



AGENDA

Council Meeting

I hereby give notice that a Meeting of the Kapiti Coast District Council will be held on:

Date: Thursday, 26 September 2019

Time: 10.00am

**Location: Council Chamber
Ground Floor, 175 Rimu Road
Paraparaumu**

**Wayne Maxwell
Chief Executive**

Kapiti Coast District Council

Notice is hereby given that a meeting of the Kapiti Coast District Council will be held in the Council Chamber, Ground Floor, 175 Rimu Road, Paraparaumu, on Thursday 26 September 2019, 10.00am.

Council Members

Mayor K Gurunathan	Chair
Cr Janet Holborow	Deputy
Cr Mark Benton	Member
Cr Angela Buswell	Member
Cr Mike Cardiff	Member
Cr James Cootes	Member
Cr Jackie Elliott	Member
Cr John Howson	Member
Cr Michael Scott	Member
Cr Fiona Vining	Member

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1 WELCOME**2 COUNCIL BLESSING**

“As we deliberate on the issues before us, we trust that we will reflect positively on the communities we serve. Let us all seek to be effective and just, so that with courage, vision and energy, we provide positive leadership in a spirit of harmony and compassion.”

I a mātou e whiriwhiri ana i ngā take kei mua i ō mātou aroaro, e pono ana mātou ka kaha tonu ki te whakapau mahara huapai mō ngā hapori e mahi nei mātou. Me kaha hoki mātou katoa kia whaihua, kia tōtika tā mātou mahi, ā, mā te māia, te tiro whakamua me te hihiri ka taea te arahi i roto i te kotahitanga me te aroha.

3 APOLOGIES**4 DECLARATIONS OF INTEREST RELATING TO ITEMS ON THE AGENDA**

Notification from Elected Members of:

4.1 – any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting, and

4.2 – any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968

5 PUBLIC SPEAKING TIME FOR ITEMS RELATING TO THE AGENDA**6 MEMBERS' BUSINESS**

- (a) Public Speaking Time Responses
- (b) Leave of Absence
- (c) Matters of an Urgent Nature (advice to be provided to the Chair prior to the commencement of the meeting)

7 MAYOR'S REPORT

8 REPORTS

8.1 ANNUAL REPORT 2018/19

Author: Chris Pearce, Manager, Corporate Planning & Reporting

Authoriser: Mark de Haast, Group Manager

PURPOSE OF REPORT

- 1 To seek Council approval to adopt the draft Annual Report for the year ended 30 June 2019, which is attached as Appendix 1 to this report.

DELEGATION

- 2 The Council has the authority to consider this matter.

BACKGROUND

- 3 The Audit and Risk Committee considered the draft Annual Report for the year ended 30 June 2019 on 12 September 2019 and now recommends that Council, subject to any final changes required from the council's auditors Ernst & Young (EY), considers and adopt this Annual Report.
- 4 EY have now completed their final review of the Annual Report. They have provided a draft audit report that contains an unqualified ("clean") audit opinion for inclusion in the Annual Report. Once the Council has adopted the Annual Report, EY will provide their final audit opinion.

OVERVIEW

Achievements and events

- 5 The draft Annual Report highlights the significant achievements and events for the year both in the Introduction section and in the relevant activity chapters.
- 6 Significant achievements during the year included:
 - Further reduction of the Council's debt to income ratio (in line with our 'green-line' strategy). This contributed to an upgraded credit rating outlook from A+ to AA by Standard & Poor's in July 2019.
 - The Council's water supply and demand management approach was strongly endorsed by the Office of the Auditor-General.
 - We finished strengthening the Wharemauku block wall built following storm damage in 2016.
 - We significantly increased the amount of footpath reconstruction work – over 6,500m², more than twice the 2017/18 amount.
 - We completed full upgrades of 12 of Council's 118 older persons' housing units.
 - Council approved a development plan for Otarua Park following community consultation.
 - We began the first stage of the Maclean Park redevelopment, removing the pond, relocating the basketball court, and building a scooter track and barbecues.
 - We upgraded 2,447 streetlights to LED. Combined with 2,472 converted in prior years, this has resulted in approximately \$130,000 of energy cost savings.
 - At Waikanae town centre, we completed the cultural thread to connect Whakarongotai Marae with the town centre, and began the upgrade of Mahara Place.

- 7 Significant events during the year included:
- Closure of the Waikanae Library in February due to toxic mould. We responded to the closure by opening a short-term pop-up library to ensure services could continue, and completed the move to another location in Mahara Place for the medium-term. Council also accepted the findings and recommendations of an independent review completed to determine the causes and has since committed to a significant asset management improvement programme within the Community Facilities area.
 - In February 2019, we closed the Kāpiti i-SITE due to low volumes of customer visits. The closure will save \$247,000 annually and allowed \$100,000 of economic development funding to be reassigned to the events fund and other projects.
 - Following Council's work to attract a new airline to Kāpiti, Air Chathams commenced their service between Kāpiti and Auckland in August 2018.
- 8 The following table summarises the Council's performance against its 93 key performance indicators (KPIs). Overall the Council achieved 84% of its 2018/19 KPIs. This is an improvement overall on previous results of 81% in 2017/18 and 79% in 2016/17.
- 9 The KPIs not achieved include seven in the Infrastructure cluster, six in Community Services, and two in Governance and Tāngata Whenua. Explanations of each KPI are provided in the performance measure tables in the activity chapters (pages 23-85 of Appendix 1 to this report).

Key Performance Indicator status	2018/19 Count	Percentage
Achieved	78	84%
Not achieved / not on target	15	16%
Total KPIs	93	100%

Financial results

Changes to audited financial statements

- 10 Council's financial statements, annual report disclosure statement (prudence benchmarks) and cost of activity statements are presented in the Our finances section of the draft Annual Report 2018/19 (pages 92 to 143 in Appendix 1 to this report).
- 11 The audited financial statements include a number of changes to the Financial Report to 30 June 2019 presented to the Operations and Finance Committee on 15 August 2019. These changes have affected the results as follows:

	2018/19 Audited Annual report \$000	Financial report as at 30 June 2019 - Operations and Finance Committee \$000	Increase/ (Decrease) \$000
Operating surplus	3,098	3,245	(147)
Net assets	1,488,949	1,480,762	8,187

- 12 The details of these changes are summarised below:

	Amount \$000	Operating surplus increase/(decrease) 30 June 2019 \$000	Net assets (Decrease)/Increase 30 June 2019 \$000
Pre-Audit adjustments			
Income from vested asset reallocated to payables	147	(147)	(147)
Changes in final roading valuation report following due diligence work	8,489	-	8,489
Finalisation of capital spending and property purchases for 2018/19	570	-	-
Audit adjustments			
Correction of unit cost error in asset valuation	155	-	(155)
Correction of offset in NZTA debtor against NZTA advance	962	-	-
Correction to reclassify term deposits from cash to other financial assets	5,000	-	-
Total		(147)	8,187

Disclosure statement

- 13 The Annual Report Disclosure Statement for the year ending 30 June 2019 presents the Council's financial performance in relation to eight prudence benchmarks set by the Department of Internal Affairs to enable assessment of whether the Council is prudently managing its revenue, expenses, assets, liabilities and general financial dealings.
- 14 The Council met seven of these benchmarks for the year ended 30 June 2019.
- 15 It is important to note that, for the first time since 2013/14, the Council has achieved its balanced budget benchmark. This means that we are covering the full operating costs of providing services to the community from our income, and achieves intergenerational equity.
- 16 We have been able to balance our budget through our commitment in the financial strategy to progressively fund depreciation with a target of fully funding depreciation by 2022/23. Since we began applying the financial strategy in 2015 we have contributed \$25 million towards reducing borrowings. Our financing costs have also come down through our net borrowings reducing during the year from \$148.2m to \$147.6m.
- 17 The debt servicing benchmark also shows that the Council's financing costs of 9% of operating income falls within the recommended benchmark of 10% or below. This is due to our green-line strategy (reducing borrowings) and our careful treasury management. This was recognised by Standard and Poor's in their upgrade of the Council's credit rating from A+ to AA.
- 18 The following benchmark was not met:
 - Essential Services – due to the timing of the renewal cycle for the three waters assets, it is expected that the Council's capital expenditure would be below the level of depreciation as significant renewals are not expected until around 2045 onwards.

CONSIDERATIONS

Policy considerations

- 19 There are no policies for the Council to consider in regard to this matter.

Legal considerations

- 20 The draft Annual Report has been prepared to meet the requirements of the Local Government Act 2002. The final Annual Report must contain an auditor's opinion on whether it meets the requirements of the Local Government Act 2002 (the Act).
- 21 The draft Annual Report must be adopted by the Council on or before the 30 October 2019 pursuant to Section 98 of the Local Government Act 2002.
- 22 As required by the Act, a summary of the Annual Report must also be prepared and audited to ensure that it represents, fairly and consistently, the information regarding the major matters dealt with in the full Annual Report. EY have also provided a draft "clean" opinion on the Annual Report Summary.
- 23 The Act requires that the Council, within one month after the adoption of its Annual Report, must make publicly available both its Annual Report and a summary of the information contained in its Annual Report.
- 24 The Annual Report and the Annual Report Summary will be made available to the public on the Council's website and through service centres and libraries as soon as possible after the Council meeting on 26 September 2019.

Financial considerations

- 25 There are no financial or funding implications for the Council to consider.

Tāngata whenua considerations

- 26 A message from Tāngata Whenua has been included in this Annual Report.

Strategic considerations

- 27 Through its reporting of financial and service performance, the Annual Report provides a transparent demonstration of how the Council is tracking against its strategic outcomes.

SIGNIFICANCE AND ENGAGEMENT**Significance policy**

- 28 This matter has a low level of significance under the Council's Significance and Engagement Policy.

Publicity

- 29 A media release has been prepared to support the public release of the Annual Report 2018/19.

RECOMMENDATIONS

- 30 That the Council adopts pursuant to Section 98 of the Local Government Act 2002, the Kāpiti Coast District Council Annual Report for the year ended 30 June 2019 attached as Appendix 1 to this report.
- 31 That the Council delegates to the Mayor, Chair of the Operations and Finance Committee and Chief Executive the authority to approve any minor editorial changes to the material contained in the Annual Report 2018/19 prior to its publication.

APPENDICES

1. Annual Report 2018/19