

# ANNUAL REPORT SUMMARY 2013-14

This is a snapshot of activities and finances for  
Year Two of the 2012-32 Long Term Plan.



## INTRODUCTION BY ROSS CHURCH MAYOR, KĀPITI COAST DISTRICT

It is my pleasure to introduce this Annual Report Summary for 2013/14 for the Kāpiti Coast District Council, my first as Mayor.

A commitment to be more open and inclusive in our dealings with the community is already paying dividends. It was satisfying to see the Council's efforts in reducing the proposed rates increase recognised and praised from within the community.

Looking at the past 12 months, there is reason to feel genuine optimism for the future of Kāpiti.

One milestone was the receipt of two independent reports which will pave the way for a new Proposed District Plan.

By the time you read this, we will be moving forward to develop the District in a way that recognises our unique lifestyle, balancing protection of our environment with economic development.

The year ended with charging for treated water moving from 'trial' to 'real'. The Council heard the concerns of the community and made provision for support to, and in some cases financial relief for, ratepayers.

Great progress was made on what will have a big impact on the shape of Kāpiti, namely the Expressway and the Town Centres Transformation Project. Consultation began on how to transform our town centres and connecting roads, with the project team engaging with the community.

The announcement by the Government to reduce the permit fees for visitors to Kāpiti Island is a great start to realising the value of an iconic visitor attraction – and I believe we can do still more to stimulate the tourist market for the island.

A major issue which Councillors had to deal with was fluoridation. The Council made a decision to continue fluoridation but took a remit to the Local Government New Zealand Conference, urging Government to amend the appropriate legislation so that the addition of fluoride to drinking water supplies is a decision made by the Director-General of Health. That remit has been endorsed by other local authorities.

Among the successes of the year was the opening of the Coastlands Aquatic Centre. By the end of the period, six weeks short of a full year, nearly 220,000 visitors had been to the centre.

On the wider front, I'm very proud of the awards that have been won for the District during the year just gone.

Kāpiti won double honours at the 2014 Energy Efficiency and Conservation Authority (EECA) awards for our proactive approach to improve the energy efficiency of people's homes and reduce waste, and received the Green Ribbon Award from the Minister for the Environment for reducing our carbon footprint.

Our Civic Administration Building was highly commended in the energy management category of the New Zealand Property Council awards and won a silver medal at the 2014 Master Builders' New Zealand Commercial Project Awards. It also won the commercial building award at the Wellington Architecture Awards.

The Coastlands Aquatic Centre was joint supreme winner of the 2014 NZ Wood Resene Timber Design Award, for its dramatic use of curved laminated timber beams.

Finally, our water supply project won the New Zealand Planning Institute's Rodney Davies Project Award.

These are things that Kāpiti can be proud of.

Both short-term and long-term, the future of our District is evolving dynamically. We go into 2014/15 in a mood of optimism.

A handwritten signature in blue ink, appearing to read 'Ross Church'.

**Ross Church, BCA, JP**  
Mayor





# A MESSAGE FROM PAT DOUGHERTY

CHIEF EXECUTIVE

This Annual Report Summary represents another busy year for the Council. It covers the period 1 July 2013 to 30 June 2014 and outlines the Council's performance against the measures set out for Year Two of the 2012-32 Long Term Plan and the 2013/14 Annual Plan.

Highlights during the review period include the successful opening of the Coastlands Aquatic Centre, the establishment of sports fields on the new Howarth Block Reserve land, and making significant progress towards securing a long-term water supply for the District.

In the 12 months to 30 June 2014, the Council invested \$29.93 million on capital works. Major items included nearly \$8 million on water projects and \$5.5 million on roads, footpaths, cycleways and bridleways.

The largest roading project started in 2013/14 was the safety improvement and widening of the Kāpiti Road/ Milne Drive/Te Roto Drive intersection. Following community feedback, the design was modified to widen the off-road shared cycleway on the southern side of Kāpiti Road to 2.3 metres.

Significant work was undertaken in partnership with the New Zealand Transport Agency (NZTA) to deliver the Roads of National Significance (RoNS) projects: MacKays to Peka Peka (M2PP); Transmission Gully; and Peka Peka to Ōtaki.

Public engagement is well underway for the development of concept plans for Waikanae and Paraparaumu town centres and for Kāpiti Road and the parts of SH1 that impact on our town centres. Initial meetings have been held with a range of community interest groups and open days were held for residents to express their preferences. A total of \$525,000 has been invested in this project over the review period. It will be a key shaper of our main urban and business areas over the decades ahead.

Completion of the Coastlands Aquatic Centre was delayed by the main contractor, Mainzeal, going into receivership in February 2013. Extra costs were incurred as a result, with the total direct cost to Council due to the receivership reaching \$1.8 million. Through negotiation, the Council has been able to claim a total of \$1.18 million from the receivers.

In the previous two financial years the Council had purchased a combined 60 hectares of land in the eastern part of Otaihanga. This land sits between the southern bank of the Waikanae River and SH1. Just under \$250,000 has been invested in developing this reserve for up to eight playing fields, which have been in use since April 2014.

A great deal of work was done to secure a long-term solution for the District's water supply. There are three aspects to this: the Waikanae River Recharge project; the installation of districtwide water meters; and the purchase of land for a future dam.

Over the 2013/14 year, the Council spent \$3 million on the Waikanae River Recharge with Groundwater Project. This award-winning project received a 35-year resource consent and work began on site in February 2014.

The upgrade and renewal of the Waikanae Water Treatment Plant is well underway. Just over \$2 million has

been invested in construction work in 2013/14. The final piece of the solution to the District's water supply has been the installation of water meters. The Water Meter Project was substantially completed by 30 June 2014 at a cost of just under \$3 million in 2013/14.

The Council has achieved a net operating surplus of \$1.23 million for the year ended 30 June 2014. This is \$3.85 million or 147% favourable to budget.

The Council's favourable performance was achieved mainly due to a recovery of the Western Link Road property holdings costs (mainly interest and rates) of \$2 million from NZTA and a \$1 million saving on budgeted finance costs due to a \$10 million reduction to the 2013/14 planned capital projects work programme.

Other comprehensive revenue and expense of \$563.75 million is due to revaluation uplifts for the Council's assets of \$31.02 million and the revaluation uplift for Council's land under roads of \$532.73 million.

The Council achieved a rates funding requirement surplus of \$2.06 million for the 2013/14 year. A total of \$0.55 million of that surplus will offset the 2014/15 rates funding requirement and the remaining surplus of \$1.51 million will be used to repay debt.

It was a very busy 12 months and I would like to thank our staff for the heavy workload they have had to carry and for what they have achieved during the year.

**Pat Dougherty**

Chief Executive

# WHO WE ARE AND WHAT WE DO

This summary is a snapshot of the Kāpiti Coast District Council's activities and finances for 2013/14. The information it contains has been extracted from our 2013/14 Annual Report, dated 16 October 2014, which contains detailed information about our service performance and finances.

The Council comprises a Mayor and 10 elected Councillors. Half represent a ward and half are districtwide.

Council meetings are held every six weeks. Several standing committees report to Council on particular areas, including:

- Environmental and Community Development
- Corporate Business
- Regulatory Management

Four Community Boards – Ōtaki, Paraparaumu/Raumati, Waikanae and Paekākāriki – represent local community interests.

The Council provides residents with a wide range of services and makes decisions that help shape the District's future. Council staff provide advice, implement Council decisions and look after the District's day-to-day operations.

Work is divided into 16 activity areas. All are linked to one or more of the seven Community Outcomes. These outcomes reflect the Council's priorities and the aspirations of the communities that make up the Kāpiti District.

**Full information can be found about the Council and the services it provides at [www.kapiticoast.govt.nz](http://www.kapiticoast.govt.nz)**

## KEY ACHIEVEMENTS

### Access and Transport

The Council carried out significant work with the New Zealand Transport Agency to ensure the MacKays to Peka Peka (M2PP) Expressway is constructed in line with its consent conditions.

Once construction of the expressway was given the green light, work to integrate that with local roads got underway. One of the main upgrade projects this affected was the Kāpiti Road intersection with Milne and Te Roto Drives.



*Night work on Kāpiti Road to reduce business disruption during opening hours.*

The upgrade of that intersection is near completion with more lanes, a cycle path, hook-turn bays, wider footpaths and power lines put underground.

Traffic safety initiatives continued, with the Council working alongside the New Zealand Police on the Safer Summer Driving

programme. The Council also held motorcycle training and 'driving confidently' courses, upgraded school zone signs and advance warning signals, and helped promote changes to child restraint laws.

Energy saving is an ongoing goal, with 123 LED (Light Emitting Diode) luminaries being installed on the local road network so far (each using 58% less electricity than conventional technology).

Development of the cycleways, walkways and bridleways network has continued, with seven new pathways finished and a number of others under construction.

### Building Control and Resource Consents

The building team had a successful audit from International Accreditation New Zealand, with the two required corrective actions resolved quickly.

This was a particularly busy year for this team: building consents were up 22% on the previous year; site inspections were up 11%; Land Information Memorandum (LIM) requests were up 10%; and resource consents were up 41%.

Staff also certified 91 management plans, minor alterations and vegetation retention plans in relation to the M2PP expressway within required timeframes.

An ongoing priority has been to deliver a work programme which is focused on three key drivers: being 'Open for Business'; improving performance (and the perception of performance); and responding to changes in the legislative environment.



In accordance with the draft Earthquake Prone Buildings Bill, the team will also work on setting out priorities for how the assessment of buildings should be undertaken (subject to a consultation process under the Local Government Act 2002).



The M2PP Expressway has involved a lot of work for the Council ensuring consent conditions are met.

## Coastal Management

A major focus for the Council and the community continues to be determining how to respond to the effects of potential increases in sea levels and storm intensity on Kāpiti's low-lying coast.

An international panel of experts was convened in December 2013 to work through the Council's coastal erosion hazard assessment to ensure that it was fit for purpose.

The panel's final report was received in June 2014, with the Council accepting the recommendations for more research to be carried out on coastal hazard and erosion processes in Kāpiti.

The coastal dune reserve weed control programme is underway and being carried out districtwide.

Coastal maintenance was carried out, including rock revetments being restacked and sections of backfill behind revetments topped up in Raumati South. Consultation was also undertaken on stage 2 of the seawall replacement along The Parade, Paekākāriki.



Maintaining coastal protection assets is an ongoing task for the Council.

## Community Facilities

Coastlands Aquatic Centre opened officially on 10 August 2013, with a total of 217,000 people (not including spectators) visiting the facility in the period to 30 June 2014.

In February 2014, a disability access ramp for the Aquatic Centre's main pool was installed giving even further access for disabled members of the community. AquaFit and AquaEase programmes are going extremely well and growing in popularity. The swim school has also grown by 55% since the centre's opening. The Centre was a joint winner of the 2014 NZ Wood Resene Timber Design Awards.

The refurbishment of Ōtaki Pool was completed on time and under budget. This upgrade, with longer opening hours and improved service, has contributed to increased popularity of the facility.

Customer surveys at the Aquatic Centre and Ōtaki Pool returned outstanding results. Staff at each pool were rated as 'good' or 'excellent' by 95% and 100% of respondents, respectively.



Ōtaki's upgraded and warmer toddler's pool.

The Council's Civic Administration Building on Rimu Road, Paraparaumu, reopened in March 2013 following its substantial rebuild and has subsequently won two major awards – the commercial building award at the Wellington Architecture Awards and a silver award at the Master Builders' Awards. The building was also highly commended in the New Zealand Property Council Awards under the energy management category.

Work on redeveloping the former Raumati Pool building has been postponed to contribute to the Council's aim of restraining rates increases.

## Development Management

Following independent reviews of the Proposed District Plan (PDP) and the coastal hazards assessment, the Council was presented with four options for proceeding with the PDP.

Councillors resolved to adopt Option 4 as the way forward, allowing previous work on the plan to be built on while having the coastal hazard provisions removed until further research is carried out.

Public engagement is well underway for the development of Waikanae and Paraparaumu Town Centres, Kāpiti Road and SH1. This includes meetings with community groups, community boards, businesses and landowners, as well as open days for

the public in each of the town centres. Feedback received will inform the development of the concept plans.

The District Plan Review working party of Te Whakaminenga o Kāpiti has developed a monitoring framework to measure the implementation of Te Haerenga Whakamua (provisions for Māori in the District Plan). The framework identified about 70 of the 193 tikanga (protocols) contained in these provisions as needing further analysis.



*An open day for community input on the future shape of Waikanae town centre.*

Nine natural and two built heritage management projects were awarded grants from the Heritage Fund. The fund budget of \$27,874 was fully allocated, enabling conservation work worth more than \$122,750 to be carried out.

## Economic Development

A working party combining the Council and key business representatives has been established to progress the Economic Development Strategy with the aim of supporting priorities that deliver the most benefit to the District.



*The new-look destination marketing caravan, promoting Kāpiti's tourism attractions.*

The Cleaner Emissions Bus project was launched at the Clean Technology Centre on 22 August 2013, to celebrate the collaboration between UZABus Coachlines, Blended Fuel Solutions and Ōtaki College.

Due to issues in late 2013, the Council decided to discontinue its support for the Clean Tech Trust (which has since dissolved). The Council has taken up the lease of the building at the Clean Technology Park and is implementing a new way forward, including having a broader range of tenants. The building has been renamed the Ōtaki Innovation Hub.

A review of the visitor information network was undertaken during the year and reported to the Council in August 2014. A stakeholder engagement process is underway to help decide on options for rationalising the i-Sites in the 2014/15 year.

Involvement in the Electra Regional Business Forum continues, especially on the broadband and food work streams.

The Māori Economic Development grants round was completed with four successful applications.

## Environmental Protection

The Sale and Supply of Alcohol Act 2012 came into force in December 2013 and the Council has appointed a District Licensing Committee and Chair. Licensed premises registration and invoicing has been completed.

The Wellington Rural Fire Authority was established on 1 October 2013. Rural fire permits are now being issued by the Wellington Region with the assistance of relevant Council staff.

The Council continues to support work being implemented by the Wellington Regional Emergency Management Office (WREMO). Community response plans have now been completed in Ōtaki/Te Horo, Paekākāriki and Waikanae. Relevant staff have had training in the new Emergency Management Information System being rolled out across the region.

Over the year, the Council's Environmental Health team: responded to 2,682 routine complaints about dogs and 304 urgent complaints; registered 7,043 dogs; inspected 109 liquor outlets; inspected 223 food premises; undertook 42 notifiable disease investigations; and issued 328 fire permits.

## Governance and Tāngata Whenua

The Council elections were held in October 2013 and the new Council and community boards were sworn in at an inauguration ceremony on 29 October 2013. The new elected members then underwent a training and induction programme.

Māori representatives are now participating in each of the Council's standing committees and three iwi members successfully completed accreditation to become Commissioners.

Fluoridation of local water supplies was raised again in Annual Plan submissions and hearings were organised to ensure that both supporters and opponents of fluoridation had adequate and equal time to present their information.



*Te Korowai Whakamana, from Ōtaki School, in action on Waitangi Day 2014.*



The Council resolved to continue adding fluoride to the level of 0.7 mg/L to the Waikanae, Paraparaumu and Raumati water supplies. It also put forward a remit to the Local Government New Zealand Conference (held in July 2014) seeking to make central government responsible for decisions about fluoride. The remit was endorsed by other local authorities.

The Council is committed to its partnership with local iwi. This takes many forms but includes involvement in a number of events which continue to be particularly successful. This year these included Waitangi Day, Civic Awards, a dawn blessing by iwi for the opening of the Coastlands Aquatic Centre, ANZAC Day commemoration and the 'ShoutOut' Awards for youth.

After hosting meetings around the region on the shape and form of future governance, the Local Government Commission decided to hold back releasing its draft proposal during the regulated period for the general election to avoid confusing voters with a local government reorganisation poll at the same time.

### Libraries, Arts and Museums

It was another successful year for the District's libraries, with more than 718,000 items checked out and around 78,000 items reserved free of charge. More than 11,250 eBooks were downloaded from the library website. There were 38,000 SMART items from across 19 other SMART libraries checked out to Kāpiti library customers.



*Tea & Tales, a regular event for older members of the community, at Paraparaumu Library.*

A wide range of free events and activities at libraries attracted more than 8,700 people. These included the Christmas Craft Fair, Time for a Yarn, Friday Family Fun Night, Book Club in a Bag and Live Arts @ My Library.

18 New Zealand public libraries have joined with Kāpiti Coast, Wellington and Masterton libraries in an outsourcing tender for materials purchasing that is expected to deliver significant savings in 2014/15.

The Kāpiti Arts Trail and the Kāpiti Heritage Trail were both successful again. The Public Art Policy was adopted by the Council in August 2013 and a Public Art Panel appointed which held its first meeting in March 2014. The panel will maintain an overview of public art activity in the District.

### Parks and Open Space

Work to establish up to eight sports fields on the new reserve land at Otaihanga has been completed with tree planting started and grass sown. Sporting events on the new fields began in April 2014.



*Junior football has been played since April 2014 on the new sports fields on the Howarth Block reserve.*

The draft reserve management plan for the new Howarth Block reserve land has been developed and released for community consultation. Submissions will be considered by the Waikanae and Paraparaumu/Raumati community boards and the Council before the final plan is adopted.

Development of the Tilley Road Reserve junior sportsground in Paekākāriki was completed earlier this year and a number of playgrounds throughout the District were refurbished.

Other projects included the development of the Pots Reserve in Ōtaki Gorge and further work on the walking loop around Harautai Park.

### Solid Waste

The Council stopped kerbside collection in Kāpiti from 1 October 2013. All kerbside collections (pre-paid bags, wheelie bins and recycling) are now provided by licensed local collectors.

All household rubbish collectors must be licensed and monitoring has intensified to ensure compliance with collection licences and the Solid Waste Bylaw.



*Glass crushing at the Otaihanga Landfill, for use in the gas-venting layer for the final cap on the landfill.*

Envirowaste won the tender to operate the Ōtaki Transfer Station and the site has been renamed the Ōtaki Resource Recovery Centre to reflect its improved focus on waste minimisation.

A variation to the Otaihanga Landfill consent was approved and a new Landfill Management and Closure Plan finalised. A local contractor provided material to complete the final capping layer of the Otaihanga Landfill, resulting in a significant cost saving to the Council.

The Council continued to implement its waste minimisation and education action plan with levy income provided by the Ministry of the Environment. More than \$42,000 in waste levy grants was awarded to eight community and two business projects in March 2014.

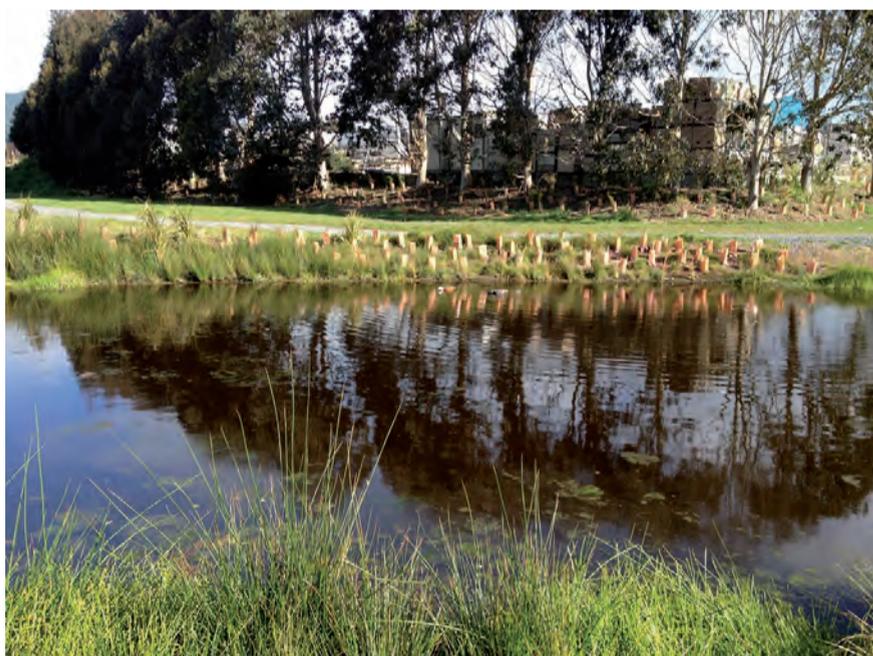
The Zero Waste Education programme was run at Waikanae Primary School in June 2014 and received very enthusiastically by the 465 pupils involved.

## Stormwater Management

Several projects were completed in late 2013 including: stream protection works on the Kākāriki Stream; an upgrade of the Paraparaumu Beach local catchment to alleviate regular flooding problems; and stage one of the new Te Roto Wetland Reserve Stormwater project which will achieve better quality stormwater run-off into the Mazengarb Stream and Waikanae estuary.

The Waikanae north stormwater development has been put on hold so these works can coincide with the revocation of SH1 to local road when the expressway is complete. This timing change is expected to result in significant budget savings.

Meetings have been held with representatives of Friends of the Paekākāriki Streams to clarify water quality issues and potential ecological improvements for the Te Puka and Wainui Streams. The Council has clarified the division of responsibilities between itself and Greater Wellington Regional Council in regard to these streams and is helping facilitate other issues that the stakeholder groups have raised.



*The Te Roto Wetland Reserve is designed to treat contaminants from the nearby industrial estate.*

## Supporting Environmental Sustainability

The provisional result for the volume of carbon emissions produced by the Council's operations in 2013/14 was 6,946 tonnes of CO<sub>2</sub> equivalent. Although higher than the 2012/13 result, this was still 45% below the 2009/10 baseline year.

Certified results will be available mid-2014/15. The Council is on track to achieve its 2014/15 target of a 45% reduction in emissions.

The Council won the Community and Public Sector categories in the May 2014 EECA Awards and the Reducing Our Greenhouse Gas Emissions category at the Ministry for the Environment's Green Ribbon Awards in June 2014 for work relating to energy saving and carbon reduction within the Council and the wider community.

The Greenest Neighbourhood Competition was won by Ames Street in Paekākāriki who reduced their collective environmental footprint by 18%. Since the competition started in 2012, more than 100 households have taken part.

The Sustainable Home and Garden Show held in March 2014 was highly successful with more than 9,000 visitors across the two-day event.



*Celebrity Chef Mike Van de Elzen at the Sustainable Home and Garden Show.*

Two local working groups in Raumati and Paekākāriki were established to address the consequences of potential climate change effects.

The electric refuse truck was brought into service in May 2013 for Council collections from public litter bins and has been in regular daily usage in Ōtaki and Waikanae. In the year ending June 2014, it saved 7.5 tonnes of emissions and \$2,200 in fuel costs.

## Supporting Social Wellbeing

The Council continues to respond to community concerns and interests and focus on supporting community groups.



*Chris Elise performs at the Youth ShoutOut Awards.*



The Council has been working closely with the New Zealand Police and Medical Officer of Health to reduce alcohol-related crime and harm, and is in the early stages of developing a Local Alcohol Policy.

The Council also has a range of youth support activities, including: the Youth ShoutOut awards; the annual Youth Fest; the Youth Pathways to Employment Project; and a Careers for the Future Expo.

In addition, the team helped facilitate agreement around the proposed training centre at Kāpiti Airport, which will upskill local people for jobs on the Expressway and Transmission Gully projects.

Support for our older residents this year was focused around a Positive Ageing Community Forum held on 27 September 2013.

Community initiatives included: the annual community grants round which saw 45 organisations receiving a total of \$32,688; and the 'Over the Fence Cuppa' project which saw more than 30 neighbourhoods across the District take part in the Council's initiative for Neighbours' Day Weekend on 29-30 March 2014.

The Council also partnered with the Wellington curtain bank to provide free curtains to over 32 vulnerable households in Ōtaki.

## Wastewater Management

Several pump station upgrades were completed, including: the Rauparaha Pumping Station in Waikanae; the Waione Pumping Station; and the Milne Drive/Te Roto Drive Rising Main and Pump Station.

Other works completed included: pipe renewal in Manawa Avenue, Paraparamu; design and manufacture of the drier replacement for the Paraparamu Wastewater Treatment Plant in preparation for its installation in 2014/15; and desludging of the Ōtaki Wastewater Treatment Plant EADER (Earthen Anaerobic Digester) tank allowing the ponds to be used for a stormwater buffer.



*The now completed Rauparaha Pump Station upgrade at an early stage.*

An alternative contractor has been secured for the Pehi Kupa Street pipe renewal in Waikanae, due to the original contractor going into liquidation following on-site problems.

## Water Management

The Kāpiti Water Supply Project won the New Zealand Planning Institute Rodney Davies Project Award recognising innovative and creative excellence in development and delivery of planning projects with construction outcomes.



*The award winning Water Supply Project team.*

This project also won the Local Government New Zealand Excellence Award for Infrastructure Project of the year in recognition of its community, infrastructure and economic impacts.

The River Recharge with Groundwater (RRwG) Project received a 35-year resource consent. No appeals were lodged.

Works on the Waikanae Water Treatment Plant upgrade and RRwG project commenced in early 2014 and are now well underway. In excess of 23,105 water meters were installed to the end of June 2014.

The Council resolved to move from one fixed annual water charge for all, to a combination of a lower fixed annual charge (\$188.50 per annum) and a volumetric charge (95 cents per cubic metre) for the amount of water people use.

The first trial water meter readings were issued to ratepayers from mid-April and second trial readings in June 2014.

Water meter readings commenced for billing purposes from 1 July 2014.

More than 667 high water use (>2,000 litres per day) trial reading letters and information packs were delivered in April 2014 to help people understand and reduce water use.

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**The preceding section is an outline of key achievements in 2013/14. Details of services delivered and activities undertaken by the Council over the year are set out in the full Annual Report 2013/14. The report can be viewed on the Council website [www.kapiticoast.govt.nz](http://www.kapiticoast.govt.nz) (on the Documents/Reports page).**

**Printed copies of the Annual Report will be available by 16 November 2014 at libraries and service centres throughout the District.**

# SUMMARY OF FINANCIAL RESULTS

The purpose of this summary is to provide readers with an overview of the Council's financial performance for the year ended 30 June 2014.

This summary focuses on the following key aspects:

1. Council's Operating Profitability
2. 2013/14 Rates Funding Surplus
3. Council's Balance Sheet
4. Cash and Debt Management
5. Council's Insurance Cover
6. Financial Prudence Benchmarks.

## Council's Operating Profitability

### SUMMARY OF THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

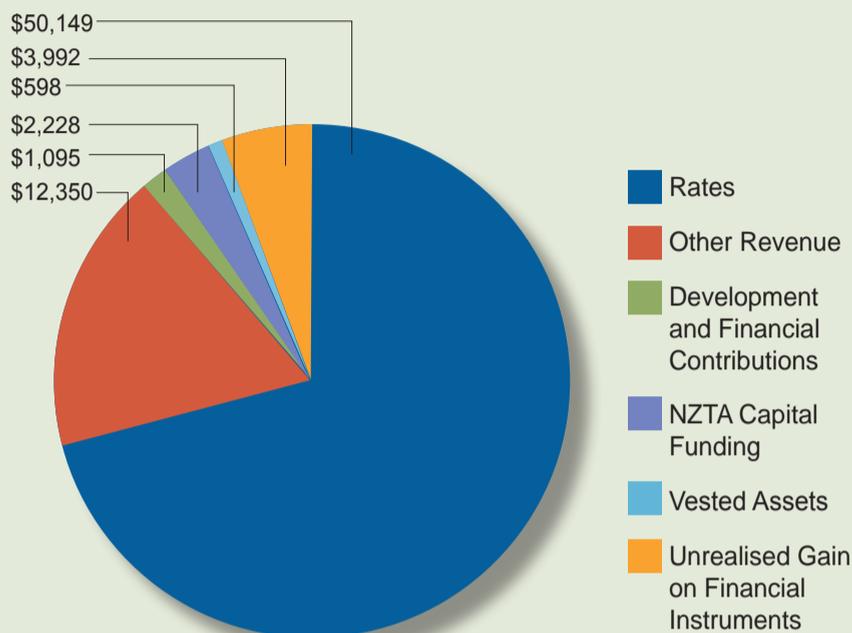
For the Year Ended 30 June 2014

2012/13 Actual		2013/14 Actual	2013/14 Budget	2013/14 Actual Excluding Revaluation of Land Under Roads
\$000		\$000	\$000	\$000
<b>Revenue</b>				
47,762	Rates	50,149	50,427	50,149
4,161	Unrealised Gain on Revaluation of Derivatives	3,992	-	3,992
14,930	Other Operating Revenue	16,271	13,559	16,271
<b>66,853</b>	<b>Revenue</b>	<b>70,412</b>	<b>63,986</b>	<b>70,412</b>
<b>Expenses</b>				
6,493	Finance Expense	7,595	8,696	7,595
55,131	Other Operating Expense	61,587	57,912	61,587
<b>61,624</b>	<b>Expense</b>	<b>69,182</b>	<b>66,608</b>	<b>69,182</b>
<b>5,229</b>	<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>1,230</b>	<b>(2,622)</b>	<b>1,230</b>
<b>Other Comprehensive Revenue and Expense</b>				
(13,625)	Revaluation of Property, Plant and Equipment	563,754	60,831	31,022
<b>(13,625)</b>	<b>Other Comprehensive Revenue</b>	<b>563,754</b>	<b>60,831</b>	<b>31,022</b>
<b>(8,396)</b>	<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>564,984</b>	<b>58,209</b>	<b>32,252</b>



The chart below shows the breakdown of the Council's revenue. The Council's main sources of income are rates of \$50.14 million (71%) and other revenue of \$12.35 million (18%). Other revenue mainly includes fees and user charges, New Zealand Transport Agency (NZTA) operating subsidies and assets vested to the Council.

### Breakdown of Council's Revenue Sources (\$'000's)



Revenue less expenditure provides the net operating surplus or deficit for the year.

The Council has achieved a net operating surplus of \$1.23 million for the year ended 30 June 2014, which is \$3.85 million favourable to the Annual Plan.

Revenue was \$6.42 million favourable to the Annual Plan mainly due to:

1. A gain of \$3.99 million from our interest rate swaps which are financial instruments used to protect the Council from the risk of rising interest rates. This gain is unrealised and reflects the change in the market valuation of our committed future swap finance costs at balance date, compared to 30 June 2013. The gain illustrates that the Council's fixed rates are cheaper than current market rates at balance date.
2. \$2 million was received from NZTA for the Council's total holding costs (mainly finance costs and rates) incurred for its strategic Western Link Road properties sold to NZTA in June 2014.

Operating expenses were \$2.57 million unfavourable to the Annual Plan mainly due to:

1. Depreciation and amortisation was \$1.59 million unfavourable to the Annual Plan mainly due to faster completion of some capital works than expected, and unbudgeted depreciation of \$0.37 million for the new Otaihanga Landfill aftercare capping asset (\$4.34 million) that was recognised this year for legislative compliance purposes.

2. A loan of \$0.29 million previously provided to the Clean Tech Trust for green enhancements and/or office fit-outs was expensed as the Trust was wound up, and due to the uncertainty of future tenancy at balance date, net lease costs of \$0.61 million for the Clean Technology Park were also expensed.
3. The Council's provisions for trade debt, rate arrears and potential weather-tight building claims were increased by \$0.78 million following a detailed reassessment.
4. An impairment expense of \$0.16 million was recognised to realign the asset-carrying amounts to the agreed sale proceeds for the Kāpiti Expressway road reserve land held for sale at balance date, and the pine trees in Otaihanga located on land designated for the Kāpiti Expressway.
5. These costs were offset by a \$1.1 million underspend on interest charges, mainly due to a deliberate \$10 million reduction to the 2013/14 capital works programme.

### 2013/14 Rates Funding Surplus

The rates funding surplus/(deficit) is different to the net operating surplus/(deficit) due to the following:

1. Net operating surplus/(deficit) covers all of the Council's operating revenue and expenditure from all funding sources, including vested assets.
2. Rates funding surplus/(deficit) only covers the Council's revenue and expenditure that is rates funded.

The total rates funding requirement for 2013/14 was \$50.80 million. The Council achieved a rates funding surplus of \$2.06 million for the 2013/14 year.

This was mainly due to the recovery of \$2 million from NZTA for the Council's holding costs for its strategic Western Link Road properties.

As per the Council's resolution, a total of \$0.55 million of this rates funding surplus has offset the 2014/15 rates funding requirement and the remaining surplus of \$1.51 million will be used to repay debt.

## Council's Balance Sheet

Total assets less total liabilities provide the ratepayers' equity at balance date.

### SUMMARY OF CHANGES IN EQUITY

For the Year Ended 30 June 2014

2012/13 Budget		2013/14 Actual	2013/14 Budget	2013/14 Actual Excluding Revaluation of Land Under Roads
\$000		\$000	\$000	\$000
734,526	<b>EQUITY AS AT 1 JULY</b>	726,130	721,164	726,130
<b>Changes in Equity</b>				
5,229	Net Surplus/(Deficit) for the Period	1,230	(2,622)	1,230
(13,625)	Revaluation of Property, Plant and Equipment	563,754	60,831	31,022
726,130	<b>Total Comprehensive Revenue/Expense</b>	<b>1,291,114</b>	<b>779,373</b>	<b>758,382</b>
<b>Equity is represented by:</b>				
577,171	Accumulated Funds	579,178	557,299	579,179
145,713	Revaluation Reserves	708,690	220,169	175,957
3,246	Reserves and Special Funds	3,246	1,905	3,246
726,130	<b>CLOSING EQUITY 30 JUNE</b>	<b>1,291,114</b>	<b>779,373</b>	<b>758,382</b>

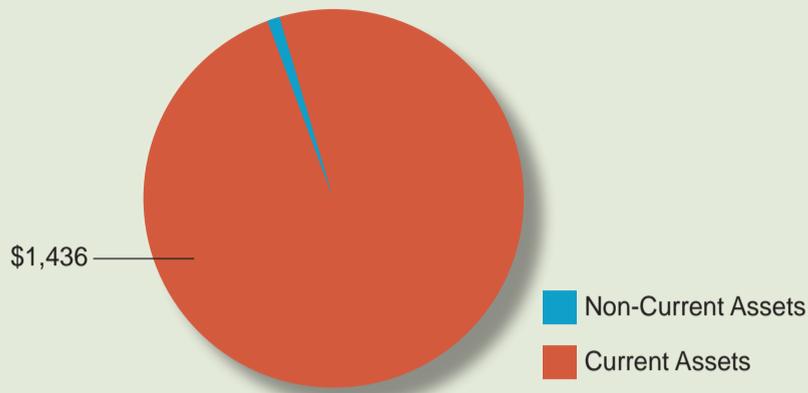
### SUMMARY OF FINANCIAL POSITION

As at 30 June 2014

2012/13 Actual		2013/14 Actual	2013/14 Budget	2013/14 Actual Excluding Revaluation of Land Under Roads
\$000		\$000	\$000	\$000
15,626	Current Assets	16,179	8,442	16,179
861,928	Non-Current Assets	1,435,634	951,364	902,902
877,554	<b>TOTAL ASSETS</b>	<b>1,451,813</b>	<b>959,806</b>	<b>919,081</b>
30,380	Current Liabilities	27,681	42,100	27,681
121,044	Non-Current Liabilities	133,018	138,333	133,018
151,424	<b>TOTAL LIABILITIES</b>	<b>160,699</b>	<b>180,433</b>	<b>160,699</b>
726,130	<b>TOTAL EQUITY</b>	<b>1,291,114</b>	<b>779,373</b>	<b>758,382</b>
877,554	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,451,813</b>	<b>959,806</b>	<b>919,081</b>



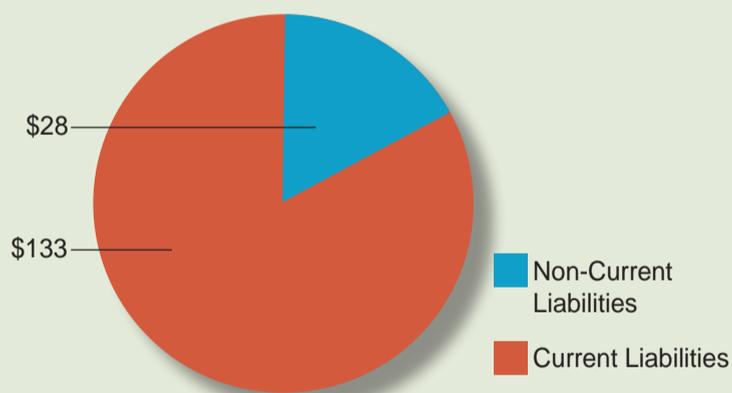
### Current and Non-Current Assets (\$million)



Total assets were \$492 million favourable to the Annual Plan due to the following:

1. The Council's property, plant and equipment are \$481.33 million favourable to budget, including land under roads subsequent to the three yearly asset revaluations.
2. The Council's closing cash balance was \$5 million favourable to the Annual Plan due to the final settlement of \$7.22 million received from NZTA for the Western Link Road properties on 26 June 2014.
3. There were current assets held for sale of \$2.67 million at balance date relating to three Kāpiti Expressway Road Reserve Land parcels and the Paraparaumu Town Centre land block.

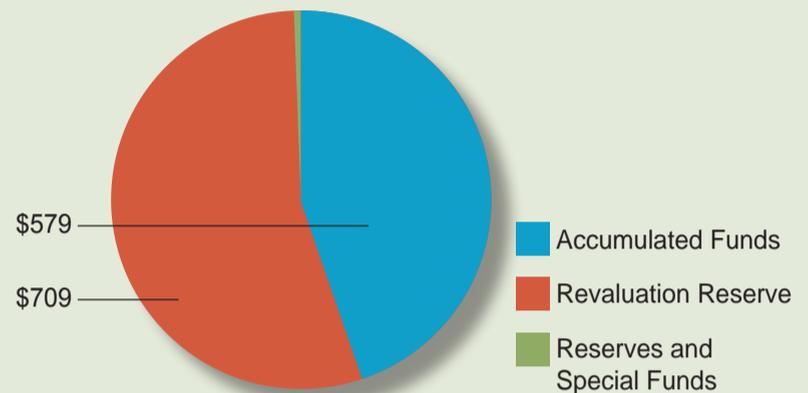
### Current and Non-Current Liabilities (\$ million)



Total liabilities were \$19 million favourable to the Annual Plan as less public debt was required following the deliberate \$10 million reduction to the 2013/14 capital works programme.

The chart below shows a breakdown of ratepayers' equity.

### Ratepayers' Equity Breakdown (\$million)



Ratepayers' equity is therefore \$512 million favourable to the Annual Plan as a direct result of total net asset (assets minus liabilities) variance.

Ratepayers' equity is largely made up of the following:

1. The revaluation reserve (\$708.69 million), being the cumulative balance of all valuation increments and/or decrements for assets still held by the Council.
2. Accumulated Funds (\$579.18 million) which represents the cumulative net operating surplus/deficits achieved by the Council, including transfers from Council's Special Reserves (Restricted Use).

# Cash and Debt Management

## SUMMARY OF CASHFLOWS

For the Year Ended 30 June 2014

2012/13 Actual \$000		2013/14 Actual \$000	2013/14 Budget \$000
11,657	Net Cash Flows from Operating Activities	20,200	10,004
(45,181)	Net Cash Flows from Investing Activities	(23,918)	(34,236)
36,801	Net Cash Flows from Financing Activities	4,924	24,445
<b>3,277</b>	<b>Net Increase(Decrease) in Cash and Cash Equivalents</b>	<b>1,206</b>	<b>213</b>
<b>2,662</b>	<b>Add Total Cash and Cash Equivalents at 1 July</b>	<b>5,939</b>	<b>1,941</b>
<b>5,939</b>	<b>TOTAL CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>7,145</b>	<b>2,154</b>

The Council has fully funded its operating costs from revenue and has generated a net cash surplus of \$20.2 million. This has been used together with net borrowings to finance the capital works programme for 2013/14.

The closing cash was high at balance date (\$7.14 million) due to the settlement of the Western Link Road properties from NZTA on 26 June 2014.

Public Debt as at 30 June 2014 was \$130.1 million. A summary of Council's Public Debt movements over the twelve month period is tabulated below.

Public Debt Movement	\$million
Public Debt as at 1 July 2013	125.2
Add: New borrowings during the year	25.0
Less: Loan repayments during the year	(20.1)
<b>Public Debt as at 30 June 2014</b>	<b>130.1</b>

Total Public debt was \$19 million favourable to the Annual Plan. This was mainly due to the following:

1. Less public debt was required following the deliberate \$10 million reduction to the 2013/14 capital works programme.
2. The \$5 million debenture loan was repaid at balance date using the sale proceeds from NZTA, instead of new borrowings.



# FUNDING IMPACT STATEMENT

For the Year Ended 30 June 2014

	2012/13 Long Term Plan	2012/13 Annual Report	2013/14 Annual Plan	2013/14 Actual
	\$000	\$000	\$000	\$000
<b>Sources of Operating Funding</b>				
General Rate, Uniform Annual General Charge, Rates Penalties	9,101	9,130	10,334	10,733
Targeted Rates	31,272	30,593	32,481	39,932
Grants and Subsidies for Operating Purposes	1,805	1,209	1,221	1,441
Fees and Charges	16,461	16,483	16,043	6,928
Interest and Dividends from Investments	-	-	-	197
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	-	-	-	3,112
<b>Total Operating Funding</b>	<b>58,639</b>	<b>57,415</b>	<b>60,079</b>	<b>62,343</b>
<b>Applications of Operating Funding</b>				
Payment to Staff and Suppliers	41,091	40,880	43,762	45,665
Finance Costs	8,474	6,323	8,696	7,595
Other Operating Funding Applications	-	-	-	-
<b>Total Applications of Operating Funding</b>	<b>49,565</b>	<b>47,203</b>	<b>52,458</b>	<b>53,260</b>
<b>SURPLUS/DEFICIT OF OPERATING FUNDING</b>	<b>9,074</b>	<b>10,212</b>	<b>7,621</b>	<b>9,083</b>
<b>Sources of Capital Funding</b>				
Grants and Subsidies for Capital Expenditure	1,493	1,344	1,526	2,227
Development and Financial Contributions	2,040	1,997	1,299	1,095
Increase (decrease) in Debt	38,849	39,275	27,321	10,168
Gross Proceeds from Sale of Assets	5,220	64	5,220	11,216
Lump Sum Contributions	-	-	-	-
Other Dedicated Capital Funding	-	-	-	-
<b>Total Sources of Capital Funding</b>	<b>47,602</b>	<b>42,680</b>	<b>35,366</b>	<b>24,706</b>
<b>Application of Capital Funding</b>				
Capital Expenditure				
To meet additional demand	3,898	2,026	3,898	3,250
To improve the level of service	36,817	34,825	20,132	17,284
To replace existing assets	14,449	8,002	15,551	9,394
Increase (decrease) in Reserves	701	310	624	3,861
Increase (decrease) in Investments	811	7,729	2,782	-
<b>Total Applications of Capital Funding</b>	<b>56,676</b>	<b>52,892</b>	<b>42,987</b>	<b>33,789</b>
<b>SURPLUS/DEFICIT OF CAPITAL FUNDING</b>	<b>(9,074)</b>	<b>(10,212)</b>	<b>(7,621)</b>	<b>(9,083)</b>
<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Council's Insurance Cover

To reduce the cost of insurance, the Council uses a combination of the following:

1. Transferring the risk by purchasing external insurance cover.
2. Sharing the risk profile across councils.

During the year, the Council elected to withdraw from the Local Authority Protection Programme (LAPP) from 1 July 2014 in favour of a shared insurance policy with Porirua, Hutt City and Upper Hutt councils. We now have shared policies for the risk of material damage to property, plant and equipment and infrastructural assets, both above and below ground. The policy includes cover in the event of a natural catastrophe.

Following a new disclosure requirement, the Council's maximum Limits of Liability are shown in Part 4 of the Annual Report. It should be noted that the Limits of Liability for the Kāpiti District's infrastructural assets have been determined independently through extensive loss modelling and assessments completed by GNS Science and Tonkin Taylor Limited.

## Financial Prudence Benchmarks

The Annual Report also details the Council's financial performance in relation to seven prescribed benchmarks to enable assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The table (below) summarises the Council's performance against these seven benchmarks.

The Council did not meet the following two benchmarks:

- **Balanced Budget Benchmark.** This benchmark is met only if its revenue equals or is greater than its operating expenses. The Council did not meet this benchmark because of its policy of non-funded depreciation, the amount of which was \$4.41 million in 2013/14.
- **Debt Servicing Benchmark.** Statistics New Zealand projected the Kāpiti District's population growth in 2013/14 to be slower than the national population growth, in which case this benchmark is met if Council's planned borrowing is equal or less than 10% of its revenue. The Council did not meet this benchmark because the significant capital investment (funded from borrowings) in the Kāpiti District over the past four years has generated a result of 12%.

From a financial perspective, the Council has performed favourably compared to the 2013/14 Annual Plan and is now looking forward to focusing on the year ahead.

Benchmark	Benchmark Test	Benchmark Met/Not Met	Target	Actual	
1.	Rates Affordability	Rates revenue complies with the limits set in the Council's financial strategy.	Met	\$52.61m Max	\$51.23m
2.	Debt Affordability	Debt complies with the limits set in the Council's financial strategy.	Met	\$149.39m Max	\$130.15m
3.	Balanced Budget	Operating revenue, (excluding development and financial contributions and revenue from revaluations), exceeds operating expenditure.	Not Met	100% Min	96%
4.	Essential Services	Capital expenditure on the five network infrastructure services exceeds depreciation on those five services.	Met	100% Min	236%
5.	Debt Servicing	Interest expense is less than 10% of operating revenue.	Not Met	10% Max	12%
6.	Operations Control	Net cash flow from operations equals or exceeds budget.	Met	100% Min	146%
7.	Debt Control	Net debt is less than or equal to forecast debt in the Long Term Plan.	Met	\$146.79m Max	\$130.15m

### Notes:

This summary has been prepared in accordance with FRS-43: Summary Financial Statements.

- Part 6 section 98(4b) of the Local Government Act 2002 requires Council to make publicly available a summary of information contained in the Annual Report.
- The specific disclosures included in the summary financial report have been extracted from the full Annual Report for the year ended 30 June 2014, adopted on 16 October 2014 which received an unqualified audit opinion.
- The summary financial report cannot be expected to provide as complete an understanding as provided by the full financial report. Both the full financial report and the summary report have received unqualified audit opinions. Copies of both documents may be obtained free of charge from Council's offices or viewed online at [www.kapiticoast.govt.nz](http://www.kapiticoast.govt.nz)
- The Council is a public benefit entity and has complied with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as applicable for public benefit entities. These standards represent generally accepted accounting practice in New Zealand. They prescribe the way we must recognise and disclose all financial transactions in our financial accounts. A statement of compliance can be found in the full Annual Report on page 14. Kāpiti Coast District Council ('Council') is a Territorial Authority governed by the Local Government Act 2002.
- This Summary of the Kāpiti Coast District Council 2013/14 Annual Report was authorised by the Chief Executive on 16 October 2014.
- The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).



# MORE INFORMATION

This is a summary of the 2013/14 Annual Report, dated 16 October 2014, which contains detailed information about Council's service and finance performance.

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.

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*The Council's multiple award winning Civic Administration Building.*



Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF KAPITI COAST DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

The summary annual report was derived from the annual report of the Kapiti Coast District Council (the District Council) for the year ended 30 June 2014. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 9 to 16:

- the summary statement of financial position as at 30 June 2014;
- the summaries of the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended 30 June 2014;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance of the District Council.

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 16 October 2014.

#### Opinion

In our opinion:

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

#### Basis of opinion

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

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

#### Responsibilities of the Council and the Auditor

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

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

Other than in our capacity as auditor we have conducted an audit of The Clean Technology Trust and certain agreed procedures related to the District Councils application of funds received from the New Zealand Community Trust.

Grant Taylor  
Ernst & Young  
On behalf of the Auditor-General  
Wellington, New Zealand

