas to improve biodiversity.

We responded to **20,924** service requests in the year

We removed vegetation and sediment from 12.5 km of the open drain and stream network to improve its ability to cope with heavy rainfall.

Our staff delivered the Zero Waste Education programme to Ōtaki, Kenakena and Raumati Beach schools.

We answered more than **84,000** customer service calls

The summer of 2017/18 was the driest in 10 years and the river recharge scheme was used for 24 days to ensure only river water was used for the water supply to Waikanae, Paraparaumu and Raumati.

The Memorandum of Partnership between Council and the district's iwi was signed on 5 December 2017, renewing it for the current triennium.

More than **207,800** people visited the Coastlands Aquatic Centre



The annual library users' survey found that 99% of respondents were satisfied with the standard of library building facilities.

We processed **275** resource consents in the year

Following community consultation in 2016/17 three playgrounds were upgraded in 2017/18 at Weka Park, Tennis Court Road Park and Hookway Park.

The 2017/18 Residents Opinion Survey reported on an adjusted satisfaction basis that 80% were satisfied with the overall performance of Council.

Council consulted widely with the community, including on Maclean Park, Easter Sunday Trading, the Stage 1 Speed Limit Review, RMA fee changes, the long term plan and a large number of leases.

We installed **1,993**
LED (energy-saving) street lights



The works to widen Waitohu Valley Road and increase safety for road users, given the number of heavy trucks on the road, was completed in November 2017.

More than **6,700** people came
to free library events and activities

A Waikanae Beach character assessment study was completed and presented to the Waikanae community board on 28 November 2017.

The median resolution time for 990 non-urgent service requests for water faults was five hours and 23 minutes, against a target of four days.

Waste audits were undertaken with Kenakena School, Paraparaumu Beach School and Wise Owl early childhood education centre to help them assess and implement for waste reduction strategies.

An exhibition about the Treaty of Waitangi explaining the significance of the Treaty to the district was launched on Waitangi Day and then displayed at the four district libraries over the following months.

Staff worked with 17 dog owners to have their dogs de-sexed under an amnesty to attract those with unregistered dogs using funds from a government initiative.

We assessed **156** buildings to determine
which ones fitted the earthquake-prone profile

Concept designs were completed for the Kena Kena, Kākāriki, Titoki and Riwai stormwater upgrade projects, and designs were started for the Moa Road, Karaka Grove, Amohia and Alexander Bridge projects.

18,000 eco-sourced native plants
were used in restoration projects

A strip of land alongside Kapiti Road was acquired to enable road and footpath widening between Arawhata Road and Brett Ambler Way.

The annual park users' survey found that 97% of respondents were satisfied with the current availability of facilities.

Council supported and managed the delivery of the PopUp Business School Kāpiti in May 2018, which delivered a two-week business start up course to 60 participants.

More than **1,100** building
consents were issued



In February 2018, Cyclone Gita caused significant damage to Waikanae beach outfalls, Raumati seawall and Paekākāriki seawall. Repairs were started immediately with most completed by end March 2018.

Leak detection and repairs reduced real water losses from the council's network from 3,489 m³/day in 2016/17 to 3,089 m³/day in 2017/18.

The new Ōtaki dog park, on the corner of Aotaki and Hinau Streets, was opened in July 2017.

Financial overview

This overview provides a summary of the major aspects of our financial management and results for the 2017/18 year.

We have produced this overview to give Kāpiti residents a snapshot of our finances. Full details are provided later in the report. There is a summary of the cost of providing services for each activity, comparing what was spent with what was budgeted, in the *Our activities and services* section (pages 21–95). The full financial statements can be seen in the *Our finances* section (pages 97–152).

Financial performance

Operating profitability

Council does not yet fully fund its asset depreciation, so we had budgeted to make a deficit of \$1.35 million.



Throughout the year we had significantly higher development in the district than expected and as a result we received \$6.3 million additional revenue from developers in the form of vested assets and development contributions to contribute towards the infrastructure needs of the growing community. This is the primary reason for us achieving an operating surplus of \$5.91 million.

Note that our financial strategy is progressively moving to fully funding annual depreciation of assets by the end of 2023.

Underlying rates surplus

Within our operations most activities require rates funding, but there is also a portion of the income that we receive to fund our capital projects and developments which reduces the level of borrowings the Council needs.

We finished the year with a rates funding surplus of \$1 million. This was due to lower interest costs from reducing our capital programme, recovery of additional operating costs from the NZ Police to contribute towards the costs of parking, reduced costs of assessments for earthquake-prone buildings and increased interest earnings from our programme to pre-fund our borrowings.

Capital spending

In setting the 2017/18 annual plan we had budgeted to spend \$34.6 million on capital work. The optimisation of our capital spending, and particularly limiting our



Financial performance (\$millions)



capital spending over 2018–25 became a focus for the Council and is referred to as our 'green line strategy'. The objective of this strategy is to ensure that net borrowings stay below a target of 200% of the Council's operating income.

In August 2017, the Council committed to reducing the capital programme by \$7.5 million for the year.

We completed \$23.8 million, approximately 90% of the reduced programme, carrying forward \$3.6 million into the 2018/19 year. This is a significant improvement in programme completion on recent years.

Water account

The Council made a small surplus of \$0.2 million in the water activity for the year and was able to reduce the cumulative water account deficit from \$1.6 million in the previous year to \$1.4 million. Council intends to recover the water account deficit over the next five years by gradually increasing water rates.

Financial position

At the end of each year, we determine our financial position. This reflects the overall value of the Council as an entity.

As at 30 June 2018, total assets were \$1,712 million. Of this, infrastructure (water, stormwater, wastewater, roads, bridges, cycleways, walkways and bridleways) accounted for \$1,456 million and the remainder included community facilities, parks and open spaces and financial assets.

We have a significant number of assets and a complex mix of services to manage. Council records its significant assets at fair value, and to do this we regularly revalue our assets. In the 2017/18 year, we revalued our water, wastewater, stormwater, coastal and flood protection assets. This resulted in a \$41.2 million increase in value to these assets. This was mainly due to increases in the cost of stormwater, water and wastewater pipes, together with increases

in professional fees including planning, investigation, design and monitoring costs.

Our liabilities are \$243.8 million, with 84% of this being medium to long-term borrowings from the Local Government Funding Agency. Other liabilities include money owed, for example, to suppliers.

The difference between total assets and liabilities means that ratepayers' equity in the Council is \$1,469 million

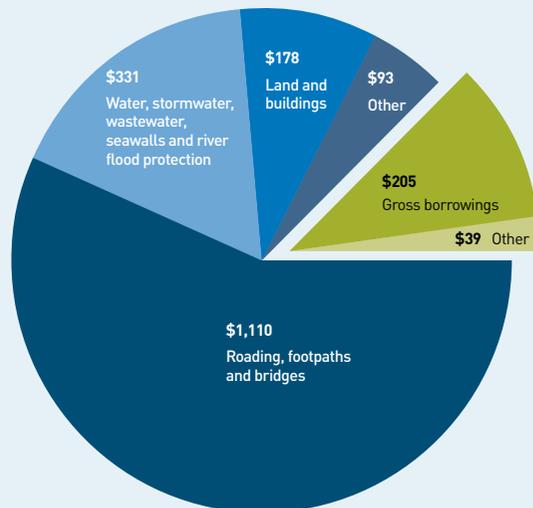
Cash and debt management

We ended the year with net debt (total borrowings less cash and cash investments) of \$148.2 million, which was lower than planned and represents 198% of our operating income. This reflects our careful management and the more streamlined approach we took to managing cash and new borrowings.

Financial position (\$millions)

\$1,712
Assets

85% of Council's assets are infrastructure (water, stormwater, wastewater, roads, bridges, cycleways, walkways and bridleways)



\$244
Liabilities

84% of Council's liabilities are medium to long term borrowings from the Local Government Funding Agency

\$1,469
Total ratepayers' equity

We achieved an average cost of borrowings of

4.52%

A positive result for the year is that we kept our credit rating in a generally difficult financial environment. It is beneficial because it helps to reduce our borrowing cost, which supports our financial strategy.

We kept our Standard and Poor's credit rating of

A+



Summary financials

Summary statement of comprehensive revenue and expense for the year ended 30 June 2018			
2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
Revenue			
56,555	Rates	60,761	60,501
16,295	Other operating revenue	23,135	15,730
72,850	Total revenue	83,896	76,231
Expenses			
66,148	Operating expenses	70,461	69,557
66,148	Total Expenses	70,461	69,557
Interest			
1,563	Interest income	2,269	1,520
9,385	Interest expense	9,793	9,543
7,822	Net interest expense	7,524	8,023
(1,120)	Operating surplus/(deficit)	5,911	(1,349)
Unrealised gains/(losses)			
7,598	Unrealised (loss)/gain on revaluation of financial derivatives	(1,811)	-
6,478	Net Operating surplus/(deficit)	4,100	(1,349)
Other comprehensive revenue and expense			
114,517	Revaluation of property, plant and equipment	41,163	11,747
120,995	Total comprehensive revenue and expense	45,263	10,398

Summary statement of financial position for the year ended 30 June 2018			
2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
71,291	Current assets	47,840	23,430
1,601,869	Non-current assets	1,664,547	1,624,325
1,673,160	Total assets	1,712,387	1,647,755
103,874	Current liabilities	52,716	47,197
145,915	Non-current liabilities	191,037	175,798
249,789	Total liabilities	243,753	222,995
1,423,371	Total equity	1,468,634	1,424,760
1,673,160	Total liabilities and equity	1,712,387	1,647,755

Summary statement of changes in net assets/equity for the year ended 30 June 2018			
2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
1,302,376	Equity as at 1 July	1,423,371	1,414,362
6,478	Net surplus/(deficit)	4,100	(1,349)
114,517	Revaluation of property, plant and equipment	41,163	11,747
120,995	Total comprehensive revenue/expense	45,263	10,398
1,423,371	Closing equity at 30 June	1,468,634	1,424,760
	Equity is represented by:		
567,449	Accumulated funds	570,296	564,749
2,904	Reserves and special funds	4,157	2,583
853,018	Revaluation reserve	894,181	857,428
1,423,371	Closing equity at 30 June	1,468,634	1,424,760

Summary statement of cash flows for the year ended 30 June 2018			
2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
23,697	Net cash inflow from operating activities	25,994	25,306
(63,540)	Net cash outflow from investing activities	(7,682)	7,098
39,856	Net cash inflow from financing activities	(14,715)	(32,404)
13	Net increase/(decrease) in cash and cash equivalents	3,597	-
442	Total cash and cash equivalents at 1 July	455	200
455	Total cash and cash equivalents at 30 June	4,052	200

Notes

Kāpiti Coast District Council (the Council) is a territorial authority governed by the Local Government Act 2002.

The summary financials have been prepared in accordance with PBE FRS 43. They are presented in New Zealand dollars and rounded to the nearest thousand (\$'000).

The summary financial statements do not provide as complete an understanding as the full financial statements in the annual report 2017/18.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year.

Compliance

A statement of compliance to generally accepted accounting practice in New Zealand can be found in the full annual report. The full financial statements comply with the standards for public sector public entities (PBE Standards) reporting under tier 1 of the framework.

The full and summary financial statements have been subject to audit and both received unqualified audit opinions.

Events after the end of the reporting period

There were no events subsequent to the reporting period that would affect the amounts or disclosures in these financial statements.

This summary has been extracted from the annual report 2017/18, which was adopted by the Council on 27 September 2018. It contains detailed information about council's service and financial performance for the year ending 30 June 2018.

The full annual report can be viewed on the Council website (see below) on the Documents/Reports page. Printed copies of the annual report are available at the district's libraries and service centres.

kapiticoast.govt.nz

Kāpiti Coast District Council
Private Bag 6061
Paraparaumu 5254

Tel: (04) 296 4700
Toll free: 0800 486 486
Fax: (04) 296 4830
Email: kapiti.council@kapiticoast.govt.nz

Independent auditor's report

To the readers of the Kāpiti Coast District Council's summary of the annual report for the year ended 30 June 2018



The summary of the annual report was derived from the annual report of Kāpiti Coast District Council (the "District Council") for the year ended 30 June 2018.

The summary of the annual report comprises the following summary statements on pages 8 to 17:

- the summary statement of financial position as at 30 June 2018;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2018;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision.

Opinion

In our opinion:

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

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and out audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2018 in our auditor's report dated 27 September 2018.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of debenture trust reporting and the long term plan audit, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the District Council.

David Borrie
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
27 September 2018

Contact information for Kāpiti Coast District Council

Main office	
Street address	175 Rimu Road Paraparaumu 5032
Postal address	Private Bag 60601 Paraparaumu 5254
Phone	04 296 4700
After hours emergency	0800 486 486 (toll free)
Fax	04 296 4830
Email	kapiti.council@kapiticoast.govt.nz
Website	kapiticoast.govt.nz
Facebook	facebook.com/kapiticoastdistrictcouncil

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Private Bag 60601
Paraparaumu 5254
(04) 296 4700, 0800 486 486
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