



Vibrant, diverse and thriving

FUTUREKĀPITI

Kāpiti Coast District Council
Annual report 2017/18

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Annual report 2017/18

Introduction

The Council reports each year on performance against the plans made for that year.

The annual report is a legislative requirement and a key part of our accountability to the community.

We also see it as an important opportunity to inform residents about our achievements during the year, the progress we've made in each of our activities and service areas, and where we've got to with the wide range of projects underway.

Planning sets the direction

To direct our activities and ensure we manage our budget and ratepayers' money responsibly, we work to detailed plans. Our overarching plan is the long term plan which covers 20 years. The Council develops a long term plan every three years and annual plans in the intervening two years.

The content of the long term plan stems from the outcomes of a comprehensive process of engagement, planning, community consultation and decision-making. In the two subsequent years the plan is reviewed, consulted on when required, and amended where necessary to produce an annual plan.

Reporting our achievements

Our long term and annual plans become the basis for monitoring and evaluation, and reporting our achievements to the community through our annual report. The annual reports complete the accountability cycle that starts with consultation on our long term and annual plans.

This annual report details Council's financial and service performance for 2017/18 against the plans that were set out in both year three of the *FutureKāpiti* Long term plan 2015-35 and the annual plan 2017/18.

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Statement of compliance and responsibility

1 July 2017 to 30 June 2018

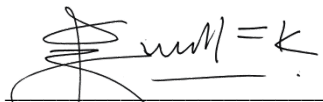
Compliance

The elected members and management of Kapiti Coast District Council confirm that all statutory requirements of sections 98 and 99 of the Local Government Act 2002 have been complied with.

Responsibility

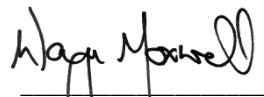
We accept responsibility for the preparation of the annual financial statements and the judgements used in them, and for establishing and maintaining a system of internal control that provides reasonable assurance as to the integrity and reliability of our financial reporting.

In our opinion, the annual financial statements for the year ended 30 June 2018 fairly reflect the financial position and operations of the Council.


K. Gurusathan

Mayor
Kāpiti Coast District

27 September 2018


Wayne Maxwell

Chief Executive

27 September 2018

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 drawcards 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.



A handwritten signature in black ink, appearing to read 'K Gurunathan' with a stylized flourish at the end.

K Gurunathan JP, MA
Mayor

Message from tāngata whenua

Me huri whakamuri, ka titiro whakamua – Utilising our past to inform our future

As kaitiaki and tāngata whenua of the district, our traditional practice of kaitiakitanga has developed from centuries of observation and experience from which our knowledge and cultural practice is based.

This knowledge handed down from our ancestors is based on ensuring that our footsteps in the environment have a positive influence for our future generations.

Since 1994, we have committed to a partnership with the Council that recognises our dual roles in the management of the district and our responsibility to plan wisely for the future. Together, we have worked alongside each other to embed our respective knowledge bases to achieve the best outcome for our community.

Over 2017/18, our partnership with the Council has achieved the following:

- established a working group to develop a tri-iwi² Management Plan;
- produced the annual maramataka (calendar) commemorating the final year of World War I;
- commemorated Waitangi Day with the exhibition Te Tiriti, me huri whakamuri, ka titiro whakamua which moved across the district between February and June 2018;

- celebrated Matariki with an ART Market, which included the launch of the maramataka and a Waahi Tapu tour for the public;
- supported other council activities that celebrated Matariki;
- ensured Māori representatives were on council standing committees;
- took part in the appointment process of the new chief executive;
- supported the enrolment of staff in to te reo Māori development courses with Te Wānanga o Raukawa;
- continued working to ensure that tāngata whenua values and aspirations are embedded across all of the Council's work programmes;
- identified Te Matatini Kapa Haka Festival, Wellington 2019, as a key initiative for Māori Economic Development, supporting iwi and marae to engage in this national event; and
- delivered an annual work plan that builds the capacity of Māori.

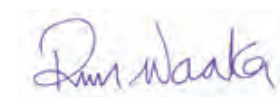
We recognise the genuine desire within the Council to continuously improve opportunities for tāngata whenua across all areas of its operations and will continue to support the engagement with tāngata whenua through the respective mana whenua entities.

In the coming years, we will be working to foster Māori economic opportunities within our district, and

to continuously embed matāuranga Māori. We will also look for opportunities to nationally showcase our partnership with the Council.

Looking back over the past 24 years of partnership, much has achieved between the Council and the three mana whenua iwi of the Kāpiti rohe. We look forward to achieving 25 years of partnership with the Council in 2019 and continuing this relationship to move towards a post-Treaty settlement era, whilst looking at opportunities to improve the level of partnership.

Further comments about each initiative or project are provided in the table on the following page.



Rupene Waaka

Tumuaki, Te Whakaminenga o Kāpiti

*Whatungarongaro te tāngata toi tu te whenua
As man disappears from sight, the land remains*

² Our three iwi are unified as the ART confederation.

Te Whakaminenga o Kāpiti initiatives and projects		Actions
Iwi–Council capacity building	Council liaison – Māori	<p>Council kaumātua – guides the Council in the expression of tikanga Māori for formal and informal occasions.</p> <p>Te Whakaminenga o Kāpiti – continues to provide strategic overview of priorities for ongoing engagement between tāngata whenua and the Council.</p> <p>Iwi liaison –liaison between the Council and iwi on issues of significance, including the development plans for Mclean Park and Otaraua Park, town centres, the treatment and disposal of bio-solids and Māori economic development.</p> <p>Incorporate approach underpinning cultural understanding within council activities.</p>
	Increasing efficiency of iwi response to joint work	Clear communication between iwi and the Council.
	Resource management	Ongoing participation in relevant training opportunities on resource management.
	Democratic process	Māori representatives appointed to each of the Council’s standing committees.
State of the environment	Kaitiakitanga	<p>Develop understanding of Te Tiriti o Waitangi.</p> <p>Treaty settlements – keeping abreast of settlement process.</p> <p>Exploring traditional kaupapa Māori practices that contribute to the management of the environment.</p>
Economic development	Building Māori economic development potential	Implementation of the Māori Economic Development Strategy.
He taonga te reo	Upholding te reo as a deeply treasured tāonga	<p>Nurturing the written and spoken use of te reo Māori throughout the district.</p> <p>Increased awareness of significant cultural events such as Matariki.</p> <p>Council and iwi co-hosting Waitangi Day and citizenship ceremonies.</p> <p>Promoting bi-lingual signage.</p> <p>Heritage trail – all signage is now in te reo Māori and English.</p>
He taonga tuku iho	Marae – the standing place of the people	Supporting the wellbeing of marae as principal homes of tāngata whenua.



Te Runanga o Toa Rangatira

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 CEMARS³ 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'.



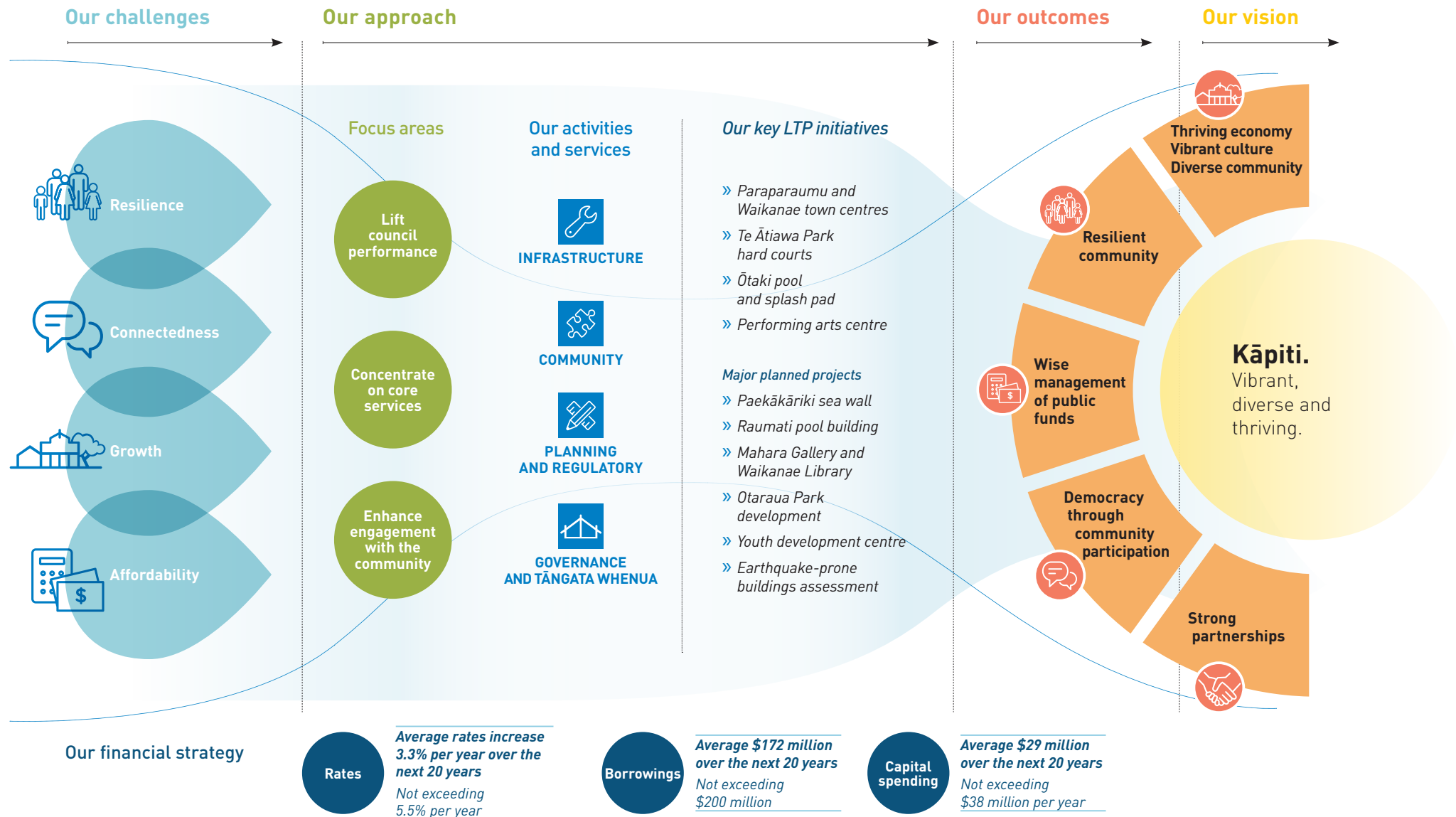
Wayne Maxwell
Chief Executive

³ Certified Emissions Measurement and Reduction Scheme.

FUTUREKĀPITI

Our plan on a page

Our plan on a page illustrates the key elements of the strategic direction developed as part of the *FutureKāpiti* Long term plan 2015-35.



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.

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 country⁴. 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.

⁴ 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 Kāpiti 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 Otara 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 *Our activities and services* section (pages 21–97).



We removed an estimated 12,000m³ of slip material to stabilise a recurrent slip site on Waterfall Road and enable us to re-open the road.

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



Council staff led two free ten-week 'Health and Wellness' programmes at 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 shared path on Te Moana Road between Park Avenue and the Waikanae Golf Club was completed in late 2017/18.

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



A new pump track was built at Haruatai Park in partnership with the Ōtaki Lions Club who funded construction of the track.

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 Hinai 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.

Kāpiti Coast District Council is an entity of **\$1.5 BILLION**

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

We spent **\$23.8 MILLION** during the year on capital work

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

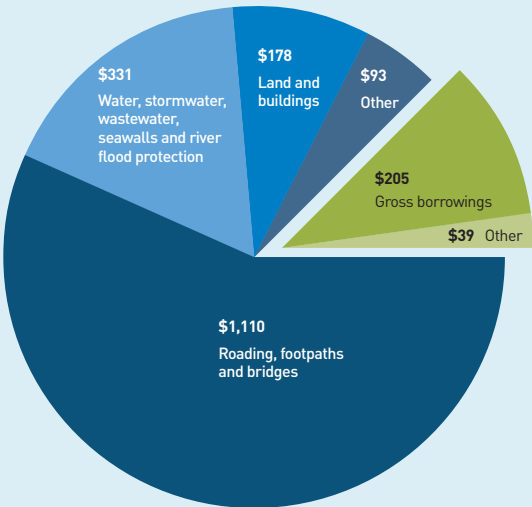
Cash and debt management

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+



Our activities and services

This part of the annual report details the achievements and performance of the Council across all its activities and services.

We organise our work in the community into four clusters:



Infrastructure



Community services



Planning and regulatory services, and



Governance and tūngata whenua

In each cluster there are a number of specific services and activities. For each one we've outlined what has been achieved in 2017/18 and set out our performance against key measures. We have also provided a table of the costs of each activity against the budget.

< Infrastructure upgrades: installation of a small wastewater pump station valve chamber on Puriri Street.



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Infrastructure

Infrastructure is the single biggest area of spending across the Kāpiti district.

It includes many of the essential services we provide to residents, businesses and schools – supplying clean drinking water, ensuring there are systems for removing wastewater and stormwater, and managing local roading. Infrastructure also covers coastal management and solid waste.

Our infrastructure spending is a mix of service delivery, maintenance, replacement and renewals, and new construction.

All councils are now required by law to have a 30-year infrastructure strategy and we developed our first strategy as part of the Long term plan 2015-35. That strategy was revised in 2018 as part of the Long term plan 2018-38, but both the current and previous versions of the infrastructure strategy can be found on the Your Council/Planning sub-pages of our website www.kapiticoast.govt.nz

In this section you'll find:

- Water
- Access and transport
- Coastal management
- Wastewater
- Stormwater
- Solid waste

Water – wai

Water is our lifeline and the protection of public health is a number one priority. The Council provides potable water for the health of the community, for commercial and industrial enterprises, and ensures an adequate water supply and pressure for fire-fighting.

The Council maintains 640 kilometres of water pipes, five water treatment plants, seven pump stations and eight groundwater bores throughout the district.

We have been taking significant steps over recent years to secure the long-term water supply for Kāpiti.

Safe drinking water is paramount

Council is committed to providing safe drinking water to our communities. The events in Havelock North in 2016 have put a spotlight on the importance of safe drinking water supplies in New Zealand and are expected to result in significant changes in the industry in the coming years.

Our water comes from a range of sources including groundwater bores and rivers that can contain organisms that can be harmful to people's health if not treated. In Kāpiti, all of our public water supplies are treated using a multi-barrier approach. All treatment plants use high-intensity ultraviolet light and disinfection with chlorine to make it safe to drink.

Waikanae water treatment plant upgrade

A planning and risk study in 2016 considered the potential risks to the ongoing performance of the Waikanae water treatment plant and the consequences of any failures. It informed the scope and priority of the required renewals and upgrades included in the Stage Two upgrade and renewal of the water treatment plant.

The most significant renewal is the clarifier. It is the first process unit in the treatment plant and there is no back-up if it fails. Other work includes upgrades to chemical storage, handling and dosing, filters, wash water and solids stream, and treated water pumps.

The three-year programme of works starts in 2018/19 with detailed design work and high priority activities, such as interim repairs to provide ongoing reliability of the existing clarifier while a new one is built.

Paekākāriki water treatment plant filter replacement

Replacement tertiary filtration and control equipment for the Paekākāriki water treatment plant was designed and procured in 2017/18. A contractor has been engaged to complete installation early in the 2018/19 year to ensure compliance at this plant.

Hautere/Te Horo water supply – a precautionary approach

In June 2018 the Council wrote to residents on the Hautere/Te Horo water supply with important information about their drinking water quality during prolonged flooding of the Ōtaki River.

Residents were advised that during prolonged flooding there was potential for the quality of the water supplied to be compromised. While the risk is very low and residents don't have to do anything now it's important that measures are in place to keep people safe.

Water management includes the following services and programmes:

- supply of potable (treated) water to urban areas
- management of water reticulation and treatment assets
- delivering and managing the river recharge with groundwater scheme
- managing the installation, maintenance and reading of water meters
- detection and repair of leaks on the Council's supply network
- establishing benchmark water loss estimates and tracking improvements against these
- education and promotion of responsible water use to meet water consumption targets
- monitoring the quality of on-site supply systems, and
- promotion of, and funding assistance for, non-potable supply systems.

They were notified that they may need to boil their drinking water as a precaution in future. Any need to boil water would be communicated clearly to residents if and when required. A boil water notice would only be issued after careful monitoring and consultation with Regional Public Health.

River recharge with groundwater scheme

River recharge used during hot dry summer

The 2017/18 summer was the driest in the last 10 years and the river recharge scheme was used for a total of 24 days from 20 December 2017 through to 11 February 2018. This assured a river water supply to the communities of Waikanae, Paraparaumu and Raumati.

Prior to the river recharge scheme the bores would have been used to directly supply Waikanae, Paraparaumu and Raumati households and businesses with potable water. Since the adoption of the river recharge scheme the bore water is used to 'recharge' the river during dry spells, and replace the river water taken to maintain the household and business supply. This means that only river water is used for the water supply in these parts of the district.

Scheme achieves a third green four-star rating

During the 2017/18 year the river recharge with groundwater scheme was given a green four-star rating by Greater Wellington Regional Council (GWRC) for the previous year. This is the third year the scheme has received this rating. It is the highest resource consent compliance rating and means the scheme not only complies but its management has been excellent.

Three years of baseline monitoring completed

The required three years of summer baseline environmental monitoring was completed in April 2017 and the results reported to GWRC. In November 2017, GWRC confirmed that the baseline monitoring

was satisfactorily completed and removed the 20% river recharge discharge limit.

Following the completion of the monitoring programme Council undertook detailed analysis of the data and used that to prepare the ongoing mitigation plans. The four ongoing mitigation plans were reviewed by GWRC, with two approved in April/May 2018 and two currently being refined with GWRC.

Once all four ongoing mitigation plans are approved we'll be able to use the full capacity of the river recharge scheme to replace the water we extract from the river.

Maintaining and strengthening our water network

Water mains renewals

Two key mains renewals projects were completed in 2017/18:

- a 60-metre section of water main in Callendar Terrace was re-laid due to trees crushing the original main; and
- a 65-metre length of water main in Manly Street was re-laid to reconnect two sections of pipe after prior temporary repairs.

A trenchless 'pipe-bursting' technology was used to lay the new pipe in both cases, which minimised disruption to the public, reduced costs and shortened the construction period.

Water lateral renewals continue

Over the 2017/18 financial year some 42 laterals were replaced in 28 locations. The replacement of water service laterals (local residential connection pipes) is ongoing and focuses on pipes that fail early due to poor pipe materials and/or ground conditions. We're taking a 'three strikes' approach where laterals are repaired the first two times they fail and replaced the

third time. It is not possible to predict which laterals will fail in the future, but this process is building an evidence base to support analysis for a future proactive renewals programme.



Application of a specialist coating to seal the roof of the Riwai water supply reservoir

Reservoir upgrades and renewals

Works to refurbish the Riwai reservoir roof started in late 2016/17. The reservoir stores water for Raumati and Paraparaumu and the ongoing integrity of the roof is an important part of maintaining water quality. The roof was cleaned and a new specialised sealing coating applied, with work completed in April 2017 after earlier delays due to poor weather.

Water meter replacements

In 2017/18, 33 meters were replaced due to damage or vandalism, including vehicle related damage (25 meters were similarly replaced in 2016/17). In many cases this occurred on new subdivision sites under development. The Annual Plan now includes the extension of the developer's bond (protecting Council's assets from damage during building

construction) to repair/replace damaged water supply equipment such as meters.



The clarifier at the Waikanae water treatment plant showing the central mixing area and surrounding settlement areas

Water conservation progress

Despite the hot conditions, peak water use in the district met the 490 litres per person per day (l/p/d) peak water target without the need to introduce water restrictions. Kāpiti was the only territorial authority in the lower North Island not to need water restrictions in the 2017/18 summer. In the four years since the introduction of water metering that target has been consistently met and surpassed. This year our peak day use was 417 l/p/d.

The 2017/18 summer was the hottest in the last 10 years. The New Zealand Drought Index (NZDI) developed by NIWA considers any value higher than 1.75 to be a severe drought condition. The 2017/18 summer peaked at almost 2.5.

The 2017/18 leak detection programme surveyed 19 zones, covering 23% of the length of the network.

Particular gains were made in Waikanae and the benefits of repairs made at the end of 2016/17 were also fully realised through this year.

Surveys identified and repaired leaks saving an estimated 105,290m³/year of leakage. The water losses continue to drop and the calculated losses for 2017/18 were down to an estimated 3,089m³/day (20.5%) from 3,489m³/day (23.5%) in 2016/17.

The other key results for 2017/18 include:

- 781 identified leak events were attended and repairs to 509 leaks were made across the water networks in 2017/18;
- 231 new homes built in 2017/18 all included water saving measures as required under the district plan; and
- 97 properties received a credit on their water account for water saved by fixing leaks, with cost waivers equating to 152,185m³ of water.

The water account explained

The water account is a mechanism that records the total cost of supplying drinking water, including the cost of treatment and reticulation, as well as the revenue from water rates. The aim is that the total

cost of supplying drinking water is recovered by fixed and metered water supply rates

The water account is a closed account, with any surpluses held within the account to fund the future costs of providing water; any deficits will need to be recovered from future water charges.

Districtwide water meter charging for all residential properties commenced in July 2014 and water usage, as expected, is taking a number of years to settle into a steady pattern. Therefore, the Council is carefully monitoring usage trends to best determine the level of charging necessary to fully recover the costs of providing drinking water.

The water account deficit

The water account is currently in deficit. The Council plans to gradually increase the annual water supply rates to a level that recovers the full cost of providing this service across the district within the next five (or so) years. The water account made a surplus (\$0.2m) in the 2017/18 financial year.

The table below outlines the current water account position. This illustrates a neutral position on the water account by end year 2022/23 based on current forecasting.

Water account	2016/17 Actual \$m	2017/18 Actual \$m	2018/19 Budget \$m	2019/20 Budget \$m	2020/21 Budget \$m	2021/22 Budget \$m	2022/23 Budget \$m
Cost of providing water	8.5	8.3	8.4	8.7	9.5	9.9	10.1
Water rates revenue	7.8	8.6	8.8	9.2	9.7	10.0	10.4
Annual surplus/(deficit)	(0.7)	0.2	0.4	0.4	0.2	0.1	0.3
Balance of water account	(1.6)	(1.4)	(1.0)	(0.5)	(0.4)	(0.2)	0.0

Note: The above figures are rounded to the nearest \$0.1 million. This can make some of the difference calculations appear to be incorrect but that is simply a result of combined rounding effects.

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
We provide a continuous potable water supply that meets New Zealand drinking water standards	Median response times to a fault or unplanned interruption to our water network measured by attendance time (from the time Council receives notification to the time that staff are on-site) <i>(New mandatory measure)</i>	Urgent = less than or equal to 1 hour	Achieved	Median attendance time was 14 minutes for 89 urgent water interruptions.
		Non-urgent = less than or equal to 3 days	Achieved	Median attendance time was 2 hours and 34 minutes for 962 non-urgent water faults.
	Median response times to a fault or unplanned interruption to our water network measured by resolution time (from the time that Council receives notification to the time that staff confirm resolution) <i>(New mandatory measure)</i>	Urgent = less than or equal to 5 hours	Achieved	Median resolution time was 1 hour and 8 minutes for 89 urgent water interruptions.
		Non-urgent = less than or equal to 4 days	Achieved	Median resolution time was 5 hours 47 minutes for 962 non-urgent water faults.
	Measure the extent to which the district's drinking water supply complies with: a) Part 4 of the drinking water standards (bacteria compliance criteria), and b) Part 5 of the drinking water standards (protozoal compliance criteria) <i>(New mandatory measure)</i>	Achieve	<p>a) Achieved Part 4 of the standards met 100% for all water supplies in the district.</p> <p>b) Not achieved Part 5 of the standards not met 100% for all supplies in the district</p>	<p>a) The water supplies for Paekākāriki, Paraparaumu/Raumati, Waikanae, Ōtaki and the small supply at Hautere all met Part 4 of the standards 100%.</p> <p>b) The water supply for Waikanae, Paraparaumu, and Raumati met Part 5 of the standards 100%. The supplies for Ōtaki¹, Paekākāriki² and Hautere³ did not meet Part 5 of the standards 100%.</p> <p>For the supplies where the Part 5 standards are not met, we have met the requirements of the Health (Drinking Water) Amendment Act 2007 which are:</p> <p>i) to take all practicable steps to comply with the standards, and</p> <p>ii) to introduce and implement approved water safety plans for the relevant supplies.</p>

1. The Ōtaki supply is compliant an estimated 97-99% of the time. It is not compliant at those times when turbidity issues inhibit the effectiveness of the ultra violet (UV) treatment process. Works are planned over the next four years to resolve this issue, including additional treatment barriers such as micro-filters, provision of water storage to buffer clean water and improve the effectiveness of chlorine disinfection, and the bypass of raw water to the environment during turbidity events.
2. The procurement of replacement micro filters and related equipment at Paekākāriki is complete with installation planned for early 2018/19. All other barriers are in place and this should ensure the supply is 100% compliant.
3. The development of a robust Hautere/Te Horo water supply scheme is to be studied in detail in the 2018/19 financial year, in advance of significant investment planned for this water supply scheme. One obvious improvement would be to enhance the UV and chlorine disinfection, which has already been installed, by addressing raw water turbidity (clarification). This will further improve the surety of water quality from this originally rural scheme and should ensure it is assessed as 100% compliant.

Contribution to outcomes	Performance measures	Target	Result	Comment
We provide a continuous potable water supply that meets New Zealand drinking water standards	Residents who are satisfied with the quality of Council's water supply (taste, odour, clarity)	80%	Achieved (80%)	The Resident Opinion Survey result for the 2017/18 year once again achieved target levels of satisfaction with the quality of the Council's water supply. Satisfaction was 80% this year compared with 81% in 2016/17 and 68% in 2015/16.
	Measure the total number of complaints received by the Council, per 1,000 connections, to council's networked reticulation system, about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply, and f) council's response to any of these issues. <i>(DIA mandatory measure)</i>	Maintain or reduce 2014/15 baseline (4.7 per 1,000 connections)	Not achieved (6.84 per 1,000)	A total of 159 'complaints' were logged for the year (70 water quality complaints and 89 service requests for no water supply). With a total of 23,249 connections this equates to 6.84 complaints per 1,000 connections (4.9 per 1,000 in 2016/17). We have no data for water pressure complaints in the 2014/15 baseline year, but started recording this in 2015/16 so it could be included in the 2018 Long term plan target. In 2016/17 there were 17 water pressure complaints and there have been 45 this year.
We encourage the sustainable use of potable water and aim to reduce water loss from our water network	Peak water consumption per person declines to 400 litres per person per day (l/p/d), plus 90 l/p/d for water loss, by 2016/17	490 l/p/d by 2016/17 and maintained thereafter	Achieved (417 l/p/d)	Peak day water use was 417 l/p/d in 2017/18, well below the 490 l/p/d target. It had been 369 l/p/d in 2016/17, 420 l/p/d in 2015/16 and 437 l/p/d in 2014/15. Average water use was 311 l/p/d, little different from the 315 l/p/d result in 2016/17.
	Percentage of real water loss ⁴ from the Council's networked reticulation system <i>(DIA mandatory measure)</i>	Establish a baseline in 2015/16 that is no greater than 2014/15 and monitor	Monitor only	The percentage real water loss ⁴ from the Council's network in 2017/18 was calculated at 20.5% (3,089m ³ /day); down from 23.5% in 2016/17 (3,489m ³ /day). This further reduction in losses reflects our continued diligence in monitoring the network and prompt action to resolve leaks as they happen.

4. 'Real water loss' is reported here as defined by the Department of Internal Affairs 'real losses through leaks in the network and apparent losses through metering inaccuracies and (assumed) water theft'. The industry standard definition does not include apparent losses.

Financial results for the year ended 30 June 2018

Water management – cost of activity			
2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
4,059	Other operating expense	3,842	3,874
2,696	Depreciation and amortisation	2,686	2,703
1,798	Finance expense	1,859	1,859
8,553	Operating expenditure	8,387	8,436
	Revenue		
37	Fees and charges	37	39
-	Grants and subsidies	87	103
422	Development and financial contributions revenue	858	-
459	Operating revenue	982	142
8,094	NET OPERATING COSTS	7,405	8,294
	Capital items		
870	Asset renewal	758	768
68	New assets upgrade	-	-
938	Total capital items	758	768
9,032	NET COST OF ACTIVITY	8,163	9,062
	Funding sources		
8,387	Rates	8,222	8,269
68	Borrowings	(87)	-
813	Depreciation reserve	758	768
56	Development and financial contributions	-	-
(422)	Reserves & special funds	(858)	(103)
130	Unfunded depreciation	128	128
9,032	TOTAL SOURCES OF FUNDS	8,163	9,062

Access and transport – putanga me te waka

The Council aims to enhance community connectedness through the creation of a well-planned physical transport system that allows for the reliable, efficient and safe movement of people and goods.

Council's strategic goal for access and transport is to 'create a physical transport system that is attractive, affordable, connected, responsive, safe and offers effective mode choice so that it enables people to act in a sustainable way'. All renewals, upgrades and new projects are approached with this in mind.

Roading improvements

Raumati Road corridor improvements

Improvements to the Raumati Road corridor were largely completed in the 2016/17 year with final upgrades at the Matai Road T-junction completed in October 2017. Following a post-construction safety audit the existing street light pole at the intersection was replaced by a frangible pole.

Upgrading Waitohu Valley Road

As a result of the Annual plan 2016/17 submission process, a budget was approved to widen Waitohu Valley Road to increase safety for road users including large vehicles. The project started at the end of May 2017 and suffered delays due to very wet weather over the winter. It was completed in November 2017.

Road reconstruction and sealed road resurfacing

The annual reseal programme was completed in accordance with NZ Transport Agency (NZTA) requirements. A total of 14.4 kilometres of chip seal and asphalt was resurfaced.

Failure of chipseal sites occurred in Mazengarb Road and Guildford Drive in April 2018. A report was received that highlighted the following issues: lack of diluents and adhesion agent in the binder, low spray temperature of the binder, dust contaminated chip, and weather challenges. Remedial work has been undertaken at the contractor's expense and sites will be monitored throughout the 12-month maintenance period.

Minor improvements

We have undertaken a range of relatively minor road and intersection improvements across the district, which have included traffic calming, lighting improvements and installation of new road signs and road markings. For example, a safety barrier on Ruapehu Road was installed in response to multiple incidents of vehicles crashing into a resident's house and junction/crossing improvements were completed on Robertson Road in Paekākāriki.

District footpath renewal

Footpaths were replaced across the district in conjunction with other roading project upgrades. A number of sites were completed with approximately 4,666m² of footpaths upgraded.

It is recognised that footpath maintenance has been underfunded for some time now due to budget constraints and the growing length of the Council's footpath network. In light of that Council made a

Access and transport includes the following services and programmes:

- management of assets: roads, footpaths, street lighting, road signs, street furniture, walkways and cycleways
- replacement of assets to ensure long-term sustainability
- delivery of road safety improvement projects, in conjunction with NZ Police, NZTA and other road safety partners
- promotion of active travel modes and public transport
- design and construction of road corridors to accommodate a range of transport options
- providing safe cycleways, walkways and bridleways to promote active transport in Kāpiti
- upgrades to footpaths and shared paths
- advocacy for public transport services
- planning and design, linked to wider district development projects, and
- traffic and transport enforcement by regulations, standards and bylaws.

funding bid to NZTA in October 2017 for a subsidy of future footpath maintenance expenditure. Due to the new Government Policy Statement on Land Transport, NZTA has now decided to subsidise footpath budgets from 2018/19 onwards. This will enable us to significantly increase our maintenance spend on footpaths without any impact on the Council's budget.

Road design and planning

During the 2017/18 year expert roading advice was provided for 138 resource consents and the proposed district plan hearings process.

The 'programme' business case for the East-West Connectors project was finalised in October 2017. This is a 30-year programme of projects which aim to resolve congestion issues and future-proof Kapiti Road. This programme formed the basis of a funding request to NZTA and was incorporated in the Long term plan 2018-38 infrastructure budget. Two projects are now included in the 2018-21 years. To secure funding from NZTA more detailed business cases will need to be completed.

The Te Moana Road corridor study was finalised in early 2018 and recommended safety improvements from that study will be incorporated into the minor works programme for 2018/19 and further years. Physical works for the 2018/19 programme will start in late 2018.

Emergency works

Severe weather events again impacted Kāpiti's roading network this year and led to emergency works on various roads.

Additional budgets and funding from NZTA were required to deal with 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 removal and road reinstatement was \$511,023 with NZTA contributing \$279,864 of that.

A number of other small slips and wind-blown trees were also dealt with as part of emergency maintenance activities.



Waterfall Road earthworks underway

Cycleways, walkways, bridleways (CWB)

As part of the Council's Stride 'n Ride programme during the 2017/18 year the following work has been completed:

- upgrades at the Te Moana Road and Ngarara Road intersections with Park Avenue to improve cycle and pedestrian safety;
- completion of the Poplar Avenue shared path network between the new raised pedestrian crossing at Renown Road east, to the intersection of Leinster Avenue and Poplar Avenue;

- construction of the shared path on Kapiti Road outside Kapiti Landing (undertaken by Kapiti Coast Airport Holdings);
- completion of the shared path on Raumati Road between Weka Road and Matai Road, as part of the Raumati Road corridor upgrade;
- an extra 1km of on-road cycle lanes on Mazengarb Road;
- the final section of shared path on Kapiti Road west of Magrath Avenue to Marine Parade; and
- undergrounding of some overhead services on Te Moana Road and reinstatement of the original footpath on the north side to a shared standard between Park Avenue and the Waikanae Golf Club.

Work is underway on the following:

- exploratory works on the final section of shared path on Kapiti Road, between Arawhata Road and Brett Ambler Way have been completed, with land acquired under the public works act, settlement of all property conditions, gorse clearance, topographical surveying and geotechnical investigation; and
- consultation with Waikanae residents and the community board on options for safer cycling on Park Avenue and Ngaio Road.

School traffic safety

The following projects to improve traffic safety around local schools were completed:

- the shared path at Paraparaumu College was extended and parking was reorganised and made safer;
- web-based school zone signs have been installed at 10 schools with another four being upgraded to web-based advance warning safety school zone

signs so they can be controlled and monitored remotely;

- the two Police School Education Officers for Kāpiti-Mana have progressively updated the training of all 10 primary schools and one intermediate school operating school patrol crossings; and
- cycle safety training was delivered at Kenakena, Te Ra Waldorf and Kapanui schools this year.



Undergrounding of overhead services on Te Moana Road before footpath widening can proceed

Road safety

The Council, jointly with the NZ Police and GWRC, supported a road safety campaign targeting key risk areas for Kāpiti: drink driving, motorcycle safety, cyclists and older drivers.

Together with the NZ Police there has been consistent radio advertising about cellphone use and general driver distractions, bicycle safety, safety flags for mobility scooters, driver fatigue, electric bikes, seat belts, child restraints, sunstrike and 'back to school' to coincide with the school holiday breaks.

The third annual *Shiny Side Up* Bike Fest Regional Motorcycle event, organised by NZTA, ACC and GWRC, was attended by 1,950 motorcyclists at the Southward Car Museum in February 2018. This event aims to educate motorcyclists on how to ride safely and improve their skills - given a disproportionately high accident trauma for motorcyclists who only represent 3% of the motor vehicle fleet. No matter what level of rider experience a motorcyclist has, the ACC Ride Forever training programme teaches and refreshes riding skills to better prepare for sudden emergency situations.

Kāpiti Mobility Scooter Club members received skills training in February 2018 at Mazengarb Park.

The Safe Kids Driveway Run Over kit was made available for community events, including school fairs, in conjunction with the NZ Police. This included school education officers or local community police raising awareness of the blind spots for motor vehicles, including trucks.

A third RYDA Road Safety Education course was held at the Southward Car Museum in May 2018, with 180 senior college students from Paraparaumu College attending. This provided an education programme based around a teenager's individual responsibility when driving a motor vehicle.

Speed limit review

Stage 1 of the speed limit review was completed, and following consultation new speed limits for 40 sections of local roads will take effect from late August 2018.

Supporting sustainable transport

As part of the Council's commitment to support the use of sustainable transport modes we provide footpaths, shared paths, on-road cycle lanes and

off-road cycleways that connect well throughout our local network and with public transport infrastructure. We also encourage walking, cycling and the use of public transport. In 2017/18 this, included the following:

- the Council supported the national *Go by Bike* day, in March 2018 which saw 58 cyclists attend a breakfast event at the Paraparaumu library function room; and
- we supported the national *Walk to Work* day in March 2018, with health checks carried out in Coastlands Mall by Whitireia Polytechnic nursing students and their supervising tutor.

The Council entered into a public electric vehicle charging partnership with Spark New Zealand, which resulted in the installation of an EV charging station and EV designated parking at Waikanae.

Low-energy streetlights

The LED streetlight replacement programme saw 1,993 lights installed throughout the district this year. LED streetlight installations were completed in Ōtaki, Te Horo, Peka Peka, Paekākāriki and Waikanae Beach with the costs 85% subsidised by NZTA..

Work will continue in 2018/19 and the Council will look to install a further 2,500 lights in Paraparaumu and Raumati in an accelerated programme with a continued 85% subsidy from NZTA.

Together with work undertaken in earlier years there have now been a total of 2,472 LED luminaires added to the local road lighting network. The combined energy saving of these lights is around 58% compared with conventional technology. This equates to 553,200kWh in reduced energy use per year.

Expressway projects

The Council continued its significant design review, monitoring, consenting and liaison role in the three expressway projects that were underway or in development in the district in 2017/18. The construction work is the responsibility of NZTA and, in the case of the Transmission Gully project, the Wellington Gateway Partnership. The team is also involved in the Revocation of SH1 project which follows the same process.

Mackays to Peka Peka

The Mackays to Peka Peka Expressway opened to traffic on 24 February 2017. Council was involved with completing a final joint inspection of local roads constructed by the M2PP Alliance, with all defects identified and remediation determined.

The Revocation of SH1 project – where the current highway designation on the ‘old SH1’ will be revoked and this will become a local road – is underway and Council provided design review to ensure that this becomes a fit for purpose and future-proof local road.

Peka Peka to Ōtaki

The Council has been involved this year in the initial stages of the Peka Peka to Ōtaki Expressway, both as consenting authority in the development of the required construction management plans and as road controlling authority in the detailed design.

Physical works started in late 2017 along SH1 in Te Horo and in the Ōtaki township area and included vegetation removal, house removal and earthworks in preparation for bridge construction. That work has now been completed. Services relocation for the

Rahui Road bridge has been completed as have the southern bridge piles for the Otaki River bridge. Work on the new local roads is starting in June. The PP20 Expressway has an estimated three to four year construction timeframe.

Transmission Gully

The Transmission Gully project is being undertaken by the Wellington Gateway Partnership under a public-private partnership consortium.

Council has provided input on the MacKay's intersection to ensure a smooth and safe connection into the Kāpiti local roading network. Transmission Gully is expected to be operational by 2020.

Ōtaki to Levin

The NZTA restarted the Ōtaki to Levin Expressway project and the Council took part in a stakeholder's forum meeting in May 2017. Following the change of government and the new Government Policy Statement for Land Transport, it has been announced that this section of the Roads of National Significance project is being reconsidered again and is on hold.

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
Our transport network allows for the safe and efficient movement of people and goods	Residents that agree that the existing transport system allows easy movement around the district	85%	Not achieved (78%)	The Resident Opinion Survey reported 78% satisfied, continuing the improving trend of the last three years. The 2016/17 result was 74%.
	Number of serious and fatal crashes on district roads is falling (excludes SH1) <i>(DIA mandatory measure)</i>	Reduce from 2015/16 result of 6 serious and fatal crashes	Not achieved	There have been 15 serious injury or fatal crashes (3 fatal and 12 serious) in 2017/18. In 2016/17 there were a total of 12 crashes.
	Residents that are satisfied with street lighting	85%	Achieved (86%)	The Resident Opinion Survey reported 86% satisfied – a significant improvement on the 79% result in 2016/17, probably due to the LED streetlight programme.
Our transport network is affordable and reliable and users can easily get around the district by their preferred means	Percentage of the sealed local road network that is resurfaced <i>(DIA mandatory measure)</i>	5%	Not Achieved (4%)	A number of roads with the higher cost asphalt surfacing were resurfaced, rather than the lower cost chip seal roads, so 5% was not achieved.
	Residents that are satisfied with the condition of the road and footpath network	Roads 70%	Achieved (80%)	The Resident Opinion Survey reported 80% satisfied, in excess of the 70% target.
		Footpaths 70%	Not achieved (69%)	The Resident Opinion Survey reported 69% satisfied, just below the 70% target.
	Roads that meet smooth roads standards <i>(DIA mandatory measure)</i>	Overall smooth travel exposure is above 85%	Achieved (90%)	NZTA's ONRC database shows a total smooth travel exposure of 90% for 2017/18 (compared to 88% for 2016/17).
	Average cost of the local roading per kilometre is comparable with similar sized districts in New Zealand	Achieve	Achieved	Average cost is comparable.
	Percentage of service requests relating to roads and footpaths responded to within 24 hours of notification <i>(DIA mandatory measure)</i>	Roads 85% Footpaths 85%	Not achieved (60%)	An estimated 60% of service requests were received and acknowledged within 24 hours of notification. This measure has been improved in the Long term plan 2018–38 to differentiate between urgent and non-urgent requests.
	Percentage of footpaths that fall within the level of service or service standard for the condition of footpaths as set out in the activity management plan. <i>(DIA mandatory measure)</i>	Target footpath condition rating (percentage compliant with standards)	Not achieved	A refined measure has been established using RAMM data for the 2018/19 year. Proposed is 'the % of footpaths that fall within the service standard for footpaths set out in the Activity Management Plan Year 1: 40%, Year 2: 50% and Year 3: 60%'.

Financial results for the year ended 30 June 2018

Access and transport – cost of activity statement

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
4,761	Other operating expense	5,450	4,914
5,165	Depreciation and amortisation	5,506	5,770
1,627	Finance expense	1,648	1,648
11,553	Operating expenditure	12,604	12,332
	Revenue		
69	Fees and charges	107	128
4,618	Grants and subsidies	5,420	5,334
491	Development and financial contributions revenue	447	201
248	Other operating revenue	329	266
5,426	Operating revenue	6,303	5,929
6,127	NET OPERATING COSTS	6,301	6,403
	Capital items		
2,844	Asset renewal	2,753	2,445
4,657	New assets upgrade	4,619	5,829
7,501	Total capital items	7,372	8,274
13,628	NET COST OF ACTIVITY	13,673	14,677
	Funding sources		
5,906	Rates	6,739	6,593
2,587	Borrowings	1,882	3,093
2,844	Depreciation reserve	2,753	2,445
(491)	Reserves & special funds	(448)	(201)
2,782	Unfunded depreciation	2,747	2,747
13,628	TOTAL SOURCES OF FUNDS	13,673	14,677

Coastal management – whakahaere takutai

A major ongoing focus for the Council and the community is determining how to respond to the effects of increased sea levels as a result of future climate change impacts and storm intensity on Kāpiti's coast.

The Council's priority in this activity is on the sustainable management of the coastal environment and the protection of publicly-owned roads and public health infrastructure by maintaining Council-owned sea walls as long as is practical and through facilitating beach protection projects.

We are committed to providing beach and coastal areas that support a wide range of activities. Improving accessibility, the enhancement of the ecological and amenity values of our coastal environment and ensuring safety are functions the Council participates in through beach patrols, monitoring and signage. We also ensure that beach accessways are maintained to a usable level.

Coastal maintenance

The council carried out the following coastal maintenance activities during 2017/18:

- regular cleaning of beach outlets;
- minor repairs to seawalls; and
- monitoring coastal assets.

Paekākāriki sea wall

It was decided as part of the Long term plan 2015–35 to proceed with replacing the Paekākāriki sea wall with a concrete, timber and rock wall design agreed with the Paekākāriki community. A budget of \$10.9

million was allocated for this work in that long term plan.

As part of the process of going from the agreed preliminary design to the final technical design choice, a range of options were considered which included PVC sheet piling, a timber wall, a concrete wall with anchors, a concrete wall with geo-grid, and a rock wall. During this process it became clear that the cost of the sea wall would significantly exceed the allocated budget.

After considering these options, together with their potential risks and associated costs, the Council decided in June 2018 to proceed with the concrete wall with geo-grid option at a cost \$17.7 million.

Given the Council's focus on reducing capital expenditure over the next six years, it was decided as part of the Long term plan 2018–38 deliberations to undertake the detailed design work in 2018/19 and defer the procurement of construction until 2020/21, with construction commencing in 2021/22 and completion in 2022/23.

Storm damage

Repairs to storm damage to the sea wall at Arawa Street, sustained during the one-in-30 year storm event in July 2016, got underway in November 2017. Construction was completed in May 2018 at a cost of \$120,000. There was a delay in the commencement of

Coastal management includes the following services and programmes:

- upgrading and maintenance of existing Council-owned coastal assets including sea walls
- protection of publicly-owned infrastructure located in the coastal areas
- beach protection projects such as planting
- coastal surveys
- maintenance of beach accessways, and
- routine inspections to identify upgrade/renewal and maintenance requirements of coastal assets.

this work due to various consenting issues related to carrying out construction work on the beach.

Damage to stormwater outlets in Manly Street, caused by storm events in January and February 2017, commenced in March 2018. This work was completed in June 2018 at a cost of \$125,000.

In February 2018, Cyclone Gita caused significant damage at several locations on the coast. This was responded to in a timely manner and repair works commenced in all locations, including Waikanae

beach outfalls, Paekākāriki sea wall and Raumati sea wall, immediately after the damage. Most repairs were completed by end March 2018, with the last few completed by end June. Council spent around \$305,000 on these emergency repair works.



Arawa Street replacement seawall

Wharemauku block wall and Marine Parade rock revetment project

In the Long term plan 2015–35 the Council had allocated just over \$250,000 in the 2016/17 year to carry out required modifications to the existing rock revetment at Marine Parade in Paraparaumu. Engagement with the community had contributed to a shortlist of 10 design options and by the end of 2015/16 Council had undertaken concept design plans, cost estimates, a multi-criteria assessment and a coastal process assessment for each option.

A decision on the preferred option was imminent when the July 2016 one-in-30-year storm event hit the Kāpiti coast. This caused significant damage immediately south of the revetment.

Within three days from the storm event, a 170 metre long temporary protection wall was built with concrete blocks to protect the council sewer which was at a very high risk of damage.

Council explored the options for a permanent solution at this site but decided, in March 2017, on the temporary option of strengthening the existing block wall.

This work required resource consent. However, the temporary block wall is primarily located on the 'old coach route' which is not publicly-owned and gaining approval from the descendants of the original owners of this land caused significant delays to the consent process.

In May 2018, the Council gained resource consent from GWRC to carry out the strengthening work which was originally scheduled for 2017/18. The work is now planned to be undertaken in 2018/19.

Work on a long-term solution for the Wharemauku block wall area and the modifications to the existing Marine Parade rock revetment are now programmed for the period between 2024/25 to 2026/27 with a budget of \$2.6 million.

Assessment of coastal structures

Coastal asset assessments completed in 2016/17 were used in 2017/18 as the basis for updating the 20-year plan for Coastal asset management. This formed the basis of budget allocations for Coastal management in the Long term plan 2018–38.

Coastal restoration

Degraded dune ecosystems are being restored by controlling weeds and planting local native plants, which serve the dual purpose of enhancing biodiversity while providing the best protection against erosion. Fore-dune restoration with native

sand-binding plants is continuing wherever dunes are accreting. Where erosion is the current trend, effort shifts to the back-dunes to reduce weed dominance, restore native species and build resilience.

We work closely with community volunteers who help plant and maintain dunes in their areas. As part of the coastal dune restoration programme approximately 1,500 native sand-binding plants were planted on the fore-dunes between Paraparaumu and Ōtaki focussing on blow-outs and areas where native plants were not established and marram grass predominated.

An additional 4,000 native trees, shrubs and sedges were planted in back-dune areas between Ames Street Reserve in Paekākāriki and the Waitohu Estuary in Ōtaki to improve biodiversity and replace controlled weeds such as boxthorn, pampas and lupin.

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
We respond promptly to sea wall or rock revetment failure and repair where applicable	Respond within 48 hours to urgent requests to repair sea walls or rock revetments	90%	Achieved (100%)	There were 109 requests this year of which only five were urgent. All five urgent requests were responded to within 48 hours.
We keep our stormwater beach outlets clear to avoid flooding	Stormwater beach outlets are kept clear	80%	Achieved (100%)	All beach outlets were regularly cleaned and kept clear.

Financial results for the year ended 30 June 2018

Coastal management – cost of activity statement

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
455	Other operating expense	409	356
373	Depreciation and amortisation	374	361
231	Finance expense	323	323
1,059	Operating expenditure	1,106	1,040
1,059	NET OPERATING COSTS	1,106	1,040
	Capital items		
941	Asset renewal	395	1,059
19	New assets upgrade	262	531
960	Total capital items	657	1,590
2,019	NET COST OF ACTIVITY	1,763	2,630
	Funding sources		
888	Rates	937	871
19	Borrowings	262	531
941	Depreciation reserve	395	1,059
171	Unfunded depreciation	169	169
2,019	TOTAL SOURCES OF FUNDS	1,763	2,630

Wastewater – wai para

Council provides wastewater (sewerage) infrastructure that protects public health and the natural environment and provides for continuity of service for the Kāpiti community.

Maintaining and strengthening the wastewater networks

Waikanae duplicate rising main

The existing pumped sewer (rising) main from Waikanae to the Paraparaumu wastewater treatment plant is nearing its rated design capacity and further capacity is needed to meet future growth and provide back up to that single sewer main servicing all of Waikanae. Council set out plans in the 2015–35 Long term plan to build the second (duplicate) sewer main to provide the necessary additional capacity over the first four years of that plan. Bringing this work forward to be undertaken during the M2PP Expressway construction provided opportunities for cost saving and minimised the risk of future disruption and duplication of effort.

The installation of the rising main from the Paraparaumu wastewater treatment plant (WWTP) to the Te Moana interchange was substantially completed in February 2017. The completion of the rising main outside the expressway designation (Te Moana Road to the pumping station, and from the expressway to the Paraparaumu WWTP) has been delayed by the consent application process. The delay is due to unresolved discussions between NZTA and landowners about the northern expressway alignment. The work is planned to be undertaken in 2018/19.

Wastewater pumping stations

To maximise the value of limited budgets a contract was let for pumping stations works with construction across 2017/18 and 2018/19 financial years.

During the 2017/18 year two pump stations had their wet well and valve chamber pipework upgraded. These pump stations were in Arthur Street, Ōtaki, and Puriri Road, Waikanae.

The programme of wastewater pumping station condition assessments started in 2016/17 continued in 2017/18 as planned. The next batch of assessments will be surveyed in 2018/19.

Pipe renewals

Pipeline renewal works had been deferred from 2015/16 and 2016/17 to provide funding to bring forward work on the Waikanae duplicate rising main. That deferred work got underway in 2017/18 with scoping and design in the first half of the year and physical works contracts awarded and commenced later in the year.

Around 390 metres of wastewater mains were replaced throughout the district in the following locations: Winara Avenue in Waikanae (100 metres), and several locations in Paraparaumu – Ruahine Street (170 metres), Ruapehu Street (60 metres) and Tongariro Street (60 metres).

Wastewater management includes the following services and programmes:

- managing the operation and maintenance of the existing wastewater system – collection, reticulation and treatment facilities
- managing the nature and impact of any discharges into the environment – air, water and land
- investigations and planning of renewals and upgrades to meet the wastewater service requirements, and
- delivery of capital works projects – to maintain the performance of the existing system and upgrade the system to improve performance and service growth.

The future of our treatment plants

Ōtaki wastewater treatment plant discharge consent renewal

The new 20-year resource consent for operating the Ōtaki wastewater treatment plant was issued by GWRC in October 2016. In accordance with the consent, a study to optimise the land treatment and disposal area (discharge wetland) was started to identify any optimisation improvements and to work with iwi to prepare a future improvement plan.

That study was completed in February 2018 and proposed upgrades scoped and submitted to GWRC for approval. Subject to that approval the physical works are planned to be undertaken over the next two years.

Paraparaumu wastewater treatment plant

Dissolved air flotation process renewal

The dissolved air flotation (DAF) process is a key process in the efficient management and disposal of waste-activated sludge and the production of biosolids at the Paraparaumu WWTP. The existing DAF unit is at capacity and the end of its useful life and needs to be upgraded to provide for future growth.

The new DAF package plant arrived at the treatment plant in June 2017 and site works for installing the DAF unit were completed in October 2017. The plant was installed in November 2017 ready for testing.

In the process of testing and commissioning the new plant it was found to be operating effectively, but well below the flow rates specified in the contract. Further process optimisation and proving was undertaken in February 2018 to confirm whether it could perform adequately at the designed flow rate, but the supplier failed to demonstrate satisfactory performance. The Council is progressing options to remedy the non-performance of the DAF plant and complete this upgrade.

Consent renewals application

The resource consents for the Paraparaumu WWTP are due to expire in March 2022. While that is still some years away, the application process for such a significant plant can take a long time to complete.

Considering the level of environmental, technical and regulatory complexity, and the extent of stakeholder

interests in the process, two studies were undertaken over 2015–17 to inform the consent renewal process.

The first study considered the optimal approach to re-consenting the plant and identified risks to achieving that. This has informed the significant professional services work package to assess options and prepare and submit a consent renewal application. The contract for that work has been tendered in the open market and in May 2018 a consultant was engaged. The professional services contract will support the Council to deliver the three-year works programme including engaging with iwi effectively in the process, environmental studies, public consultation through to preparation and submission to GWRC of the consent application.



A new, pre-assembled valve chamber being installed at the Puriri Road wastewater pumping station

The second study noted above was the condition and capacity study, which examined the state of the main process units with the treatment plant and considered the scope and timing of future renewals or upgrades. This has led directly to the inlet works project discussed in the following section.

Inlet works

The Paraparaumu WWTP inlet works project commenced this year with the engagement of a consultant to undertake the first phase – the concept design and procurement approach for this complex project. The project is complex as it needs to consider maintaining the existing plant operation, influent flows from the new Waikanae duplicate rising main, and planning for future septage for the region.

With the completion of this preliminary work Council has deferred the procurement and construction to 2020/21. That decision was taken to ensure we remain within the annual capital spending constraint we adopted for the next six years through the Long term plan 2018–38 process, while balancing that against the performance risks of the deferral of renewals and upgrades to core services.

Biosolids management

The sewage sludge produced by the Paraparaumu WWTP is stabilised via thermal drying. The plant produces an average of four cubic metres of dried biosolids per day.

Since 2015 the Council has been disposing of dried biosolids from the Paraparaumu wastewater treatment plant at the Silverstream landfill. The landfill has a certified gas capture system that has contributed significantly to a reduction in the Council's greenhouse gas emissions.

There are potential opportunities for the beneficial reuse or alternative disposal for our biosolids that could provide long-term benefits to the environment and our communities. Council will continue to participate in a collective biosolids project to explore and consider such options.

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
Our wastewater system management practices ensure that we respond efficiently and effectively to wastewater system blockages, faults and overflow issues	Median response times to sewage overflows resulting from a blockage or other fault measured by attendance time (from the time the Council receives notification to the time that staff are on-site) <i>(DIA mandatory measure)</i>	Less than or equal to 1 hour	Achieved (27 minutes)	Median attendance time was 28 minutes, for 115 blockages or faults attended in the year to date (the 2016/17 result was 22 minutes for 122 events).
	Median response times to sewage overflows resulting from a blockage or other fault measured by resolution time (from the time that the Council receives notification to the time that staff confirm resolution) <i>(DIA mandatory measure)</i>	Less than or equal to 5 hours	Achieved (2 hour and 2 minutes)	Median resolution time was 2 hours and 6 minutes for 115 blockages or faults resolved in the year to date (the 2016/17 result was 2 hours and 7 minutes for 122 events).
	Number of complaints received by the Council about any of the following: a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) council's response to issues with the sewerage system <i>(DIA mandatory measure)</i>	Monitor 2015/16 results as baseline of complaints per 1,000 connections	Monitor only (6.5 complaints per 1,000 connections)	133 complaints were received this year (from a total of 20,560 connections). This equates to 6.5 complaints per 1,000 connections (the 2016/17 result was also 6.5 per 1,000).
We comply with our resource consent conditions and our receiving natural environments are not damaged by effluent discharge and are enhanced where possible	Number of dry weather sewerage overflows <i>(DIA mandatory measure)</i>	Less than 5 per 1,000 connections to the Council's sewerage system	Achieved (0.05 overflows per 1,000 connections)	There was one dry weather overflow from the wastewater system this year (total of 20,560 connections). This equates to 0.05 overflows per 1,000 connections, compared with 0.30 overflows per 1,000 connections in 2016/17.
	Compliance with Council's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders, and d) convictions, received by council in relation to those resource consents <i>(DIA mandatory measure)</i>	None	Achieved (none)	There were no incidents of non-compliance with the Council's resource consents for discharge from its sewage system in respect of abatement notices, infringement notices, enforcement orders or convictions.

Financial results for the year ended 30 June 2018

Wastewater management – cost of activity			
2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
3,711	Other operating expense	4,480	4,326
3,472	Depreciation and amortisation	3,098	3,104
938	Finance expense	861	861
8,121	Operating expenditure	8,439	8,291
	Revenue		
99	Development and financial contributions revenue	180	150
99	Operating revenue	180	150
8,022	NET OPERATING COSTS	8,259	8,141
	Capital items		
791	Asset renewal	1,867	1,827
1,216	New assets upgrade	265	1,329
2,007	Total capital items	2,132	3,156
10,029	NET COST OF ACTIVITY	10,391	11,297
	Funding sources		
7,444	Rates	7,769	7,621
396	Borrowings	265	1,329
336	Depreciation reserve	1,867	1,827
1,210	Development and financial contributions	-	-
64	Movement in other reserves	-	-
(99)	Reserves & special funds	(180)	(150)
678	Unfunded depreciation	670	670
10,029	TOTAL SOURCES OF FUNDS	10,391	11,297

Stormwater – wai āwhā

Council provides a stormwater system to manage surface water run-off from the district's urban catchments while protecting the receiving environment, ensuring water quality and reducing risks to human life and health from flooding.

The stormwater management activity manages a network of streams, open drains, pipes and retention ponds in the main urban areas to protect residents from stormwater flooding.

Expected climate change impacts are incorporated into the Council's management and design of stormwater infrastructure assets and all new flood plain management work. Climate change brings key risks around increases in rainfall intensity during heavy rainfall events and challenges from projected rising groundwater levels.

GWRC is responsible for flood protection associated with the major rivers.

Stormwater work programme

As a result of the significant flooding experienced during the May 2015 heavy rainfall event, the Council undertook a major review of the stormwater work programme

That work was done in four key stages through 2015/16 and 2016/17. At the end of that process we had a re-prioritised work programme, which gave first priority to areas that had been most heavily affected by flooding to dwellings and second priority to commercial building flooding. Garage flooding and section flooding were allocated third and fourth priority, respectively.

At the end of those first two years we had completed detailed investigations of each of the initially

identified 182 stormwater projects and had developed designs for the highest priority projects.

Because this was such a substantial programme of work, decisions around the planning for and funding of the work were deferred to be made through the Long term plan 2018–38 process.

In the meantime, subsequent weather events had added further projects to the work programme. By the time we went to consultation in April 2018 on the long term plan there were a total of 240 projects in the stormwater work programme.

Detailed investigations of all 240 projects had been completed by end 2017/18 and they were expected to cost \$489 million. A key outcome of the long term plan consultation was that the Council decided to proceed with their preferred option of undertaking this programme of work over the next 45 years.

Progress on major projects

In the meantime, while waiting for budgets to be approved through the long term plan process, development of concept designs were commenced for the highest priority projects.

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

Stormwater management includes the following services and programmes:

- identifying flood-prone areas and/or reviewing known trouble spots
- designing possible solutions and setting priorities for works (based on greatest benefit for least cost) to protect property, public health and the environment
- maintenance of the existing stormwater system – pipes, streams and storage facilities
- undertaking capital works projects – upgrading or renewing the existing system or building new systems
- managing stormwater effects on water quality, by treating and disposing of stormwater run-off in urban areas
- undertaking flood hazard modelling, incorporating the effects of climate change impacts and the increased risk of heavy rainfall events, and
- reviewing stormwater management solutions and providing advice for greenfield developments, including major roading projects in the district.

Detailed designs were commenced for the under capacity network in Kena Kena in October 2017 and will be completed by December 2018.

A resource consent application for the Kena Kena project will be submitted to Greater Wellington Regional Council in August 2018.

Concept designs for Charnwood Grove, Makora Road and Amohia Street stormwater upgrade projects had been included in the major projects brief this year but were deferred due to budget limitations.

Progress on minor projects

In addition to the design work for some of the high priority projects, there was sufficient budget allocated in 2017/18 to undertake design and construction work on some minor stormwater projects.

This work included:

- construction of the Hookway Grove stormwater upgrade project, which was completed in December 2017;
- completion of detailed designs for the 95–117 Riwai Street stormwater extension project and commencement of construction (planned completion of this project is in October 2018);
- completion of Phase 1 of the minor stormwater improvements at Charnwood Grove and the start of construction for Phase 2 (planned completion is September 2018); and
- asset renewals, sump upgrades, overland flow paths and network extensions were completed in 14 locations in Paraparaumu and Waikanae which had been subjected to frequent flooding.



Stormwater upgrade at Charnwood Grove - Phase 1

Asset condition assessment underway

In 2017/18, we commenced a districtwide stormwater asset condition assessment programme. Implementation of Phase 1 of the resultant work programme (seven out of 34 catchments) is to be completed by October 2018.

Water quality

The following work related to water quality in local streams was completed:

- continued with districtwide water quality monitoring as part of GWRC consent conditions; and
- gained compliance from GWRC for the global stormwater discharge for the 2016/17 year.

In addition, we continued to work closely with GWRC to gain a decision on the districtwide stormwater discharge consent which had been submitted in June 2016. In May 2018, GWRC granted that stormwater discharge consent to be used in the next five years.

Open drain maintenance and gravel extraction

Vegetation removal and gravel extraction in open drains helps open water courses regain their original capacity, which assists in minimising the flooding of properties due to drain/stream overflowing.

Planned sediment removal from Mazengarb Stream and tributaries of Wharemauku Stream was delayed this year as GWRC required contaminated sediment assessments completed before they would grant the necessary resource consents (this was a new requirement introduced by GWRC). Following the completion of those contaminated sediment assessments and their review by GWRC and Te Ātiawa, both resource consents were granted.

The following tasks were undertaken in 2017/18:

- commenced removal of sediments and gravel from Mazengarb Stream and tributaries of Wharemauku Stream in June 2018 which the Council is planning to continue in 2018/19.
- completed removal of vegetation and cleaning 12.5km of open drains and streams.

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
We minimise risks to human life and health from flooding by responding efficiently and effectively to flooding issues and we maintain, repair and renew major flood protection and control works	Median response time to attend a flooding event from notification to attendance on-site <i>(DIA mandatory measure)</i>	Urgent (less than or equal to 24 hours)	Achieved (less than 24 hours)	Median response time was less than 24 hours for 5 urgent building flooding requests. The median response time was also less than 24 hours for the other 207 urgent requests.
		Non-urgent (less than or equal to 5 days)	Achieved (1 day)	Median response time was 1 day for the 457 non-urgent flooding requests.
	Percentage of all buildings that have been inundated due to minor flooding that are visited within four weeks	90%	Achieved (93%)	Out of 16 building-related flooding requests 15 were visited within 2 days. The building which wasn't visited (100 Matatua Road) had been previously visited and provided with advice.
	Number of complaints received about the performance of the district's stormwater system <i>(DIA mandatory measure)</i>	Less than 10 per 1,000 properties connected to the council's stormwater system	Not achieved (30.2 complaints per 1,000 connections)	There were 669 service requests related to flooding which can be regarded as complaints (= 30.2 complaints per 1,000 connections, there are 22,112 connections). This compares to 28.8 complaints per 1,000 the previous year.
	Major flood protection and control works are maintained, repaired and renewed to the key standards as defined in the Council's activity management plan. <i>(DIA mandatory measure)</i>	Achieve	N/A	Due to budget limitations no major flood protection construction works were planned in 2017/18. Only design work for future projects has been done this year.
	Number of buildings (habitable floors) reported to be flooded as a result of a less than 1-in-50 year rain event <i>(DIA mandatory measure)</i>	Less than 3 per 1,000 properties connected to the council's stormwater system	Achieved (0.09 per 1,000 properties)	There was only one flooding event this year that affected habitable floors (March 2018) and two dwellings impacted in that event. This equates to 0.09 habitable floors per 1,000 connections (total of 21,901 connections).
We comply with our resource consent conditions and our stormwater systems do not harm the downstream receiving environment	Measure compliance with the Council's resource consents for discharge from its stormwater system, by the number of: a) abatement notices b) infringement notices c) enforcement orders d) successful prosecutions, received by the council in relation to those resource consents <i>(DIA mandatory measure)</i>	None	Achieved (none)	There were no incidents of non-compliance with Council's resource consents for discharge from its stormwater system in respect of abatement notices, infringement notices, enforcement orders or prosecutions.

Financial results for the year ended 30 June 2018

Stormwater management – Cost of activity statement			
2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
1,405	Other operating expense	1,571	1,535
1,084	Depreciation and amortisation	1,163	1,250
1,024	Finance expense	942	942
3,513	Operating expenditure	3,676	3,727
	Revenue		
45	Fees and charges	-	-
152	Development and financial contributions revenue	122	52
-	Other operating income	2	-
197	Operating revenue	124	52
3,316	NET OPERATING COSTS	3,552	3,675
	Capital Items		
844	Asset renewal	1	-
2,041	New assets upgrade	1,500	1,452
2,885	Total capital items	1,501	1,452
6,201	NET COST OF ACTIVITY	5,053	5,127
	Funding sources		
3,468	Rates	3,674	3,727
1,055	Borrowings	1,500	1,452
404	Depreciation reserve	1	-
1,426	Development and financial contributions	-	-
(152)	Reserves & special funds	(122)	(52)
6,201	TOTAL SOURCES OF FUNDS	5,053	5,127

Solid waste – para ūtonga

We provide accessible, effective and efficient waste management options, encourage waste minimisation, and provide landfill management that meets legal requirements and best practice guidelines.

Kerbside collection services

Council continued monitoring the delivery of kerbside collections of rubbish and recycling by private companies to ensure these services are delivered in accordance with the collectors' licence requirements.

The area where commercial collectors are required to collect recycling from their residential customers was extended to include higher density housing areas in Te Horo and Ōtaki.

Earlier this year, EnviroWaste, one of four rubbish and recycling collectors operating in the district, chose to no longer sell their rubbish bags. This meant rubbish bag users had to look into an alternative service. Residents could choose to sign up for a new wheelie bin service, use the transfer stations at Ōtaki or Otaihanga or share bins with friends, family or neighbours.

The residents opinion surveys conducted for 2017/18 confirmed that residents remain very satisfied with the operation of the kerbside rubbish and recycling service. The survey reported that 88% of residents were satisfied with kerbside collection services.

Ōtaki resource recovery centre

EnviroWaste has been leasing and operating the resource recovery centre at Riverbank Road in Ōtaki since December 2013. EnviroWaste sets the gate fees and provides all recycling and disposal services at the centre. There has been no change to opening hours.

Waikanae recycling centre

The Council continued to contract the management of the recycling drop-off station in Waikanae to Composting New Zealand (CNZ). CNZ manages the greenwaste drop-off and sets the greenwaste fees.

Paraparaumu greenwaste

CNZ continued to set greenwaste fees at the Otaihanga facility and to process greenwaste from throughout the district.

Wellington regional waste management and minimisation plan

The 2017-23 Wellington regional waste management and minimisation plan (RWMMP) was adopted by the Council in late 2017. This plan replaced the 2011-17 RWMMP and details the actions Council intends to take regarding waste management and minimisation.

Waste minimisation

The Council continued to implement its waste minimisation and education action plan with a number of Council-facilitated waste minimisation activities. This included zero waste education in schools, recycling education visits and advice, zero waste in Council's offices, support of zero waste events, and regional education actions such as the 'Love Food, Hate Waste' campaign and waste-free parenting workshops.

Solid waste includes the following services and programmes:

- promoting effective and efficient waste management, as required by the Waste Minimisation Act 2008
- licensing of waste collectors and operators
- monitoring of compliance with licence and bylaw requirements
- enabling and monitoring the provision of resource recovery facilities in Otaihanga and Ōtaki, including asset management
- providing a greenwaste and recycling drop-off centre in Waikanae
- managing the (partially-closed) Otaihanga landfill
- working with GWRC to ensure the landfill operation and aftercare development (capping) meets environmental requirements
- initiating, developing and encouraging waste minimisation activities and education, and
- implementation of the Wellington RWMMP.

The Zero Waste Education programme was delivered at Kenakena, Ōtaki and Raumati Beach Schools. Students from Ōtaki School were given a guided tour of the Ōtaki Transfer Station.

The Council hosted two waste-free parenting workshops that were delivered by an external presenter in September 2017 and May 2018.

The 'Love Food, Hate Waste' campaign was promoted via two market stalls, three specialist workshops, and council newsletters and social media channels.

A number of event organisers were supported in their zero waste efforts through advice and loan of waste station bin hoods and other equipment. These events including the Ōtaki Kite Festival, Coastella, Māoriland Film Festival, Paekākāriki School Gala and Matariki A.R.T. Market at Ngā Purapura. A two-day food truck event was also run as a zero-waste event.

Several presentations were given on the importance of recycling and waste minimisation to scout and community groups.

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

The Waste Advisor started in a part-time role delivering waste minimisation advice targeting elderly residents and lower income communities.

Waste levy funding

The Council allocated a total of \$42,000 of waste levy grant funding in 2017/18. The first tranche of \$20,000 in grant funding was allocated in November 2017 to nine community projects.

The community projects included organic waste management initiatives, a bike refurbishing project, waste minimisation initiatives including workshop facilitation and the development of a plastic-free living guide, the promotion of a toy library, and the development of a beach cleaning robot. These projects were carried out by schools, a co-op, a charitable trust and community groups.

The second tranche of grant funding was allocated in March 2018 for New Technologies and Seed Funding projects. A total of \$22,140 was allocated to two successful applicants (Organic Wealth and Laybys NZ).

The Council continued to part-subsidise the recycling costs of TVs and CRT monitors dropped off at the Otaihanga and Ōtaki resource recovery facilities.

Continued support was provided to the SmartSeat programme which diverts expired or damaged car seats from the landfill.

Otaihanga landfill

The Otaihanga landfill is closed to general material, but continues to accept cleanfill on a restricted basis, which is used to contour the landfill surface prior to the application of the final capping. This contouring assists stormwater run-off over the capped surface.

The final clay capping programme continued with compacted clay applied onto the areas that are at the final contours. Ninety percent of the landfill is now capped, with peat and topsoil laid over that and grass established. The remaining capping, and the establishment of wetlands, will be completed over the next three years.

Ongoing work will be required on the grassed areas, with peat or soil applied to any sunken areas, to assist with stormwater run-off over the capped surface.

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
Otaihanga, Ōtaki and Waikanae facilities are open seven days a week and we license kerbside collection services for our urban areas	Disposal facilities are open 357 days per year	357 days per year	Achieved	The Otaihanga facility was closed for 30 minutes one day in the second quarter due to an accident on-site involving a contractor's employee.
	Licensed collectors are compliant with licence requirements	Achieve	Achieved	No official warnings were issued.
	Residents who are satisfied with the standard of kerbside collections	85%	Achieved (88%)	The Residents Opinion Survey reported 88% satisfaction. (2016/17 result was 89%).
We remove illegally dumped waste	Illegally dumped waste is removed within two working days	85%	Achieved (85%)	196 of 231 service requests were responded to within two working days.
We encourage waste minimisation and provide education information and advice	Residents who are satisfied with the waste minimisation education, information and advice available	75%	Not achieved (71%)	The Resident Opinion Survey reported 71% satisfaction. This result dropped sharply in the fourth quarter following considerable discussion on social media about the discontinuation by Envirowaste of rubbish bag collection. (2016/17 result was 82%).
	Waste minimisation community projects are successfully implemented	80%	Achieved	Some multi-year projects are ongoing.

Financial results for the year ended 30 June 2018

Solid waste – cost of activity statement			
2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
722	Other operating expense	887	799
420	Depreciation and amortisation	672	438
186	Finance expense	97	97
1,328	Operating expenditure	1,656	1,334
	Revenue		
528	Fees and charges	609	489
528	Operating revenue	609	489
800	NET OPERATING COSTS	1,047	845
	Capital items		
500	Landfill capping	509	518
500	Total capital items	509	518
1,300	NET COST OF ACTIVITY	1,556	1,363
	Funding sources		
800	Rates	1,033	795
500	Depreciation reserve	509	518
-	Movement in other reserves	14	50
1,300	TOTAL SOURCES OF FUNDS	1,556	1,363

Community services

The community services cluster covers a range of Council activities that enhance life for Kāpiti residents and visitors.

The Council has a role in encouraging economic growth and, with stakeholders and our iwi partners, we have developed a focused economic development strategy.

We maintain community facilities such as halls and meeting spaces throughout the district and provide resources to the community for capacity building and social service provision. We fund a range of local community organisations and provide grants to a number of other groups.

We look after more than 500 hectares of parks and sports grounds which provide opportunities for diverse recreation activities, and maintain 47 playgrounds. Kāpiti also has an extensive network of cycleways, walkways and bridleways.

We provide several swimming pools and library facilities across the district and support various arts and heritage activities that are important to our community.

In this section you'll find:

- Economic development
- Community facilities and community support
- Parks and open space
- Recreation and leisure

Economic development – whakawhanake umanga

Our economic development strategy, aimed at sparking greater growth and prosperity in Kāpiti, has been collaboratively developed by representatives of the business community, iwi and Council.

Economic development strategy

The economic development strategy for 2015–2018 was adopted by the Council in December 2014. It was also endorsed by the Kapiti Chamber of Commerce. This strategy was the result of significant consultation with our business community stakeholders, and will be reviewed and refreshed in the second half of 2018.

During the year, the Council decided to not continue with the Economic Development Leadership Group and instead look to work more directly with key stakeholders and businesses across the district. As part of our upcoming review and refresh of our existing economic development strategy the Council will look to re-engage with our key stakeholders in this area.

Our relationship with the Wellington Regional Economic Development Agency (WREDA) has strengthened, and seen us deliver a number of key projects in the areas of destination marketing and local economic development. This includes a new destination website for Kāpiti, a promotional video, international student marketing, Screen Wellington film permitting, a PopUp Business School and ongoing digital marketing support.

Building a visitor economy

Our visitor attraction plan has guided the development activity designed to boost domestic and international visitors to Kāpiti. This plan is due for

renewal in the coming year, and we will work closely with the tourism industry to focus delivery.

To help support visitor attraction in the district, the Council has undertaken the following actions in the past year:

- A *Destination Kāpiti* website was developed with support from WREDA. The new website went live in April 2018 and promotes Kāpiti as a desirable place to visit, work and meet. Further sections promoting living, studying and investing in Kāpiti will be developed.
- Marketing and promotion of Kāpiti as a destination for cycle tourism got underway, including publishing a cycleway network map that includes heritage and reserves and open space/park components. This was supported by a print and radio advertising campaign.
- A Visiting Media programme and marketing activity saw Kāpiti promoted in the following print media throughout the year: Sunday Star Times, Go Travel, Destinationz magazine, Kia Ora magazine as well as regular features and contributions to local and regional media.
- 'A Day out to Kāpiti' digital campaign was produced in conjunction with WREDA. This 90-second promotion features a family day trip from Wellington on the train, a visit to Kāpiti Island and finishes with a meal at a local restaurant. WREDA have promoted this video as part of their Australian marketing campaign.

Economic development includes the following services and programmes:

- managing projects which contribute to the Council's strategy for supporting economic development
- providing networking and an informed point of contact for businesses
- business attraction and retention initiatives
- tourism product development and marketing
- delivering a visitor information centre (i-SITE) in Paraparaumu
- supporting events development and facilitation
- supporting Māori economic development
- providing economic development advice together with policy and strategy development, and
- setting policy direction for council land throughout the district, including strategic land purchase.

- The Council commenced early stage activity to promote Kāpiti as a great place for business meetings and team building events. This included a presence at the *Show Me Wellington* tradeshow in Wellington in February 2018, which resulted in strong interest and leads for local tourism businesses geared towards hosting this market. Small business events are a lucrative part of the visitor market for Kāpiti, and a strong opportunity for growth.

Strengthening local business growth

Our focus in local economic development is to strengthen and grow our business economy through support for small business start-up and growth, targeted sector support, assisting the delivery of Māori business growth, and ensuring our youth are well placed to engage in workplace opportunities.

Activities undertaken in 2017/18 include:

- Council supported a local Business Startup Weekend initiative in July 2017 which attracted 25 participants. The initiative gave an opportunity for hands-on experience where entrepreneurs and aspiring entrepreneurs could find out if their start-up idea was viable and build new capabilities.
- Council hosted an evening for local hospitality (food & beverage) companies in February 2018 highlighting the opportunity to work with it in the coming year, our destination management strategy (including the new website), and our focus on being open for business.
- In May 2018, Council supported and managed the delivery of the PopUp Business School Kāpiti, which delivered a two-week business start-up course. The event targeted small businesses, tourism, Māori businesses and youth employment and was strongly attended, with 60 individuals graduating.

- Following on from the launch of a Work Ready Passport website in late 2016/17, the Council and the Kāpiti Youth Pathways to Employment Group partnered to host a mixer event in late 2017. The event introduced the Youth Passport to a range of potential employees and young people who had been part of piloting it. Over 70 people participated in the mixer event including students from Ōtaki College and YouthQuest.

Events plan implemented

Major events are a significant part of promoting a vibrant and thriving economy and district. As part of that plan a major events fund was established and first implemented in early 2016. In 2017/18, the events fund of \$160,000 was used to support seven major events.

For four of these events it was the second year of a three-year funding commitment to enable them to get well established. These were the Māoriland Film Festival, the Ōtaki Kite Festival, the Coastella Music Festival and the Kāpiti Food Fair.

The other three events received funding for the first time in 2017/18. These were the Kāpiti Coast Festival, Kāpiti Coast International Jazz Festival and Kāpiti Farmers' Market. Developing events that have a distinct Kāpiti flavour and attract visitors to the district is a priority for the Council. These three new events add to the vibrancy of our major events portfolio.

Of the events supported, Maoriland Film Festival and Coastella have emerged as key events capable of attracting significant growth in visitors from the wider region and other parts of New Zealand.

Kāpiti i-SITE

The Kāpiti i-SITE visitors centre continues to be popular with locals and visitors alike. Visitor numbers to the centre were slightly down in the 2017/18 year

on the previous year, but this was mainly due to the way we captured visitor data.

However, revenue was 15% up on the previous year, and operating costs decreased by 8%. Progress was made this year on rationalising costs and improving operational efficiency, including implementation of a new commission-based booking system, and a stronger focus on event promotion.

Business retention and attraction

Air service support

In March 2018, Air New Zealand announced the sudden suspension of their Auckland to Kāpiti Coast schedule. Council worked immediately to explore the opportunity to attract a new airline to resume the route, which is considered of high importance to our local business community.

Air Chathams have announced that they would commence services between Kapiti and Auckland from August 2018 and this Council has committed to supporting the service over the next three years using funding from the Council's existing economic development budget.

Ultra-fast broadband for Ōtaki

We received confirmation last year that Council's bid for ultra-fast broadband (UFB) to be installed early in Ōtaki was successful. Ōtaki is one of 151 towns around the country that will be given access to UFB in the near future. The Ōtaki installation is reportedly due to be completed in the latter half of 2018.

National and regional funding and investment opportunities

The Council aims to work proactively with national and regional stakeholders to progress economic development outcomes for the district.

The Government announced the Provincial Growth Fund in February 2018, which aims to lift productivity

potential in the provinces, and the Council identified potential opportunities in Kāpiti that meet with the fund's strategic objectives as well as the Council's long term vision and outcomes.

We developed a programme that took note of the challenges our district is facing, and outlined our blueprint and vision for Kāpiti, and we are working with MBIE to progress this programme.

In addition to the above, GWRC, in partnership with the eight Councils, is leading the development of a Wellington Regional Investment Plan. The aim of the plan is to identify core infrastructure and development projects and opportunities across the region that will enable and support growth. Council has been working closely with GWRC to assist with the compilation and prioritisation of Kāpiti projects..

Research and reporting

In September 2017, the Council presented the first quarterly economic update. The digital-based publication is available to anyone and covers important economic profile data for Kāpiti. Council has provided ongoing quarterly economic reports through the year and these have been well received by the Kāpiti Chamber of Commerce.

Progress on development of town centres

We want our town centres to be vibrant, diverse and thriving – places where people want to spend time and where they can access the services they need safely.

The town centres project is using the opportunities created by the expressway to transform and improve the Paraparaumu and Waikanae town centres.

In 2017/18 several town centre projects have been completed. These are:

- The first two stages of the Kapiti Lights upgrade project were completed in November 2017. This was a joint initiative with costs shared between the Council, Coastlands and Kāpiti Lights businesses. The Public Arts Panel helped secure some public art for this project and both the upgrade to the area and the mural have been well received.
- Improvements at the Rimu Road/Iver Trask Place intersection commenced in March 2018 and were completed by June 2018, with minor safety improvements to the existing pedestrian crossing and cycle lane markings to be done later in the year. Work included landscaping and planting, installing a bus parking bay outside Kāpiti Primary School, and undergrounding services to support the installation of traffic lights at this crossing in the future.
- The Waikanae cultural thread project aimed at integrating the Whakarongotai Marae into the Waikanae town centre.

Mitigating expressway impacts on Ōtaki

A new Ōtaki Economic Development Group was formed in late 2017 to focus on the mitigation of business and community impacts of the Pekapeka to Ōtaki Expressway, both during and post-construction.

Projects and programmes will be implemented over five years and co-funded with NZTA and Council.

Revocation of State Highway 1

The NZTA's and the Council's work to revoke SH1 to a fit for purpose local road is at the final scheme design stage with a strong focus on confirming the road layout and design, and aligning it with the town centre's workstream. The key road changes on SH1 to return it to a local road include:

- changes to road markings to cater for a single traffic lane and on-road cycle lane in each direction;
- road widening to provide space for on-road cycle lanes;
- new road layouts in Paraparaumu and Waikanae to complement the town centre developments and to suit the expected traffic volumes and movements;
- realignment of kerbs and re-surfacing;
- better shared pedestrian/cycle paths and pedestrian crossings to improve connectivity;
- improved amenity from feature landscaping, tree planting, lighting and street furniture;
- intersection improvements to enhance safety, pedestrian connectivity and to incorporate the marked on-road cycle lanes including; and
- proposed adjustments to posted speed limits for consistency and to improve safety.

Council-funded works such as landscaping, planting and street furniture etc, to align with the planned road changes are being developed as part of the scheme and detailed design.

NZTA are currently working through the SH1 scheme design process and construction programme, which is likely to start in late 2018.

Strategic land purchases

This year two small parcels of land have been purchased for roading and cycleway purposes:

- o one parcel of land (1,690m²) was acquired on the corner of Greendale Drive and King Arthur Drive to legalise the formed road and grant an easement for public access to the shared path along the rail corridor; and
- o a strip of land (2,410m²), part of 77 and 107 Kāpiti Road, was acquired for road widening and shared path completion purposes on Kāpiti Road between Arawhata Road and Brett Ambler Way.

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
We deliver the 2015 economic development strategy (implementation plan) and we involve partners and the business community at appropriate points in the decision-making process	The 2015 economic development strategy implementation plan deliverables are achieved	Achieve	Partially achieved	The majority of key deliverables have been achieved this year. See the commentary under 'Economic development strategy' above.
	Representatives of the business leadership forum that are satisfied that the 2015 economic development strategy implementation plan deliverables are being achieved	85%	Not achieved	The business leadership forum was dissolved earlier in the year so cannot be surveyed in regard to this KPI.

Financial results for the year ended 30 June 2018

Economic development – cost of activity statement

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
1,695	Other operating expense	1,706	1,998
62	Depreciation and amortisation	4	81
510	Finance expense	561	561
2,267	Operating expenditure	2,271	2,640
	Revenue		
158	Fees and charges	146	165
-	Grants and subsidies	167	-
158	Operating revenue	313	165
2,109	NET OPERATING COSTS	1,958	2,475
	Capital Items		
2,177	New assets upgrade	4,066	3,162
2,177	Total capital items	4,066	3,162
4,286	NET COST OF ACTIVITY	6,024	5,637
	Funding sources		
2,110	Rates	2,126	2,475
2,176	Borrowings	3,898	3,162
4,286	TOTAL SOURCES OF FUNDS	6,024	5,637

Community facilities and community support – whakaurunga hāpori me ngā hāpai hāpori

We provide resources to the community for capacity building and service provision focused on community priorities, as well as support for community initiatives that promote diversity, resilience and connectedness.

One of the Council's principal roles is to provide affordable and resilient core services for a healthy, active and involved community. This includes the operation and maintenance of property assets through which some of those services are delivered. It also includes the more direct forms of support we provide for the community and community groups.

The 2017/18 work programme has included the following activities and developments.

Community facilities

Earthquake-prone building management approach

As well as initiating an earthquake-prone buildings assessment project for all relevant privately-owned buildings in the district, the Council is also required to undertake assessments of its own buildings.

The Council has identified five council-owned buildings that it intends to seismically remediate over the next seven years. A further two historic buildings with a lower use profile will likely be remediated from year eight onwards. A report will be presented to the Council early in the 2018/19 year that supports a targeted remediation standard of 80% New Build Strength (NBS).

Building safety

In accordance with the Health and Safety at Work Act, the Council has implemented asbestos management plans for Council buildings.

Flooring renewals for libraries

The flooring in both the Paraparaumu and Ōtaki libraries has been replaced as part of the annual renewal programme. It adopted the same dark blue and green 'mountains to sea' theme that was used in the original flooring in the Ōtaki library.

Performing Arts Centre

The Funding Contribution and Access Agreement supporting the Council's \$1.6 million contribution and ongoing access arrangements for the Kapiti Performing Arts Centre at Kāpiti College was signed by the Council in May 2018.

This agreement assures community access arrangements to the centre for the next 50 years.

Construction of the Performing Arts Centre has commenced and is expected to be completed before the end of 2019. Council's financial contribution will be made at the completion of construction.

Community facilities and community support includes the following services and programmes:

- maintaining community halls and civic buildings and public toilets
- managing housing for older persons and other rental housing
- providing general community group support and development
- development of formal partnerships with central and regional government agencies which have a significant role in the district
- supporting youth development through the relationship with Zeal
- implementing Council's new social investment programme and managing relationships with community providers
- administration of community and youth development grants.
- working with Kāpiti Coast Youth Council and Kāpiti Coast Older Persons' Council on projects and initiatives
- advancing the Council's community sustainability and resilience initiatives.

Housing for older persons

Housing for older persons achieved an occupancy rate of 98.7% for the year, despite reasonably high turnover, with 15 flats becoming available during the year. Demand for these units continues to be strong. The Applicant Register at 30 June 2018 remains high at 104 persons, with a further four applications pending assessment. The same time the previous year there were 100 people on the register.

Three units were renewed as part of the annual renewals programme which includes full interior repaint, bathroom and kitchen replacement, carpet and floor coverings replaced and wiring and pipe work updated as required. Three other units received targeted minor refurbishment, such as interior painting and flooring replacement.

New facilities

Progress is being made for a toilet facility to be installed at the Ōtaki River Estuary. Funding for the project has been raised by the Friends of the Ōtaki River. Ownership will pass to the Council on completion, with ongoing operating costs being shared between Council and GWRC.

Community support

Achievements in youth development

Zeal Education Trust (Zeal), a national youth service provider, was contracted by the Council in 2015/16 to establish and run a youth development centre and youth services.

The annual report for the second year of the contract (2016/17) was received in early 2017/18 and showed that all outcomes were being met by the Trust. These included over 1,200 young people engaged in Music Box satellite services, 450 young people participating in events organised by Gateway event management students, and 163 young people participating in youth-led events in parks and libraries.



Cutting the ribbon at the youth development centre

As reported in 2016/17, Zeal was successful with their second application to the Lotteries Community Facilities Fund for the youth development centre fit-out.

Construction of the fit-out of the leased premises started in January 2018 and was completed in June 2018. The centre had its official opening on 28 June 2018, including a traditional Māori blessing by kaumātua. The centre features a performance space,

rehearsal rooms, creative space and design suite. The centre was gifted the name Te Roopu Ngākaunui Ki Kāpiti, meaning “The group with the big heart”, by the Council kaumātua Koro Don Te Maipi.

The centre will provide social, developmental and recreation opportunities for young people and will be run by Zeal in partnership with the Council. The centre is the culmination of an eight-year vision that began in 2010, when the Kāpiti Coast Youth Council began advocating for a youth development centre, which led to its inclusion in the 2012 long term plan.

In addition to programmes and services to be run from the new centre, Zeal’s contract with the Council also requires it to provide satellite services in communities around the district. Over the past year, Zeal has delivered the following initiatives:

- o the coffee cart satellite service continued to offer barista gateway training at Ōtaki, and Kāpiti colleges;
- o the ‘Music Box’ is a popular service and has been located at Māoriland Hub engaging Ōtaki young people;
- o an art club, young women’s group and ‘Phat Chats’ for young men, weekly meetings initiated by young people and supported by the Zeal youth workers; and
- o monthly Musician’s Lounge events for young people.

Supporting young people

The Council continues to work with young people in the following ways to implement youth development projects:

- o The Kāpiti Coast Youth Council partnered with YouthQuest and Kapiti Youth Support to provide a General Elections Forum for young people on 24 August 2017. Over 60 young people attended this forum and heard from MPs. The youth council

delivered a social media photo campaign leading up to the election focused on 'What would you ask the Prime Minister?' – reaching 3,800 people through the youth council Facebook page.

- o The youth council undertook a consultation with young people to inform its submission to the Long term plan 2018–38. They facilitated youth-based engagement at Coastlands mall using graphic illustrators and talked with young people in Kāpiti, Paraparaumu and Ōtaki colleges. This contributed to a well-informed submission to Council.
- o The youth council have completed a short documentary on their role in the development of the youth development centre and will present this to the national youth worker conference in September 2018.
- o The youth council have engaged young people interested in art to develop a mural series for the district that will appear on Council assets. Designs have been developed and considered by the Public Arts Panel. The final designs will go to Te Whakaminenga o Kāpiti to ensure a Mana Whenua/iwi lens is applied to the designs.

Supporting older people

The Council is participating in an evaluation initiative led by the University of Auckland and in partnership with the Office of Senior Citizens. The initiative will evaluate the strengths and challenges of community-led age-friendly activities and projects. The Kāpiti Coast is one of three pilot communities involved in the evaluation, along with New Plymouth and Hamilton. Findings will inform countrywide approaches to age-friendly initiatives in the coming year.

Supporting people with disabilities

The Council continues to work with the Kāpiti Accessibility Advisory Group to provide specialist

input into Council's plans and policies. Well-Able (formerly Kāpiti Disability Information and Equipment Centre) and the Accessibility Advisory Group continued to deliver disability responsiveness training to all Council staff.

Community health advocacy

In 2017/18 the Council supported a new group called the Kāpiti Health Advisory Group who have developed priorities for advocacy to support better access to tertiary health services for Kāpiti residents.

Neighbours Day Aotearoa

The 'Over the Fence Cuppa' project was again supported by Council as part of the Neighbours Day Aotearoa initiative in late March and early April 2018.



Celebrating Neighbours Day 2018 in Ōtaki

Overall, an estimated 1,500 people took part in 50 events organised by residents from Ōtaki to Paekākāriki. The focus of the initiative is to provide support for residents in Kāpiti to meet and get to know their neighbours and so build community awareness and resilience. This year Red Cross partnered with the Council to support the events, with their education truck visiting events and providing emergency grab bags for participants.

Supporting community groups

Council continued to fund a range of organisations through community contracts and grants in 2017/18. This included:

- o A Safe Kapiti (ASK) – formerly Kapiti Safer Community Trust;
- o Kāpiti and Ōtaki Citizens Advice Bureau;
- o Kapiti Disability Information and Equipment Centre;
- o Kāpiti Health Shuttle (through New Zealand Red Cross);
- o Kāpiti Youth Support;
- o Ōtaki Health Shuttle (through St John);
- o Paekākāriki and Ōtaki Beach Lifeguards (through Surf Life Saving New Zealand);
- o Red Cross and Emergency Medical Services Trust (to support the community health shuttle);
- o Te Newhanga Kāpiti Community Centre;
- o Volunteer Kāpiti; and
- o Wellington Free Ambulance and Lifeflight Trust.

In September 2017, as part of its community financial support, the Council awarded a total of \$33,000 in community grants across 18 community groups and organisations that provide a social service in the district. Recipients included: Kāpiti Community Foodbank, Te Ara Korowai, Whirlwind, Adult Literacy, The Shed Project, Parent to Parent and other organisations that improve social outcomes for communities in the district.

New social investment approach

The Council implemented a new approach for how it invests in community services to address community priorities. Social investment priorities and principles were approved by the Council in December 2017. The

procurement process began with a call for expressions of interest from late January to late February 2018, followed by a request for proposals from invited organisations.

Thirty-two expressions of interest were received. Eleven organisations were invited to develop proposals for funding including two collaborative proposals. These were considered by Council in June 2018 and funding of \$345,000 for the next three years was allocated to nine initiatives.

Seven organisations which were not invited to the next stage of procurement were offered an intensive support package to help with developing income streams and to strengthen their organisational capabilities.

Supporting the community sector

From August 2017, the Council partnered with Volunteer Kāpiti to deliver three workshops and a forum for the not-for-profit sector. The aim of these events was to support the development of financial sustainability and grow the capacity of our not-for-profit volunteer workforce.

The first workshop on strengthening governance was attended by over 30 participants. The second workshop about social enterprise was attended by over 55 people..

The third, an Ōtaki social enterprise workshop, was followed by an open forum which was attended by 40 people from across the district. This forum sparked the development of a new network focused on developing social enterprise in Kāpiti.

Evaluation showed that over 95% felt these workshops were highly valuable.

In late 2017, two community sector capacity building workshops were held in support of the Council's new social investment programme. In November a collaboration café style workshop was held, providing

opportunities for partnering, and in December a 'growing volunteers' workshop. Over 40 people attended each one.

Other community initiatives

The Council continued to support expressway-affected neighbourhoods post-construction, this included Makarini, Leinster Avenue and Puriri Neighbourhood Impact Forums. The forums concluded in June 2018.

We partnered with the community to implement a Waikanae Summer Series of events and a place-making initiative in Waikanae's Mahara Place, promoting Waikanae town centre as a destination. This included the installation of a temporary 'pop-up' park in November 2017.

The aim of the project is to facilitate an interactive space for activity and events: Events held were:

- o in December 2017 the Council worked with Destination Waikanae to hold a Christmas event at the Mahara Square pop-up park; and
- o in February 2018, an estimated 100 people attended a fun day at the pop-up park.



Multi-Cultural Council event at Te Newhanga, Kāpiti Community Centre

The Council is working with the New Zealand Federation of Multi-Cultural Councils to establish a local Multi-Cultural Council in Kāpiti. An inaugural meeting was held in February 2018 and an interim committee appointed. The committee is developing its constitution. A formal launch event is planned in the coming months.

Enviroschools

Five local schools and four early childhood education centres are part of the Enviroschools programme, which is supported by the Council. A total of 70% of all schools in Kāpiti have connected with the programme. This year additional workshops and student leadership events have been held in collaboration with Ngā Manu Nature Reserve.

Supporting sustainability

The Council supports and undertakes a range of initiatives to promote and encourage sustainability in the district. This year those efforts included:

- o The districtwide public EV charging partnership between the Council and Spark New Zealand, which resulted in the installation of an EV charging station and EV designated parking at Waikanae.
- o A trans-regional partnership was formed between the Council, Horowhenua District Council, Electra Ltd and ChargeNet NZ to improve the EV charging infrastructure in the Kāpiti/Horowhenua region. A combined proposal was submitted to the EECA Low Emission Vehicle Contestable Fund to install nine 50kW DC Fast Chargers in five townships in Kāpiti and Horowhenua.
- o The Council has initiated an annual Kāpiti Community Garden Party series as a community-led event to support community gardens across the district. The initiative aims to build community resilience and promote local food security. Eight

garden party events were held across the district with over 450 participants. The events have resulted in increased members at existing community gardens and the establishment of two new gardens, one at the Māoriland Hub in Ōtaki and one by the Dream Catcher Co-op at Windsor Park, Te Horo.

- o The Council's eco design advisory service provided free advice and information on sustainable residential building design and practice. In 2017/18, 107 two-hour home consultations were provided, and 129 short appointments, presentations or events. The latter included presentations to local real estate agents, Te Wananga o Raukawa and an education session with students from Ōtaki College.
- o The Council supported the Ōtaki curtain bank initiative. Over 212 curtains were installed in 67 homes in Ōtaki
- o The On To It newsletter, celebrating environmentally sustainable community initiatives, continued through the year as an online magazine hosted on the Council's website. There are currently 1,500 subscribers.

Carbon management

The Council has a target of reducing greenhouse gas emissions by 80% by 2021/22 compared to the 2009/10 baseline year. Early in 2017/18 the Council's carbon footprint result for 2016/17 was verified by audit as 3,112 tonnes of CO₂ equivalent, 75% below its 2009/10 level.

One of the top emissions sources in 2009/10 was diesel used for sewage sludge drying, which was dramatically reduced through the conversion to wood pellet fuel. In January 2016, a further significant step was taken in reducing our emissions from processing sewage sludge. From that date our sludge has been

sent to the Silverstream landfill, which has a 90% gas capture and destruction rate.

The full-year effect of that change was the major contributor to the fall in Council's carbon footprint from a 57% reduction in 2015/16 (compared to the 2009/10 baseline year) to the 75% reduction in 2016/17.

An article published in the NZ Herald in June 2018, reported that the Kāpiti Coast District Council had been confirmed by Enviro-Mark Solutions as the leading certified CO₂ equivalent emission reducer in their CEMARS programme.



(NZ Herald, June 2018)

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
Council-owned property				
We provide a good standard of comfort, convenience, quality and usability of the library buildings	Users who are satisfied with the standard of the library building facilities	85%	Achieved (99%)	Result from the annual library users survey undertaken in May 2018, with a total of 466 survey responses received, was 99% satisfied. (2016/17 result was 97%).
Council hall hirers are satisfied that the halls meet their needs	Users who are satisfied with halls	80%	Achieved (96.9%)	Result from the annual Hall Hirers survey undertaken in May 2018 was 96.9% satisfied. (2016/17 result was 96.6%).
Our housing for older persons' rents are fair and reasonable, the service and facilities are of a good standard and our high occupancy rates are maintained	Occupancy rate of housing for older persons units	97%	Achieved (98.7%)	Occupancy rate for 2017/18 was 98.7%. (2016/17 result was 97.8%).
	Housing for older persons tenants who rate services and facilities as good value for money	85%	Achieved (100.0%)	Result from housing for older persons survey undertaken in May 2018 was 100% rated the services as good value. (2016/17 result was 98.6%).
	Housing for older persons tenants who are satisfied with services and facilities	85%	Achieved (96.9%)	Result from housing for older persons survey undertaken in May 2018 was 96.9% satisfied. (2016/17 result was 97.3%).
We ensure that council-owned buildings are fit for purpose	Percentage of council-owned buildings that have a current building 'warrant of fitness' (where required)	100%	Achieved (100%)	All council-owned buildings have a current building warrant of fitness.
Our toilets are clean, feel safe, and are well maintained	Residents who are satisfied that public toilets are clean, well-maintained and safe	60%	Achieved (85%)	The Residents Opinion Survey 2017/18 reported 85% were satisfied. (2016/17 result was 88%).
	Urgent requests in regard to public toilet facilities that are responded to within four hours	98%	Achieved (98.6%)	151 service requests received in the year to date, with 149 meeting the 4-hour target. (2016/17 result was 96.3%)

Contribution to outcomes	Performance measures	Target	Result	Comment
Community support				
We provide resources to the community for capacity building and service provision focused on community priorities and we provide the youth council, older persons' council and the accessibility advisory group with opportunities to influence the content of council strategies, policies and project planning	Community groups who are satisfied with the advice and support provided by council	85%	Achieved (93.5%)	Feedback from social investment, collaboration and sustainability workshops has been positive with 99% registering their satisfaction. 88% of groups and organisations surveyed agreed or strongly agreed that support and advice is relevant to community needs. [2016/17 result was 94%].
	The youth council, older persons' council and accessibility advisory group are satisfied or very satisfied with opportunities provided to influence the content of Council strategies, policies and project planning	Satisfied	Achieved	78% of the Council's advisory groups surveyed agreed or strongly agreed that they were satisfied with the opportunities the Council provided to influence the policies, strategies and plans that were important to them.
	Residents who are satisfied with the Council's community support services	85%	Achieved (88%)	2017/18 Residents opinion survey result was 88% despite a drop in the fourth quarter result (probably due to some dissatisfaction over the social investment fund approach). [2016/17 result was 92%].
We provide support for community measures that promote diversity and connectedness	Community connectedness and diversity projects and initiatives planned for the year are progressed or completed	85%	Achieved	An interim multi-cultural Council has been established in Kāpiti. The Youth Council was supported to run a session in Coastlands mall to get the views of young people to inform their long term plan submission and Youth Action plan. Council supported migrant connect workshops held by Kāpiti CAB to provide information to new comers to Kāpiti Council supported the Rangatahi group Nga Kakano to build a strategic plan for Māori youth development.
We provide opportunities for the community to participate in activities and events that encourage community resilience	Estimated attendance at Council-supported events	There is no target as we will use this for monitoring	Monitor only	Over 1,500 people participated in the 'Over the Fence Cuppa' Neighbours Day campaign in March 2018. Over 120 people attended a Paraparaumu East event to promote community connectedness in April 2018. The Community Garden Parties aim to build community resilience through environmental sustainability. Over 450 people participated in this campaign. Over 100 people attend a community place making event in Mahara Place as part of a 'pop up' event to encourage community connectedness and business resilience.

Financial results for the year ended 30 June 2018

Community facilities and community support – cost of activity statement

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
3,727	Other operating expense	3,863	3,817
881	Depreciation and amortisation	1,153	999
163	Finance expense	49	49
4,771	Operating expenditure	5,065	4,865
	Revenue		
1,153	Fees and charges	1,188	1,202
83	Development and financial contributions revenue	320	48
63	Other operating revenue	63	43
1,299	Operating revenue	1,571	1,293
3,472	NET OPERATING COSTS	3,494	3,572
	Capital items		
231	Asset renewal	128	362
1	New assets upgrade	335	333
232	Total capital items	463	695
3,704	NET COST OF ACTIVITY	3,957	4,267
	Funding sources		
2,482	Rates	2,644	2,467
1	Borrowings	335	333
231	Depreciation reserve	128	362
(69)	Movement in other reserves	41	25
(83)	Reserves & special funds	(319)	(48)
1,143	Unfunded depreciation	1,128	1,128
3,722	TOTAL SOURCES OF FUNDS	3,957	4,267

Parks and open space – ngā papa rēhia me ngā waahi māhorahora

The Council maintains a wide range of parks, reserves and open space on behalf of the community. We facilitate barrier-free access on our network of cycleways, walkways and bridleways.

Council aims to maintain a rich and diverse network of open spaces that protect the region's ecology and support the identity, health, cohesion and resilience of the district's communities.

To this end, the following major projects were progressed or completed in the 2017/18 year.

Ōtaki splash pad



Work on the Ōtaki splash pad was completed in December 2017 alongside the Ōtaki pool rebuild to ensure an integrated and complementary design. The splash pad is free to use and provides a great activity for children of all ages.

Maclean Park

A variety of engagement methods were used through 2016/17 to get feedback from stakeholders and the wider community to inform the review of the management plan and development plan for Maclean Park.

The draft management plan and development plan went out for final consultation from early August to early October 2017 giving the required two months of consultation. The management plan, including the development plan, was adopted by the Council on 7 December 2017.

The implementation of the development plan is a staged process, which will commence in 2018/19 with the removal of the pond and kiosk to extend the usable park area.

Haruatai Park

A new BBQ was installed at Haruatai Park near the basketball court and playground. This has been a welcome addition to a popular destination park.

A new pump track was built in partnership with the Ōtaki Lions Club who funded the construction of the track.

Parks and open space includes the following services and activities:

- provision and management of park assets, including sports fields, playgrounds, reserves and cycleways, walkways and bridleways
- providing facilities for community benefit such as events, socialisation and other community interaction
- supporting and promoting environmental initiatives for the protection of indigenous biodiversity and significant natural landscapes
- promoting economic benefits through support of the recreation industry and boosting the tourism industry
- providing health benefits to the wider community
- recognising and promoting cultural benefits
- delivering educational opportunities in respect of heritage and cultural diversity, and
- delivering facilities for both active and passive recreation.

Otaraua Park development

The Otara development plan process re-commenced with 'The Otara Park Experience' event in March 2017. Over 1,000 people came to the event to enjoy the entertainment and provide feedback about how they would like to see the park used. In addition to the community event we have worked with our iwi partners and key stakeholders to inform the draft development plan.

Community consultation on the draft plan was programmed to start on 9 July 2018 and run for a month.

A separate piece of work to secure land for a secondary access to Otara Park was successful. In the future the main access to the park will be from the old SH1 via a bridge over the railway lines. The development plan design has been done in a way to enable this to happen.

An upgrade of the drainage for half of the current sports fields was completed in time for the 2018 football season. The remaining drainage upgrade work will be undertaken in 2018/19.

Ōtaki dog park

The new Ōtaki dog park, on the corner of Aotaki Street and Hinau street, was completed and opened in July 2017. Agility equipment constructed by the Menzshed has been installed. The park has proven to be a popular asset in the Ōtaki community

Kaitawa Reserve bridge replacement

The two pedestrian bridges in Kaitawa Reserve were rebuilt. The material used for the bridges was made from recycled plastic bags. The equivalent of over one million plastic bags was used.

Playgrounds

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

Consultation was undertaken for playground upgrades at Pohutakawa Park and Matthews Park. These upgrades will take place in 2018/19.



Weka Park playground after upgrade

Other developments

The parks web pages on the Council website were significantly improved early in 2017/18 with the new pages going live in December 2017. The new web pages provide more comprehensive information about every park and a user-friendly search function for different amenities across the district.

To increase awareness of the district's parks the Council held a series of Parks Week events in March 2018. Events were held every day through the week.

Daily videos were released to showcase some of the parks in the district.

Cycleways, walkways and bridleways

The Council continues to focus on improving the connectivity and experience of recreational cycling, walking and bridleway routes in the district through coordination with partnering organisations and landowners.

In the last year, we supported the delivery of the following:

- The second stage of the Paekākāriki connection track was completed, providing visitors to the Te Araroa Paekākāriki Escarpment Track a safe and attractive walking route to the beginning of the escarpment track from Paekākāriki,
- A new connection path was made between the two bridges at Kaitawa Reserve, improving access through the reserve.
- A new boardwalk was built through the Barry Hadfield Nikau Reserve. This has substantially improved the walkway, especially during winter months.

Environmental restoration

A total of 150 rimu trees grown from local seed were planted by Council staff and community volunteers at sites where they could have occurred naturally.

A total of 18,000 eco-sourced native plants were planted in restoration projects across the district.

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
Parks and open space				
Our residents in urban areas live reasonably close to a recreation facility and a range of active recreation facilities is available throughout the district	Residential dwellings in urban areas are within 400 metres of a publicly-owned open space	85%	Achieved (99.4%)	103ha out of 18,452ha (0.6%) of the total District Plan residential area is not within 400m of a publicly-owned open space.
	Sportsgrounds are open (scheduled hours and weather dependent)	85%	Achieved (97%)	Sportsgrounds were open 97% of the year. This is a significant improvement on the previous year's 90% result.
	Residents who are satisfied with the current availability of facilities	85%	Achieved (97%)	The annual Park Users' survey in February 2018 reported 97% satisfaction. This was well above target and a substantial improvement on the previous year's below target 84% result,
	Residents who are satisfied with the quality of Council parks and open space	85%	Achieved (92%)	The annual Park Users' survey in February 2018 reported 92% satisfaction. This was a slight decline in satisfaction with this measure compared to the 95% reported in 2016/17.
	Residents who are satisfied with the quality and range of recreation and sporting facilities in the district	85%	Achieved (95%)	The annual Park Users' survey in February 2018 reported 95% satisfaction, up from last year's 89%.
	Residents who are satisfied with Council playgrounds	85%	Achieved (90%)	The annual Park Users' survey in February 2018 reported 90% satisfaction, This was well above target and a significant improvement on last year's below target 84% result.
Cemeteries				
We provide well maintained cemeteries and we want to ensure that most family members can access the interment site and records are available online	Users who are satisfied with the cemeteries' appearance and accessibility	85%	Achieved (98%)	The annual Park Users' survey in February 2018, reported 98% satisfaction. (2016/17 result was 87%).
	All available records will be on the Council's website within four weeks of interment	100%	Achieved (100%)	
We measure burial capacity across the district and anticipate future needs	At least a 10-year burial capacity is maintained across the district	Achieve	Achieved	There is an estimated total of 56 years' capacity across the three cemeteries (based on 2013 Census data and growth analysis)..

Contribution to outcomes	Performance measures	Target	Result	Comment
Cycleways, walkways and bridleways				
A range of cycleway, walkway and bridleway networks including low carbon alternatives are available throughout our district and the quality and range increase over time	Users who are satisfied with council cycleways, walkways, and bridleways	85%	Achieved [96%]	The Residents Opinion Survey result for 2017/18 was 96%, similar to last year's result of 93%.
	Users who are satisfied with the safety and availability of the on-road cycleway network	85%	Not achieved [57%]	The Residents Opinion Survey result for 2017/18 was 57% (little different from last year's 55%). The SH1 revocation will significantly improve availability by adding a further 10–20km of on-road cycleways.
Our beach accessways are maintained and are in a usable condition	Residents who are satisfied with access points to beaches	85%	Achieved [91%]	The Residents Opinion Survey result for 2017/18 was 91%, similar to last year's result of 92%.

Financial results for the year ended 30 June 2018

Parks and open space – cost of activity statement

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
4,309	Other operating expense	4,180	4,101
1,131	Depreciation and amortisation	1,539	1,474
281	Finance expense	331	331
5,721	Operating expenditure	6,050	5,906
	Revenue		
165	Fees and charges	186	158
-	Grants and subsidies	9	-
753	Development and financial contributions revenue	1,845	521
91	Other operating revenue	39	-
1,009	Operating revenue	2,079	679
4,712	NET OPERATING COSTS	3,971	5,227
	Capital items		
933	Asset renewal	517	584
376	New assets upgrade	694	895
1,309	Total capital items	1,211	1,479
6,021	NET COST OF ACTIVITY	5,182	6,706
	Funding sources		
4,777	Rates	5,138	5,046
343	Borrowings	670	460
933	Depreciation reserve	517	584
(743)	Reserves & special funds	(1,845)	(86)
711	Unfunded depreciation	702	702
6,021	TOTAL SOURCES OF FUNDS	5,182	6,706

Recreation and leisure – hākinakina

The Council provides facilities, services and programmes for recreation and leisure activities in the district.

We aim to provide affordable and safe aquatic facilities, services and programmes for the health and wellbeing of our community and a districtwide library service with libraries in Ōtaki, Waikanae, Paraparaumu and Paekākāriki. Council also provides a website that gives continuous access to library services and online resources, and supports the arts.

Libraries

The annual library customer satisfaction survey undertaken in May 2018 received 522 responses (385 last year), and again reported very high levels of satisfaction with the library services provided (99% of respondents were 'satisfied' or 'very satisfied').

Overall, our libraries had another successful year with a range of services, programmes and events bringing high numbers of people into the libraries.

Our standard services remained in high demand:

- more than 639,000 items were borrowed from the four district libraries over the course of the year;
- more than 86,000 items were reserved free of charge across the district;
- 17,452 eBooks were issued;
- just over 69,000 sessions were logged on the libraries' free internet computers, and 44,999 free Wi-Fi sessions were logged; and
- 17,766 new items were added to the collection, including 1,340 eBooks.

A range of popular programmes and events were offered in various library locations across the district, with more than 6,730 attendees in total:

- Time for a Yarn, a monthly event providing an opportunity for people to share handcraft projects and skills, offered at the Paraparaumu and Waikanae Libraries. Get Crafty, a monthly event providing an opportunity for people to learn a new craft, offered at Ōtaki Library.
- Tea and Tales, a monthly event comprising book readings and public talks, offered at the Paraparaumu and Waikanae Libraries.
- 36 library-led book discussion groups held across the libraries, and a monthly poetry workshop held at Paraparaumu Library.
- Friday Family Fun Nights at Paraparaumu Library: Lego clubs, movie nights, the pre-teen book group Book Buzz and teens WRAPPERS (writers, readers and poets) group.
- The Stepping Up programme of free digital workshops delivered at the Paraparaumu, Waikanae and Ōtaki Libraries focused on practical digital literacy skills.
- Afterschool Minecraft Club, offered at the Paraparaumu Library.
- Self-publishing author workshops, offered at the Paraparaumu Library.
- The fifth annual 'If You're a Poet We Want to Know It' poetry competition, had a Kāpiti theme and attracted 113 entries. Over 70 people

Recreation and leisure includes the following services and programmes:

- operation and management of the district's three swimming pools
- providing access to information for leisure, entertainment, research, education and career development across the district
- delivering events and programmes for children, young people and adults
- promoting and supporting arts activities through initiatives such as the annual Kāpiti Arts Trail and Creative Communities funding schemes
- supporting the development and delivery of the public art programme throughout the district
- supporting local heritage through relationships with historical groups, museums, and initiatives such as the Kāpiti Heritage Trail
- supporting museums to promote their collections and increase visitor numbers, and
- working collaboratively with other SMART libraries in Masterton, Hutt City and Porirua, and WelTec and Whitireia Polytechnics, to provide a regional library service for our community.

attended the Open Mic night hosted on 25 August 2017 (National Poetry Day) at which competition entrants read their haiku.

- o An Augmented Reality (AR) ScavengAR Hunt developed and launched during the October 2017 school holidays, with pleasing uptake in all library locations.
- o A heritage talk about the Ōtaki railway was delivered by Ōtaki Library in October 2017, with over 50 participants. A heritage talk about the history of horses in Ōtaki was delivered in November 2017, with over 30 participants.
- o Adult/teen Reading Challenge. Over 360 entries (book reviews) were received, and posted in the libraries.
- o Victorian Christmas craft programmes held at the Paraparaumu, Waikanae and Ōtaki Libraries in December 2017, featuring a green screen photo booth and app.
- o The 'Wild About Reading' summer reading campaign attracted over 273 children during the 2017/18 summer holidays.
- o The Māori & Heritage Services Team curated the Kanohi ki te Kanohi exhibition (comprising photographs by Bruce MacMillan held in the Council Archives), hosted in the Paraparaumu Library Artspace in January–February 2018. The exhibition then moved to the Mahara Gallery.
- o Te Tiriti: 'Me huri whakamuri, ka titiro whakamua' exhibition hosted in the Paraparaumu, Ōtaki and Waikanae Libraries.
- o The Māori & Heritage Services Team held a Peace Poster Competition in March–April 2018, as the last event in a four-year WW1 centenary commemoration programme.
- o Murder in the Library (celebrating the Ngaio Marsh Book Awards) held for the second time, in

April 2018, with four local crime authors presenting to over 70 audience members.

- o A four-week programme of Te Reo Māori classes, offered at the Paraparaumu Library, which were fully booked.
- o A variety of events held to celebrate Matariki 2018, including a Starlab at both the Ōtaki and Paraparaumu Libraries which was visited by over 250 local school children, Te Reo Tamariki Time, bilingual puppet shows and bilingual Tea & Tales.

Arts and museums

The 2017 Kāpiti Arts Trail was held over two weekends, on 28/29 October and 4/5 November 2017, with 98 listed artists in the Kāpiti Arts Guide. A website was developed featuring the artists participating on the Trail, and 'Marketing for Creatives' workshops were delivered for them to help them promote and build interest in their work. The 2017 Kāpiti Arts Trail was also selected a finalist in the 2018 Local Government New Zealand (LGNZ) Excellence Awards for Best Creative Place.



Artist Birgit Moffat in her studio with visitor - Kāpiti Arts Trail, November 2017

Other activities over the year were:

- o two rounds of the Creative Communities Scheme were administered, with over \$45,000 of funding distributed to more than 30 arts projects for the local community; and
- o exhibition art spaces at Paraparaumu, Waikanae and Ōtaki Libraries were fully booked, with 50 exhibitions held in total over the year.

Mahara Gallery

The Mahara Gallery Redevelopment Steering Group has sought expressions of interest from architectural designers for the redevelopment of the gallery. A report will be taken to the Council early in 2018/19 with recommendations on which architect to appoint. The bulk of the funding for this project is earmarked for 2020/21 or when the Trust raises its two-thirds share of the project cost.

Swimming pools

The key priorities of the district swimming pools are to cater for all ages and abilities, for overall attendance to increase, and to provide affordable opportunities for children to learn to swim.

Over the district, a total of 393 children took part in the SwimBegin reduced price, summer holiday learn-to-swim lessons.

In addition, swimming lessons were delivered to over 1,178 children through the funded KiwiSport learn-to-swim lessons..

Over 331 people took part in the AquaEase or AquaYoga programmes. A casual admission pass was introduced at Ōtaki pool with an additional 71 attendees using this service. 'Sit and Be Fit' has grown, with 67 registered attendees and 25 casual visits. These programmes have been very successful for those with medical conditions or limited mobility.

In May 2018, the Primary Schools Swim Sports interschool was held at the Coastlands Aquatic Centre and 420 students competed.

Coastlands Aquatic Centre

In its fifth year of operation, the Coastlands Aquatic Centre has continued to be popular, with 207,818 visitors in the 2017/18 year up from 202,136 in the previous year.

Two free 'Health and Wellness' 10-week programmes were held during the year at the aquatic centre. These programmes are free as they are funded by Compass Health and Sport Wellington. Over 40 people participated in these programmes.

Over the course of this year Coastlands Aquatic Centre has hosted the following events:

- o Wellington Regional Long Distance Championships – 1 July 2017
- o Gold Coast Zone Swimming Competition – 30 July 2017
- o Surf Lifesaving NZ Capital Coast Pool Champs – 6 August 2017
- o Raumati Swimming Club Signature meet – 12 August 2017

Waikanae pool

Visitor numbers were high at the open air Waikanae pool, with 50,558 visits in 2017/18, up from the previous year of 38,449.

Ōtaki pool

The Ōtaki pool rebuild commenced in February 2017 starting with the demolition of the old pool building. The redevelopment was completed by mid-December 2017. This was on schedule with the agreed contract, although it took a little longer to secure a contractor than expected. The pool re-opened to the public on 15 December 2017.

The rebuilt pool 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, acoustic panelling and the creation of a splash pad.

The pool has attracted record visitor numbers since its rebuild, with 40,076 visitors in the December 2017-June 2018 period, compared to 31,615 in the same period in 2015/16 (the last time the pool was open over those months).

The rebuild budget was overspent by \$188,500 (3.4% of the overall budget) due to variations throughout the contract. This overspend was offset by underspends in other capital budgets.



The upgraded Ōtaki pool

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
Aquatics				
We provide safe, clean and inviting swimming pools and our residents and visitors are satisfied with the services and facilities	Council will maintain PoolSafe accreditation	Achieve	Achieved	Annual PoolSafe accreditation was retained for Coastlands Aquatic Centre and Waikanae Pool and renewed for Ōtaki Pool.
	Users who are satisfied with the pools' services and facilities	85%	Achieved [93%]	Resident Opinion Survey for 2017/18 reported 93% satisfaction with the services and facilities at swimming pools in the district (compared to 94% in 2016/17).
Increasing numbers of residents and visitors are using facilities and the pools' swim clubs are satisfying the needs of the community	Visits to swimming pools in the district	Maintain or increase <i>(cf 2014/15 baseline)</i>	Not achieved	298,452 combined swims in the year (compared to 300,532 in the baseline 2014/15 year). This was a very good result given that the Ōtaki Pool was closed for rebuilding for 5½ months of the year.
	Learn-to-swim registrations	Maintain or increase <i>(cf 2014/15 baseline)</i>	Not achieved	2,986 registrations for the year (compared to 3,168 in the 2014/15 baseline year). The Ōtaki pool closure also strongly affected this result.
Arts and museums				
We are progressing our public art programme and installing art in appropriate community spaces	The public art panel makes recommendations to the Council for approval of the public art programme and selects public art work in line with that programme.	Achieve	Achieved	Appointments to the new Public Art Panel were confirmed in August 2017, and the panel's first meeting was held on 18 September 2017. An artwork for the Kāpiti Lights town centre redevelopment was selected at this inaugural meeting.
Libraries				
Our libraries offer a range of materials and spaces	Users who are satisfied with the library services	85%	Achieved [99%]	Resident Opinion Survey for 2017/18 reported 99% satisfaction with library services, the same as last year. The internal Library Users Survey gave the same result.
	Collections are refreshed in accordance with New Zealand public library standards	17,186 (annually)	Achieved [17,766]	17,766 new items were added to the library collections this year.
	Total visits to libraries	550,000 (annually)	Not achieved [327,909]	Total visits for the year were 327,909, well down on the target. The long term plan target had been inadvertently set too high based on faulty historical door counter information. The new target set in the 2018–38 Long term plan is 300,000 visits.

Financial results for the year ended 30 June 2017

Recreation and leisure – cost of activity statement				
2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	
	Expenditure			
7,022	Other operating expense	7,451	7,324	
1,557	Depreciation and amortisation	1,657	1,707	
1,352	Finance expense	1,168	1,168	
9,931	Operating expenditure	10,276	10,199	
	Revenue			
1,517	Fees and charges	1,665	1,625	
40	Grants and subsidies	40	41	
9	Other operating revenue	9	5	
1,566	Operating revenue	1,714	1,671	
8,365	NET OPERATING COSTS	8,562	8,528	
	Capital items			
2,185	Asset renewal	4,061	3,280	
76	New assets upgrade	127	1,028	
2,261	Total capital items	4,188	4,308	
10,626	NET COST OF ACTIVITY	12,750	12,836	
	Funding sources			
8,365	Rates	8,562	8,528	
76	Borrowings	127	1,028	
2,185	Depreciation reserve	4,061	3,280	
-	Reserves & special funds	-	-	
10,626	TOTAL SOURCES OF FUNDS	12,750	12,836	

Planning and regulatory services

Many of the matters that Kāpiti people deal with the Council on are delivered through planning and regulatory services.

This cluster of services covers districtwide planning, including the preparation of the comprehensive district plan which governs the development of the Kāpiti coast.

Through our regulatory services, the Council issues resource consents to ensure building and development work is in line with legislation and the provisions of our district plan. In addition, we are profiling buildings under the requirements of the new Earthquake-prone buildings legislation to determine whether they require a seismic assessment, which we then request of the building owner.

Key day-to-day activities include registering dogs and following up noise complaints. Many of our compliance functions are determined by law, but are part of the way we contribute to community wellbeing. For example, we make sure the community is safe with the inspection, licensing and audit of food and alcohol suppliers.

In this section you'll find:

Districtwide planning

Regulatory services

Districtwide planning – ngā kaupapa takiwa

Shaping the development rules and guidelines is a vital role for the Council.

Proposed district plan review

Hearings on the proposed district plan (PDP) were completed in April 2017 and the Hearings Panel then moved on to considering the submissions they'd received and the recommendation reports (section 42A reports) from staff. The panel then prepared their own recommendation reports for presentation to Council on 9 November 2017.

At that meeting the Council resolved to adopt the recommended decisions on the PDP 2012 and Variation 1 to the PDP. These were publicly notified on 22 November 2017.

There were 18 appeals on the Decisions version of the PDP received by the Environment Court. A further 33 parties joined the appeals as Section 274 parties. Formal Environment Court mediation meetings were held in April and May 2018 in relation to nine of the 18 appeals received.

As a result of agreements reached in the mediation meetings, seven signed draft consent orders are before the Environment Court judge for approval, potentially fully resolving five appeals and partially resolving two other appeals. The Environment Court scheduled further mediation meetings for seven of the remaining appeals. The others will be scheduled in due course.

Requested change to operative district plan

A private plan change request to the current operative district plan, Plan Change 84 (PC84), was

made in early 2016 by Kapiti Coast Airport Holdings Ltd (KCAHL). After following due process with regard to hearings and receiving recommendations from the Hearings Panel the Council resolved to adopt the recommended decision on PC84 in October 2017. The Decisions version of the plan change was publicly notified following that meeting.

As no appeals on the plan change were received by the Environment Court, the Council publicly notified its approval to make the plan change operative on 16 February 2018.

Sheffield Properties Ltd, a submitter on PC84, lodged a Notice of Judicial Review with the High Court in relation to Council's plan change decision and served notice on the Council in April 2018.

In response, the Council filed a statement of defence and an application for strikeout with the High Court in May 2018. Kapiti Coast Airport Holdings Ltd also filed a statement of defence and strikeout documents with the Court. A High Court hearing of the matters was set down for early August 2018.

Community futures/local outcomes

A Waikanae Beach Working Group was formed in 2015/16 to help develop the community's vision for Waikanae Beach and possible ways of achieving it. After a process of significant community involvement and consultation a final vision document was endorsed by the Waikanae community board in March 2017.

Districtwide planning includes the following services and programmes:

- environmental planning through the district plan and other associated processes, including district plan review process and plan changes
- preparation of strategies, plans and policies for the district
- urban management strategies and local community outcome statements which inform Council activities
- monitoring of market indicators in line with the National Policy Statement-Urban Development Capacity
- sustainable design guidance for engineering and infrastructure development, various best practice design guides and engineering input into subdivision consents
- design and planning advice to external stakeholders and to other activity areas within the Council, and
- preparing submissions on central and local government legislative, policy and planning proposals.

Work was then undertaken on a Waikanae Beach character assessment study, which was completed in early 2017/18. It was presented first to the Waikanae Beach Working Group in August 2017 and then the Waikanae community board in November 2017. The final report was made available on Council's website.

The Council is now progressing a draft variation to the Proposed District Plan to develop the Waikanae Beach – Beach Residential Zone.

Programme of strategy/policy work

An interim review of the policy work programme was undertaken in July 2017, with the most significant change resulting from that being the addition of the development of a Local Easter Sunday Trading Policy to the programme.

Progress was made in 2017/18 on a number of key projects. These included:

- o adoption of the Easter Sunday Trading Policy in December 2017;
- o renewal of the Compliance & Enforcement Policy in March 2018;
- o an investigation into the Freedom Camping Policy reported to the Council in March 2018; and
- o the renewal of the Dangerous and Insanitary Building Policy 2018 in June 2018.

In addition a number of strategies and policies were reviewed and updated by teams across the Council as part of the work on the Long term plan 2018–38. These included the Infrastructure strategy, the Development contribution policy, the Rates remission policy, the Significance and engagement policy, and the Financial strategy.

The Council began a full review of the strategy and policy work programme as part of the long term plan

development process. That review is expected to be completed before the end of 2018.

Submissions

The Council has made submissions and provided feedback on a number of central and local government legislative, policy and planning proposals including:

- o a submission to the NZTA on the Long Term Strategic View of the land transport system;
- o a submission to MidCentral DHB on the Horowhenua STAR4 Project Final Draft for Community Organisations;
- o a submission to GWRC on the Metlink fare review;
- o a submission to GWRC on the Midterm Review of the Regional Land Transport Plan;
- o a submission to NZTA on the Shortlist of Corridor Options for the Ōtaki to North Levin Expressway;
- o a submission to GWRC on its draft long term plan 2018–28;
- o a submission to the Ministry of Transport on the Government Policy Statement on Land Transport 2018;
- o a submission to the Governance & Administration Committee (Select Committee Services) on the Local Government (Community Well-being) Amendment Bill; and
- o a submission to the Ministry for the Environment on the Zero Carbon Bill.

The outcomes Council is seeking generally relate to clarification of responsibilities and functions between regional and territorial authorities, and improved central government and regional government leadership.

Urban development capacity

The National Policy Statement for Urban Development Capacity 2016 (NPS-UDC) requires councils to ensure that there is sufficient development capacity to meet residential and business demand over the next 30 years.

As part of this work the Council, along with the other Wellington territorial authorities and the GWRC, will undertake capacity and demand modelling of housing and business land needs. Part of this work requires quarterly reports on housing and business demand and capacity in the district.

During 2017/18, the Council published four quarterly monitoring reports on its website in line with the NPS-UDC.

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
We efficiently and effectively develop policies and plans to encourage economic development and preserve the unique character and natural environment of our district	Residents who agree that the district is developing in a way that takes into account its unique character and natural environment	75%	Achieved (82%)	The Resident Opinion Survey full-year result showed that 82% of residents agreed that the district was developing in a way that takes account of its unique character and natural environment. (2016/17 result was 75%)
	Percentage of submissions to the proposed district plan that are settled prior to plan hearings or Environment Court proceedings	More than 40%	Achieved (approx. 60%)	All of the PDP Hearings were completed in 2016/17 and approximately 60% of submissions were proposed to be accepted or accepted in part in the S42A reports. The recommendations of the Hearings Panel were adopted by the Council in November 2017. Since then 18 appeals have been received on the Council's Decisions version of the PDP. Nine appeals have been mediated; five appeals have so far been successfully resolved with agreed consent orders before the Environment Court Judge for approval.
	A strategic policy framework and research programme are developed	Achieve	Achieved	The strategic policy work programme was agreed in April 2016 and was reviewed in late December 2017. Work continues on the implementation of the programme.

Financial results for the year ended 30 June 2018

Districtwide planning – cost of activity statement

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
2,767	Other operating expense	2,572	3,043
2,767	Operating expenditure	2,572	3,043
	Revenue		
157	Fees and charges	33	-
157	Operating revenue	33	-
2,610	NET OPERATING COSTS	2,539	3,043
2,610	NET COST OF ACTIVITY	2,539	3,043
	Funding sources		
2,610	Rates	2,539	3,043
2,610	TOTAL SOURCES OF FUNDS	2,539	3,043

Regulatory services – ratonga whakaritenga

The Council provides regulatory services to ensure Kāpiti is a safe, healthy environment and a great place to live, work and play.

Regulatory Services manages a range of public health, safety and design needs associated with building control, environmental health, food safety, animal control, noise management, alcohol licensing, health and trade waste licensing, resource consents, designations and compliance. It also manages a number of other compliance activities related to the Local Government Act 2002, including parking, bylaws and the inspection of private swimming pool fencing.

While we are required to ensure rules and regulations are adhered to, our open for business approach also requires us to endeavour to assist our customers to navigate through the law while balancing the competing priorities of our community.

Building, design and development

Legislative change

The Building (Accreditation of Building Consent Authorities) Amendment Regulations 2017 commenced on 1 July 2017, introducing a changed regime for the assessment of building consent authorities (BCAs).

The Council must be accredited as a BCA in order to be able to grant building consents. As a consequence of that legislative change we reviewed our quality assurance system, our supporting documents and our performance in late 2016/17.

The benefits of that work were realised when we underwent a very successful BCA accreditation audit in October 2017.

Also from 1 July 2017 the provisions of the Building (Earthquake-prone Buildings) Amendment Act 2016 commenced. It introduced a profiling methodology that necessitated a re-scoping of the Council's building assessment project. The transitional requirements have been met and implementation of the new regime is well underway.

On 18 October 2017, the Resource Legislation Amendment Act 2017 came into law. The amendments are the most comprehensive reforms to the Resource Management Act 1991 since its inception. The changes involve three new types of applications – Fast-track Consents, Deemed Permitted Boundary Activities, and Marginal and Temporary Exemptions. Changes have also been made to section 106 of the Act when assessing subdivisions and to the notification process. This has resulted in an increase in workload for staff and more time is being spent assisting customers to navigate these changes.

Resource consents and compliance

The resource consents and compliance team had another busy year. In total, 275 resource consents were processed, which was slightly less than the 303 resource consents processed the previous year.

For those non-notified consents that did not have their statutory timeframes extended, the average processing time was on target at 17 days.

Regulatory services includes the following services and programmes:

- processing of building consent applications
- maintaining accreditation as a registered BCA
- processing of Land Information Memoranda (LIMs)
- undertaking building warrant of fitness audits
- processing of resource consent and designation applications
- providing advice to applicants on opportunities for innovation, good design, links to the wider community vision around the environment, walkways, water quality etc
- undertaking district plan and consent monitoring and compliance checks
- leading pre-application meetings with land-owners to promote sustainable design and coordinate whole-of-council advice for commercial activities and major subdivisions
- inspection of food premises and liquor licensing
- animal management
- inspection of swimming pools
- investigation and enforcement of excessive noise complaints under those provisions in the Resource Management Act 1991, and
- bylaw enforcement and administration.

In addition to the Resource Management Act changes coming into force in October 2017, decisions were issued on the PDP in January 2018. This resulted in the team's workload increasing significantly, outside of its core role of processing and assessing resource consent applications,

The changes resulted in new resource management application processes being introduced and changes to how the team applies and interprets the natural hazards and notification provisions of the Act. These changes required the team to update processes, draft new templates and swiftly come to terms with the amendments.



Checking development compliance against plans

The implementation of the Decisions version of the PDP required some applications to be assessed against two District Plans. Staff had to quickly grasp the new provisions of the PDP to ensure that they were giving accurate and consistent information to customers and correctly assessing resource consent requirements.

Workload relating to the Mackays to Peka Peka Expressway project has decreased significantly this year, but the development control team is still

monitoring some aspects of the project. Work relating to the Peka Peka to Ōtaki and Transmission Gully Expressway projects has continued this year, with work significantly increasing in regard to Peka Peka to Ōtaki. Work undertaken includes compliance inspections, certifications of (and amendments to) management plans, and determining if works are 'in general accordance' with Board of Inquiry decisions, as well as resource consents and designation alterations related to the projects.

In November 2017, the Landscape and Urban Design and Network Integration Plans were certified which allowed construction on the Peka Peka to Ōtaki Expressway to commence.

Building consents and other Building Act functions

The Council issued 1,121 building consents during 2017/18, compared to 1,147 in the previous year indicating a similar level of building activity. The average processing time over the year was 11 days against a target of 17 days and a significant improvement over the 14 day average achieved in the previous year. The use of contractors to help with workloads at peak times has enabled this improvement.

New residential building is expected to remain high with considerable interest shown in new subdivisions. There were approximately 270 new subdivision lots created during the year.

The building team has continued to work with other councils in the Wellington region to develop a consistent approach across the region. GoShift, a cross-council initiative to provide an electronic portal for the receipt of building consent applications and payment of fees, was piloted in late 2016/17 and went live in March 2018. Implementation has been smooth and initial presentations to designers and builders

have been well received. The advantage to designers is in being able to lodge building consents remotely at any time. The time savings in reduction of scanning applications is within the customer services team.



Council is increasingly using mobile technology in our building progress inspections

Earthquake-prone buildings

The Council started the earthquake-prone building project in 2015/16 to undertake initial seismic assessments of buildings in the district. We completed initial assessments of 630 buildings over the first two years of this programme, accounting for approximately 40% of the buildings identified for assessment.

The Government then introduced legislative changes which meant that a new procedural approach to earthquake-prone building assessments was required. In September 2017, the Council agreed to re-scope the earthquake-prone building project in light of this legislative change and cease undertaking seismic assessments.

The new approach involves Council following a prescribed methodology to profile buildings and request that seismic assessments be completed by building owners for buildings that fit the earthquake-

prone profile. Buildings are to be profiled by Council staff with engineering advice where appropriate. In 2017/18, 156 buildings were profiled with 250 properties remaining to be profiled in 2018/19.

The new legislation also required that we consult with the community to identify high-use streets and walkways with sufficient traffic to warrant prioritisation of unreinforced masonry (URM) buildings. This consultation took place in late 2017. Only two URM buildings have been identified in the district and the two associated streets were identified as high-use.

Owners of potentially earthquake-prone buildings must provide a seismic assessment of the building for the Council to consider against prescribed criteria within one year. Council officers will then decide, with independent engineering advice as appropriate, if the building is earthquake-prone.

Where the owner does not provide an assessment, the default decision is that the building is earthquake-prone with a NBS score less than 20% (the highest risk category). Notices requiring demolition or remediation will then be issued for all buildings that are earthquake-prone. Legislative timeframes for this work to be undertaken are 15 years, or 7.5 years for priority buildings.

Public health in our community

Sale and Supply of Alcohol Act 2012

This year the team processed:

- o 63 applications for new licences and renewal of licences;
- o 123 applications for special licences;
- o 16 applications for temporary authorities;
- o 70 applications for a new manager's certificate; and

- o 80 applications for renewal of a manager's certificate.

Inspection targets were achieved this year with 63 inspections undertaken for new or renewed licence applications. In addition, a total of 66 monitoring visits were conducted for alcohol-licensed premises.

Staff began tri-agency workshops with the NZ Police and the Ministry of Health and invited on-licence licensees and their managers. The purpose of these workshops is to build better partnerships.

Environmental health

The Food Act 2014 came into force on 1 March 2016. All new food businesses or those that change hands must operate under a food control plan, custom food control plan or national programme.

All existing food businesses are required to have transitioned by 31 March 2018. This financial year all of our known food businesses have transitioned or are in the process of transitioning.

Inspection and audit targets were achieved this year, with 285 inspections/audits of food businesses undertaken. In addition to achieving the inspection targets, staff conducted a total of 125 support visits which included implementation visits and pre-audit visits to help support food businesses understand the new system.

The environmental health team conducted five stakeholder events to assist food businesses understand legislative change. Team members visited local markets and provided information resources on the Food Act 2014.

Swimming pool inspections

We must now ensure all pools are compliant with section 162C of the Building Act 2014 as a result of the changes through the Building (Pools) Amendment Act 2016. We have identified a total of 900 properties

that have swimming pools requiring pool barrier inspections on three-yearly cycles. This financial year we aimed to inspect 300 pool barriers and managed to complete 274 inspections.



Inspecting pool fencing compliance

The main reason that fewer inspections were completed than anticipated was as a result of the focus on the known non-compliant pools which carry the greatest risk. This has required staff to take more time with inspections and follow-up inspections.

The team has been proactively educating all pool owners about the legislative change this financial year and sent out information to all known pool owners. An information brochure was developed and has been provided to pool owners at time of inspection.

Animal management

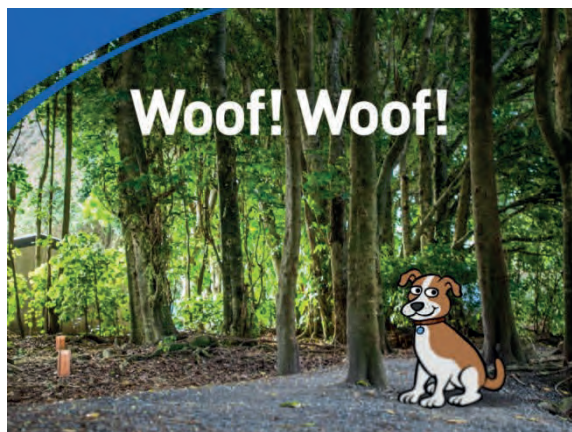
The animal management team secured funding in the 2016/17 financial year as part of the Government's de-sexing initiative to reduce dog attacks through neutering of menacing dogs. The money is continuously rolled into each new financial year and can also be used to assist dog owners to register, neuter, microchip and de-sex certain breeds of dogs.

This financial year staff worked with 17 dog owners to have their dogs de-sexed. The Council advertised the programme with an amnesty to attract those hard to reach dog owners with unregistered dogs to come forward and make use of this opportunity.

Staff continue to upskill their knowledge around sensitive sites in Kāpiti so they can better educate dog owners about 'why' dogs should be on-leash in certain areas. We have continued to do foot and bicycle patrols with a focus on the Waikanae River and estuary due to the high number of reports of dogs off-leash in these on-lead areas.

This year the animal management team supported the aquatics team's 'Dogs in Togs' event.

The team has worked with a range of stakeholders, including the Society for the Prevention of Cruelty to Animals, Helping You Help Animals, Housing NZ and the NZ Police, to provide a more robust service to encourage and support responsible dog ownership and prevent repeat incidents.



Marley, Kāpiti's animal management mascot

'Marley' became our registration ambassadog in preparation for his starring role as our representative

for the Dog Control Bylaw and Policy review this year. He has become a mascot for all things 'dog' happening in and around the Council, appearing on posters, radio advertisements, Council service centre signs, our website, and even Facebook. He has been warmly received by staff, elected members, and the community.

A 'dogs online' portal was introduced to allow people to register their dogs online.

The team continues to be busy with the ongoing reactive demand driven by service requests. There were 3,183 animal management service requests received this year. There were around 7,600 registered dogs in Kāpiti at the end of this financial year.

Performance measures

Contribution to outcomes	Performance measures	Target	Result	Comment
We provide efficient and effective regulatory services	Percentage of service requests that are responded to within corporate standards and closed off	95%	Achieved	11,679 of the 12,281 service requests received during the year (95%) were responded to within time.
	Average working days to process building consents will not exceed 17 days	Achieve	Achieved	Building consents were processed in 11 working days on average over the year (2016/17 result was 14 days).
	Average working days to process non-notified resource consents will not exceed 17 days	Achieve	Achieved	Non-notified resource consents were processed in 17 working days on average over the year (excluding consents deferred under section 37 of the Building Act 2004). The 2016/17 result was 15 days.
	Percentage of survey respondents that agree that the regulatory events are good or very good	85%	Achieved (98%)	Eleven stakeholder events were held on a range of regulatory matters. 98% of respondents rated the events good or excellent. In 2016/17, 89% rated the events good or excellent.
	All dog attacks (classified as urgent) are responded to within 1 hour of notification	100%	Achieved (100%)	There were 30 reports of 'dog attack or threatening behaviour' classified as urgent this year. They were all responded to within 1 hour of notification.
We will retain Building Consent Authority (BCA) accreditation and substantively comply with statutory timeframes	BCA accreditation is retained	Achieve	Achieved	The 2-yearly IANZ audit took place in October 2017. Accreditation as a BCA was confirmed.

Financial results for the year ended 30 June 2018

Regulatory services – cost of activity statement

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
8,396	Other operating expense	8,856	8,940
64	Depreciation and amortisation	79	46
15	Finance expense	11	11
8,475	Operating expenditure	8,946	8,996
	Revenue		
4,111	Fees and charges	4,409	4,253
4,111	Operating revenue	4,409	4,253
4,364	NET OPERATING COSTS	4,537	4,744
	Capital items		
-	Asset renewal	7	-
-	New assets upgrade	57	58
-	Total capital items	64	58
4,364	NET COST OF ACTIVITY	4,601	4,802
	Funding sources		
4,364	Rates	4,537	4,744
-	Borrowings	57	58
-	Depreciation reserve	7	-
4,364	TOTAL SOURCES OF FUNDS	4,601	4,802

Governance and tāngata whenua

The governance and tāngata whenua cluster focuses on our decision-making and the importance of community participation.

This cluster reports on our current arrangements in terms of the structure and make-up of the Council's governance and on the recent review of our representation arrangements.

We have a strong, active partnership with our three iwi and aim to embed tāngata whenua values into our operations and to guide the overall development of Kāpiti. Progress over 2017/18 in achieving iwi aims is outlined in the *Message from tāngata whenua* on page 7 of this report and expanded in this section.

This cluster includes our critical responsibilities for civil defence emergency management and encouraging preparedness across the community.

All activities in this cluster are combined in one section:

Governance and tāngata whenua

Governance and tāngata whenua – kāwanatanga me te tāngata whenua

The Council aims to effectively and efficiently manage the democratic framework in line with legislative requirements. We value our partnership with iwi and aim to embed tāngata whenua values and aspirations into the sustainable management of our district.

Governance

This activity is an important contributor to our wider strategy of working with the community and meeting our statutory requirements relating to governance, consultation and decision-making responsibilities.

Elected members

The Council confirmed the Single Transferable Vote (STV) system as the preferred electoral system for the next two triennial elections, and any associated election.

In addition to a full schedule of meetings as reported on pages (157-158) of this annual report, elected members also attended briefings and workshops related to the development of the Long term plan 2018-38 during the November-March period.

Following the release of the long term plan consultation document, elected members supported a range of public consultation events. After the close of consultation at the end of April, they heard from a number of submitters over three days of hearings and met to consider all feedback prior to finalising and adopting the new long term plan in June 2018.

Long term plan 2018-38

Working with our Kāpiti community a draft long term plan was developed and a consultation document

prepared to share with our community for feedback. The consultation document was released for public consultation on 23 March 2018 and the community were able to make submissions up to 23 April 2018. A mailout to 23,600 ratepayers also encouraged input from our community into the plan.

In total, we received 390 written submissions, with 78 of these being from organisations. With the Council facing financial constraints relating to reducing debt and funding depreciation for future generations, strong themes of resilience and affordability emerged which aligned with the themes noted during the work carried out to engage with the community earlier in the process.

The community also asked how the Council can make a difference on some of the bigger issues we're facing, like responding to climate change and housing challenges.

Councillors revisited the detailed analysis on rating system options after hearing from people concerned about low-income ratepayers with high-value homes.

On balance, though, the proposed change, together with the additional support provided for low-income ratepayers, were seen as the best way of improving affordability across the district. These changes meant lower rates increases for 71% of residential ratepayers in 2018/19.

Governance and tāngata whenua includes the following services and programmes:

- management of all Council and committee processes, both formal and informal
- maintenance of a legally coherent and workable governance structure
- delivery of statutory documents and processes under associated legislation
- management of electoral processes including representation reviews, elections and by-elections
- elected member remuneration and expenses
- tāngata whenua relationships and associated projects, such as inviting Te Whakaminenga o Kāpiti to contribute to resource management planning
- management of the integration of tāngata whenua aspirations across Council workstreams
- encouraging community awareness of and participation in decision-making processes through a civics education programme, and
- district general expenses, such as legal and insurance costs.

The final plan also included a series of small initiatives that address local issues and concerns, while staying on track in terms of our financial limits and delivering on key projects like our stormwater programme, water resilience upgrades, Otaraua Park, Maclean Park and the Paekākāriki sea wall.

After those decisions were incorporated, the Long term plan 2018–38 was adopted by the Council on 28 June 2018.

Civic events

The Council is committed to hosting civic ceremonies and other events. During the year events included:

- The community and civic awards.
- The 2018 commemoration of Waitangi Day saw the launch of an exhibition *Te Tiriti; me huri whakamuri ka titiro whakamua*. The exhibition was opened in Council chambers by the mayor, deputy mayor, iwi representatives and invited guests. Following official proceedings the exhibition was opened for public viewing in chambers. The exhibition was placed in Paraparaumu Library for four weeks and was then moved to Ōtaki, Waikanae and Paekākāriki libraries over the following months.
- The Electra Business Awards.
- Nine citizenship ceremonies, one of which was hosted at Raukawa Marae. Citizenship was conferred on 347 people from a range of countries.

Residents opinion survey

This quarterly survey was carried out in September and December 2017, and March and June 2018.

The survey asked residents a number of questions about their satisfaction with some Council services and facilities, about perceptions of the Council and satisfaction with their interactions with Council.

Many of the survey results are provided in the key performance measure tables in the activity sections of this annual report. A full report on the residents opinion survey 2017/18 can be found on the council's website www.kapiticoast.govt.nz

Tāngata whenua

The Council has a long-standing relationship with tāngata whenua and a commitment to its partnership with Te Āti Awa ki Whakarongotai, Ngāti Raukawa ki te Tonga and Ngāti Toa Rangatira and the memorandum of partnership it holds with them. The memorandum of partnership was re-signed for the current triennium on Tuesday 5 December 2017

This relationship provides for active projects and includes a commitment to working via Te Whakaminenga o Kāpiti, the partnership mechanism for advancing matters of mutual interest. Te Whakaminenga o Kāpiti met eight times in 2017/18.

Our iwi partners, through Te Whakaminenga o Kāpiti, played a role in the development of the long term plan from the early stages. A representative for Te Whakaminenga o Kāpiti was present at many meetings and workshops where the components of the draft long term plan were discussed.

Te Whakaminenga o Kāpiti also provided a submission covering a number of issues, including support for a stormwater monitoring programme that focuses on the effects of stormwater discharges on mahinga kai and Māori customary use.

Further achievements included:

- Iwi were engaged in several working parties including town centres, water management, the district plan, the treatment of bio-solids and the development of cultural impact assessments.
- Engagement continued on plans for Otaraua Park development with Te Ātiawa ki Whakarongotai.

- Engagement continued with Ngāti Toa Rangatira and Te Ātiawa ki Whakarongotai for the Maclean Park development plan.
- Iwi capacity contracts were signed off, supporting iwi to consult and engage in initial conversations with Council officers and provide comment on resource consents received.
- Discussions continued with the Department of Conservation and GWRC to facilitate iwi engagement and participation in collaborative biodiversity project opportunities.
- Māori economic development funds of \$50,000 were allocated to seven recipients.
- Ongoing support was provided to other internal Council activities to facilitate iwi engagement. This work continues to inform Council officers about the critical values and aspirations that are significant to iwi, and goes towards meeting the legislative requirement on the Council in regards to iwi participation.
- The annual marae maintenance and development fund was allocated.
- A range of Matariki activities were organised for June and July 2018 including Tākoha kai, the Matariki on Main Street party in Ōtaki, the annual Matariki brochure advertising Matariki events throughout the rohe (district), the implementation of bilingual educational signage at Kaitawa Reserve with support from Te Whānau Kōtuku Paraparaumu School and Friends of the Kaitawa Reserve; and
- A series of 12 videos were produced as part of the *Te Reo Māori – Ākina te Reo* project, including Te Whakaminenga o Kāpiti members, Mayor Gurunathan, Council staff, local tamariki and community groups speaking te reo in everyday ways and at events – these can be viewed from the Councils website and Facebook pages.

Performance measures

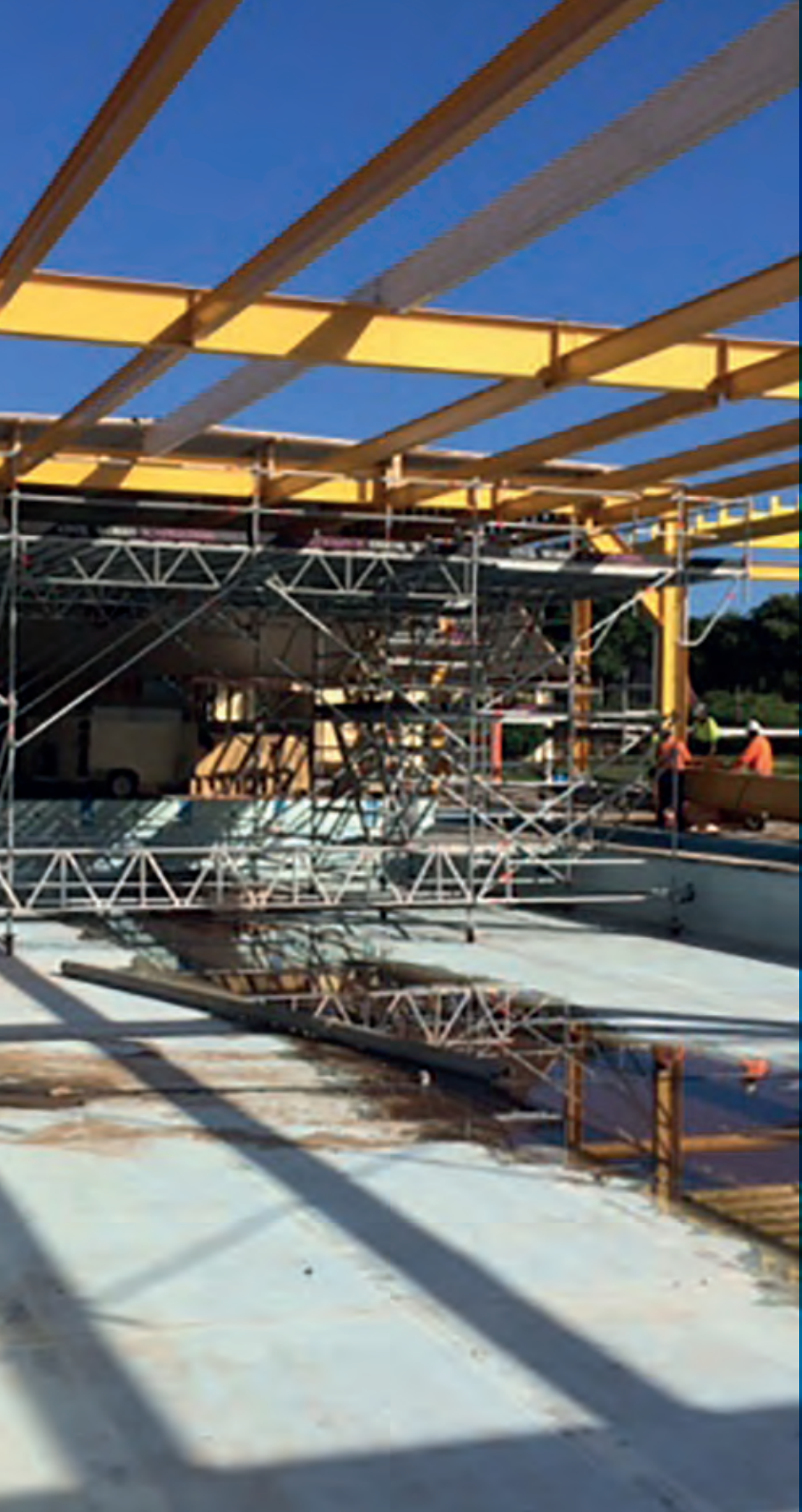
Contribution to outcomes	Performance measures	Target	Result	Comment
Civil defence emergency management				
We encourage households to be ready for emergencies	Number of households that have an emergency plan and kit sufficient for three days following an emergency event	Maintain or increase 2014/15 baseline (69%)	Achieved (75%)	Residents opinion survey result for 2017/18 was 75% (2016/17 result was 76%).
Governance				
Residents will be informed of opportunities to engage and participate in decision-making processes within statutory timeframes	Council meeting agendas are available in hard copy in council service centres and/or district libraries within two working days prior to the meeting	100%	Achieved (100%)	All Council meeting agendas were available in hard copy in Council service centres and/or district libraries within two working days prior to the meeting.
Official information requests will be responded to within statutory timeframes	Percentage of official information requests responded to within 20 working days ¹	100%	Not achieved (99%)	223 of the 224 official information requests were responded to within 20 working days. One request took over 20 days because of an administrative error in entering the date received.
Tāngata whenua				
We value the partnership with tāngata whenua and it is strong	The memorandum of partnership is renewed each triennium	Achieve	Achieved	The memorandum was reviewed by Te Whakaminenga o Kāpiti and adopted by the Council for the current triennium. It was signed on Tuesday 5 December 2017.
	Te Whakaminenga o Kāpiti is satisfied or very satisfied with the partnership	Achieve	Achieved	On behalf of Te Whakaminenga o Kāpiti the Chair has reported that they are satisfied with the outcomes achieved under the partnership – although it was noted that there is a need to look at how the partnership can become more ingrained and visible across council outcomes.
We provide for the active participation of tāngata whenua and Māori in decision-making processes	Māori have representation on standing committees of council and tāngata whenua working parties contribute to significant council work programmes	Achieve	Achieved	Representation is established and working parties are actively involved in significant programmes.

1. Unless a time extension is notified under the Local Government Official Information and Meetings Act (1987) section 14 (1).

Financial results for the year ended 30 June 2017

Governance and tāngata whenua – cost of activity statement

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
	Expenditure		
4,689	Other operating expense	4,984	4,706
57	Depreciation and amortisation	55	51
69	Finance expense	43	43
4,815	Operating expenditure	5,082	4,800
	Revenue		
616	Fees and charges	667	524
56	Interest income	60	60
672	Operating revenue	727	584
4,143	NET OPERATING COSTS	4,355	4,216
	Capital items		
505	Asset renewal	504	489
7	New assets upgrade	-	-
512	Total capital items	504	489
4,655	NET COST OF ACTIVITY	4,859	4,705
	Funding sources		
4,046	Rates	4,394	4,241
7	Borrowings	-	-
77	Depreciation reserve	29	32
[1]	Movement in other reserves	-	-
526	Reserves and special funds	436	432
4,655	TOTAL SOURCES OF FUNDS	4,859	4,705



Our finances

In this section we provide all the financial information required by law as part of the annual report.

It includes the full financial statements which show our actual expenditure and income, changes in our equity, total assets and liabilities and our cash flows for the 2017/18 financial year against budget.

The funding impact statements outline how we have funded our activities and the disclosure statement reports on how we are tracking against the benchmarks set by central government to measure our financial prudence.

At the end of this section you'll find the report from the council's external auditor, David Borrie of Ernst & Young, on behalf of the Auditor-General, which explains the work they have performed and the opinions they have formed.

In this section you'll find:

[Statement of comprehensive revenue and expense](#)

[Statement of changes in net assets/equity](#)

[Statement of financial position](#)

[Statement of cash flows](#)

[Funding impact statement](#)

[Notes to the financial statements](#)

[Disclosure statement](#)

[Funding impact statements per activity](#)

[Independent auditor's report](#)

Statement of comprehensive revenue and expense for the year ended 30 June 2018				
2016/17 Actual \$000		Note	2017/18 Actual \$000	2017/18 Budget \$000
Revenue				
56,555	Rates	3	60,761	60,501
8,932	Fees and charges	4	9,330	8,870
4,684	Grants and subsidies	5	5,753	5,375
2,000	Development and financial contributions		3,772	1,075
679	Other operating revenue	6	4,280	410
72,850	Total revenue excluding gains		83,896	76,231
Expenses				
48,011	Operating expenses	7	51,221	50,317
18,137	Depreciation and amortisation	14/15	19,240	19,240
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 gain/(loss) on revaluation of financial derivatives		(1,811)	-
7,598	Total unrealised gains/(losses)		(1,811)	-
6,478	NET OPERATING SURPLUS/(DEFICIT)		4,100	(1,349)
Other comprehensive revenue and expense				
114,517	Unrealised gain/(loss) from revaluation of property, plant and equipment	21	41,163	11,747
114,517	Total other comprehensive revenue and expense		41,163	11,747
120,995	TOTAL COMPREHENSIVE REVENUE AND EXPENSE		45,263	10,398

The accounting policies and accompanying notes on pages 102 to 137 form part of these financial statements.

Statement of changes in net assets/equity for the year ended 30 June 2018					
	Accumulated funds Actual \$000	Reserves and special funds Actual \$000	Revaluation reserve Actual \$000	Total equity Actual \$000	Total equity Budget \$000
Opening balance at 1 July 2016	561,158	2,717	738,501	1,302,376	1,317,003
Net operating surplus/(deficit)	6,478	-	-	6,478	(3,153) ¹
Unrealised gain/(loss) from revaluation of property, plant and equipment	-	-	114,517	114,517	32,633 ¹
Total comprehensive revenue and expense for the year	6,478	-	114,517	120,995	29,480
Transfers from reserves and special funds	584	(584)	-	-	-
Transfers to reserves and special funds	(771)	771	-	-	-
Closing balance at 30 June 2017	567,449	2,904	853,018	1,423,371	1,346,483
Opening balance at 1 July 2017	567,449	2,904	853,018	1,423,371	1,414,362
Net operating surplus/(deficit)	4,100	-	-	4,100	(1,349) ²
Unrealised gain/(loss) from revaluation of property, plant and equipment	-	-	41,163	41,163	11,747 ²
Total comprehensive revenue and expense for the year	4,100	-	41,163	45,263	10,398
Transfers from reserves and special funds	9,412	(9,412)	-	-	-
Transfers to reserves and special funds	(10,665)	10,665	-	-	-
CLOSING BALANCE AT 30 JUNE 2018	570,296	4,157	894,181	1,468,634	1,424,760

¹ As per 2016/17 Annual Plan.

² As per 2017/18 Annual Plan.

Statement of financial position for the year ended 30 June 2018				
2016/17 Actual \$000		Note	2017/18 Actual \$000	2017/18 Budget \$000
Current Assets				
455	Cash and cash equivalents	8	4,052	200
9,376	Trade and other receivables	9	8,620	7,623
116	Inventories		122	148
2	Non-current assets held for sale	10	8	-
61,280	Other financial assets	12	34,980	15,400
62	Loans	11	58	59
71,291	Total Current Assets		47,840	23,430
Non-Current Assets				
1,597,452	Property plant and equipment	14	1,645,007	1,617,940
422	Forestry assets	13	109	422
967	Intangible assets	15	1,026	2,730
2,216	Other financial assets	12	17,936	2,675
452	Loans	11	469	558
360	Derivative financial instruments	24	-	-
1,601,869	Total Non-Current Assets		1,664,547	1,624,325
1,673,160	TOTAL ASSETS		1,712,387	1,647,755
Current Liabilities				
19,534	Trade and other payables	16	18,163	17,875
2,019	Employee benefit	17	2,031	2,336
820	Deposits	18	1,237	780
80,000	Borrowings	19	30,000	25,000
1,263	Provisions	20	1,041	648
238	Derivative financial instruments	24	244	558
103,874	Total Current Liabilities		52,716	47,197
Non-Current Liabilities				
202	Employee benefit	17	130	260
130,000	Borrowings	19	175,000	161,548
4,154	Provisions	20	2,956	3,634
11,559	Derivative financial instruments	24	12,951	10,356
145,915	Total Non-Current Liabilities		191,037	175,798
249,789	TOTAL LIABILITIES		243,753	222,995
Public Equity				
567,449	Accumulated funds		570,296	564,749
2,904	Reserves and special funds	22	4,157	2,583
853,018	Revaluation reserve	21	894,181	857,428
1,423,371	TOTAL PUBLIC EQUITY		1,468,634	1,424,760
1,673,160	TOTAL LIABILITIES AND PUBLIC EQUITY		1,712,387	1,647,755

The accounting policies and accompanying notes on pages 102 to 137 form part of these financial statements.

Statement of cash flows for the year ended 30 June 2018				
2016/17 Actual \$000		Note	2017/18 Actual \$000	2017/18 Budget \$000
Cash flows from operating activities				
<i>Cash was provided from:</i>				
56,569	Kāpiti Coast District Council rates		60,729	60,501
10,346	Greater Wellington Regional Council rates collected		11,092	-
1,580	Grants and subsidies		1,658	1,544
574	Interest received		2,956	1,092
10,986	Fees and charges		14,052	10,249
(225)	GST (net)		108	109
79,830			90,595	73,495
<i>Cash was applied to:</i>				
45,787	Payments to employees and suppliers		53,509	48,189
10,346	Rates paid to Greater Wellington Regional Council		11,092	-
56,133			64,601	48,189
23,697	Net cash inflow from operating activities	23	25,994	25,306
Cash flows from investing activities				
<i>Cash was provided from:</i>				
15,032	Proceeds from loan repayments/term deposit maturities		71,311	80,050
165	Proceeds from sale of assets held for sale, property, plant and equipment and intangibles		311	-
5,104	Proceeds from capital grants		4,095	3,831
20,301			75,717	83,881
<i>Cash was applied to:</i>				
23,841	Construction and purchase of property, plant and equipment and intangibles		22,699	36,783
60,000	Purchase of investments		60,700	40,000
83,841			83,399	76,783
(63,540)	Net cash outflow from investing activities		(7,682)	7,098
Cash flows from financing activities				
<i>Cash was provided from:</i>				
32,515	Short-term borrowings		25,100	-
59,040	Long-term borrowing		75,000	55,668
91,555			100,100	55,668
<i>Cash was applied to:</i>				
9,162	Interest paid		9,715	9,352
32,515	Repayment of Short-term borrowings		25,100	-
10,022	Repayment of Long-term borrowing		80,000	78,720
51,699			114,815	88,072
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	8	4,052	200

Funding impact statement for the year ended 30 June 2018

	2016/17 Budget \$000	2016/17 Actual \$000	2017/18 Budget \$000	2017/18 Actual \$000
Source of operating funding				
General rate, uniform annual general charge, rates penalties	20,300	20,413	22,106	22,251
Targeted rates	37,077	36,729	38,905	39,144
Grants and subsidies for operating purposes	1,594	1,580	1,543	1,658
Fees and charges	7,196	8,195	8,182	8,608
Interest and dividends from investments	1,140	1,563	1,520	2,269
Local authorities fuel tax, fines, infringement fees, and other	553	785	594	4,369
Total operating funding	67,860	69,265	72,850	78,299
Applications of operating funding				
Payment to staff and suppliers	48,085	47,998	50,322	50,963
Finance costs	9,408	9,385	9,543	9,793
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	57,493	57,383	59,865	60,756
SURPLUS/DEFICIT OF OPERATING FUNDING	10,367	11,882	12,985	17,543
Source of capital funding				
Grants and subsidies for capital expenditure	2,972	3,104	3,832	4,095
Development and financial contributions	1,075	2,000	1,075	3,772
Increase (decrease) in debt	12,138	7,543	10,747	8,346
Gross proceeds from sale of assets	-	165	-	311
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total source of capital funding	16,185	12,812	15,654	16,524
Applications of capital funding				
Capital expenditure				
> to meet additional demand	4,031	2,693	1,739	695
> to improve the level of service	14,077	9,800	13,483	11,666
> to replace existing assets	14,315	9,248	11,881	11,427
Increase (decrease) in reserves	(5,871)	2,953	1,536	10,279
Increase (decrease) in investments	-	-	-	-
Total applications of capital funding	26,552	24,694	28,639	34,067
SURPLUS/DEFICIT OF CAPITAL FUNDING	(10,367)	(11,882)	(12,985)	(17,543)
FUNDING BALANCE	-	-	-	-

Notes to the financial statements

1. Statement of accounting policies

Reporting entity

Kāpiti Coast District Council (Council) is a territorial local authority domiciled in New Zealand and is governed by the Local Government Act 2002.

The primary objective of Council is to provide goods or services for the community and social benefits to the residents of the Kāpiti coast, rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity (PBE) for the purposes of the accounting standards framework applicable to public sector entities.

The financial statements presented include a statement of comprehensive revenue and expense, a statement of changes in net assets/equity, a statement of financial position and a cash flow statement with supporting notes, encompassing all activities of the Council.

In order to meet its obligations of public accountability, the Council has also included separate funding impact statements for the whole of Council and for each activity.

The financial statements of the Council are for the year ended 30 June 2018. The financial statements were adopted and authorised for issue by the Council on 27 September 2018.

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements comply with the standards for public sector public benefit entities (PBE Standards) reporting under tier 1 of the framework.

2. Basis of preparation

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's) unless otherwise stated. The functional currency of council is New Zealand dollars.

The financial statements have been prepared on a historical cost basis, except for land and buildings, park assets, infrastructural assets, forestry assets, derivative financial instruments, provisions and employee entitlements which have been measured as described in the policies below.

Accounting judgements and estimations

The preparation of the financial statements requires management to make judgements, estimates and assumptions concerning the future that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions may differ from subsequent actual results. The judgements, estimates and assumptions are based on historical experience and other factors which are reviewed on an ongoing basis.

Significant judgments, estimates and assumptions have been used for measurement of the following:

- the cost of our environmental obligations in respect to the closure of the Otaihanga landfill,
- the valuation of infrastructural assets,

- the determination of estimated useful lives and residual values for property, plant and equipment,
- the valuation of long term employee entitlements, and
- the valuation of financial derivatives.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Council and the revenue can be reliably measured, regardless of when the payment is made.

Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from non-exchange transactions

Rates

- (i) General and targeted rates (excluding water meter volumetric charges)

General and targeted rates are set annually by way of a rates resolution by the Council. The Council recognises revenue from rates when the rates are set and the rates assessments have been provided. Rates revenue is measured at the amount assessed, which is the fair value of the cash received or receivable. Rates are invoiced in quarterly instalments within the financial year.

- (ii) Rates collected on behalf of Greater Wellington Regional Council (GWRC)

Rates collected on behalf of GWRC are not recognised in the statement of comprehensive revenue and expenses as Council acts as an agent for GWRC.

Fees and charges

- (i) Rendering of services

Rendering of services at a price that is not approximately equal to the value of the service provided by Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as resource consents, building consents, water connections, dog licensing, etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally, there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when the Council issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service.

Revenue is recognised by reference to the stage of completion of the service to the extent that the Council no longer has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from council for the service) if the service is not completed.

- (ii) Sale of goods

Sale of goods or services at a price that is not approximately equal to the value of the goods provided by the Council is considered a non-exchange transaction. This includes sales of goods where the price does not allow Council to fully

recover the cost of producing the goods, and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

Government grants

Revenues from non-exchange transactions with the government and government agencies are recognised when the Council obtains control of the transferred asset (cash, goods, services, or property), and:

- it is probable that the economic benefits or service potential related to the asset will flow to council and can be measured reliably, and
- the transfer is free from conditions that require the asset to be refunded or returned to the government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services, or property) transferred over to council at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the Council has satisfied these conditions.

Fines and penalties

Council recognises revenue from fines and penalties (such as traffic and parking infringements) when the notice of infringement or breach is served by the Council.

Donated or vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested to council are recognised as revenue when control over the asset is transferred to council.

Revenue from exchange transactions

Rates

- (iii) Targeted water rates by meter (volumetric charge)

Water rates are based on a fixed portion plus a volumetric charge for usage once the service has been delivered.

Fees and charges

- (iv) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides the service for which the contribution was charged.

Interest revenue

Interest income is recognised when earned using the effective interest rate method.

Rental revenue

Rental revenue arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in surplus or deficit in the statement of comprehensive revenue and expense due to its operating nature.

Expenses

Other operating expenses

Grants and sponsorships

Discretionary grants (where approval or rejection is at council discretion) are recognised as expenditure when council approves the grant and communication to this effect is made to the applicant.

Borrowing costs

Borrowing costs, including interest expense are recognised as expenditure in the period in which they are incurred.

Operating leases (council as lessee)

Council leases certain property, plant and equipment under operating leases. Payments made under these leases (net of any incentives received from the lessor) are expensed on a straight-line basis over the term of the lease.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST except for receivables and payables which include GST billed.

Other gains and losses

Other gains and losses include fair value adjustments on financial instruments at fair value through surplus or deficit.

Assets

Property, plant and equipment

Property, plant and equipment is categorised into:

- (i) Operational assets – these are used to provide core council services (e.g. buildings, plant and equipment, library books).
- (ii) Infrastructural assets – these are the fixed utility systems owned by council that are

required for the infrastructure network to function. They include roading, water, wastewater and storm water networks.

- (iii) Restricted assets – the use or transfer of these assets is legally restricted. They include parks and reserves.

The Council does not pledge any property, plant and equipment as collateral for borrowings and none are subject to finance leases.

Initial recognition

Property, plant and equipment is initially recognised at cost, or in the case of vested assets that are acquired for nil or nominal cost, at fair value. The initial cost includes all costs (other than borrowing costs) that are directly attributable to constructing or acquiring the asset and bringing it into the location and condition necessary for its intended use.

Subsequent costs

Subsequent expenditure that extends or expands an asset's service potential is capitalised.

The costs of day-to-day servicing of property, plant and equipment are expensed as they are incurred.

Carrying value

Property, plant and equipment is carried at historical cost less accumulated depreciation and impairment, except for land, buildings, infrastructural assets and park assets which are carried at fair value less depreciation and impairment.

Revaluation

Valuations for Council's land, buildings, park assets and infrastructural assets are performed with sufficient regularity to ensure their carrying amounts are maintained at fair value. The valuations are performed by independent qualified valuers. In addition, the carrying values are assessed annually to ensure that they do not differ materially from the

asset's fair values. If there is a material difference, then off-cycle revaluations are performed on the relevant asset class.

Gains or losses arising on revaluation are recognised in other comprehensive revenue and expense and are accumulated in an asset revaluation reserve for the class of assets. Where this results in a debit balance in the reserve for a class of assets, the balance is expensed in surplus or deficit in the statement of comprehensive revenue and expense. Any subsequent increase in value that offsets a previous decrease in value will be recognised firstly in surplus or deficit in the statement of comprehensive revenue and expense up to the amount previously expensed, with any remaining increase recognised in the revaluation reserve.

Work in progress

Capital work in progress is recognised at cost less impairment and is not depreciated.

The cost of assets within work in progress is transferred to the relevant asset class when the asset is in the location and condition necessary for its intended use.

Depreciation

Depreciation is charged on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant or equipment less any residual value, over its remaining useful life. The residual value and useful life of an asset is reviewed and adjusted if applicable, at each financial year end.

Depreciation is charged on all assets other than land, certain parts of roading, river control and seawalls, that are composed of at least 80% base course and/or rocks, as these assets are considered to have indefinite useful lives. Regular inspections of

these assets are undertaken to check for impairment.

Depreciation is not charged on work in progress until such time as the asset under construction is in its intended location and in use.

Asset category	Useful life for new assets (years)
Operational assets	
Buildings	3 – 75
Computer equipment	4 – 5
Furniture and chattels	3 – 25
Heritage assets	100
Library collection	5 – 7
Motor vehicles, trucks, motorcycles	10
Office equipment	3 – 10
Other improvements	4 – 100
Public art	10 – 75
Plant and machinery	
Tractors, trailers, heavy mowers	5 – 10
Other plant	3 – 20
Otaihanga Landfill post closure	8
Infrastructural assets	
Bridges	50 – 100
Seawalls	
Concrete, posts, rails, panels, rocks	5 – 60
River control	
Bank protection	50

Disposal

Gains and losses on disposal of property, plant and equipment are recognised in surplus or deficit in the statement of comprehensive revenue and expense in the financial year in which they are sold. When

Asset category	Useful life for new assets (years)
Roading	
Footpaths	50 – 60
Surfacing	14 – 20
Traffic modelling	10
Signs, railings, street lights, traffic signals	10 – 50
Drainage, surface water channels, sumps, sump leads, traffic islands	20 – 80
Stormwater	
Stormwater flood maps	10
Pump stations, manholes, Pipes	10 – 100
Wastewater	
Pumps and pump stations	15 – 80
Manholes, cleaning eyes	90
Pipes	70 – 90
Treatment plant	5 – 50
Water	
Storage	60 – 80
Booster stations	10 – 80
Hydrants, valves, tobies	50 – 70
Meters	25
Pipes	30 – 90
Treatment plant	3 – 80

revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Forestry assets

Forestry assets are carried at fair value less estimated costs to sell. They are revalued annually by an independent qualified valuer.

Gains or losses arising on revaluation are recognised in surplus or deficit in the statement of comprehensive revenue and expense. Costs incurred to maintain the forests are expensed in the period they are incurred.

Intangible assets

Computer software

Computer software is carried at cost, less any accumulated amortisation and impairment losses.

Computer software is initially capitalised on the basis of the costs incurred to either develop or acquire it and bring it to the location and condition required for its intended use. Amortisation on a straight-line basis over the period of useful life begins from the time the asset is available for use. The estimated useful life of our computer software is 3–5 years.

Realised gains/losses on disposal of intangible assets are recognised in surplus or deficit in the statement of comprehensive revenue and expense.

Inventories

Inventories are valued at cost, adjusted when applicable, for any loss of service potential. The amount of write-down for the loss of service is recognised in surplus or deficit in the statement of comprehensive revenue and expense. Cost is determined on a weighted average basis.

Non-current assets held for sale

Non-current assets held for sale are measured at the lower of the carrying amount and fair value, less selling costs. Non-current assets are assessed to be 'held for sale' if it is highly probable that the asset is available for immediate sale in its present condition, the sale is expected to be completed within one year from balance date, and the carrying amount will be recovered through a sale transaction rather than through continuing use.

Any impairment losses for write-downs of non-current assets held for sale are recognised in surplus or deficit in the statement of comprehensive revenue and expense.

Non-current assets held for sale are not depreciated or amortised.

Impairment

The carrying value of assets held at historical cost less accumulated depreciation is reviewed at least annually to determine if there is an indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in surplus or deficit within the statement of comprehensive revenue and expense.

Non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value-in-use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value-in-use depends on

the nature of the impairment and availability of information.

Liabilities

Employee benefit liabilities

Short term employee entitlements

Employee entitlements for salaries and wages, annual leave, long service leave, sick leave, and other such benefits are recognised in surplus or deficit in the statement of comprehensive revenue and expense when they accrue to employees. Employee entitlements to be settled within 12 months are reported at the amount expected to be paid.

A liability for sick leave is recognised only to the extent that absences in the following financial year are expected to exceed the full sick leave entitlements to be earned in that year. The liability represents the unused sick leave entitlement that can be carried forward at balance date, to cover those absences expected to exceed the annual entitlement.

Long term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, contractual entitlement information, and
- present value of the estimated future cash flows.

Employer contribution to pension schemes

Contributions to defined contribution retirement schemes such as KiwiSaver, are recognised in surplus or deficit in the statement of comprehensive revenue and expense when they accrue to employees.

Provisions

A provision is recognised in the statement of financial position when the Council has a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the level of expenditure expected to be required to settle the obligation. Material liabilities and provisions to be settled beyond 12 months are recorded at their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Landfill aftercare costs

Council, as operator of the Otaihangā landfill, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site post-closure.

The provision is based on the nominal value of future cash flows expected to be incurred, taking into account future events including known change to legal requirements and technology. The provision includes all costs associated with landfill post-closure including final cover application and vegetation, incremental drainage control features, completing facilities for leachate collection and monitoring, completing facilities for water quality monitoring, and completing facilities for monitoring and recovery of gas.

Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised

landfill asset is depreciated over its remaining useful life.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities include cash and cash equivalents, receivables (net of doubtful debt provisions), community loans, and other interest-bearing assets, investments in unlisted shares, trade and other payables and borrowings.

Financial assets

Council's financial assets are classified into the following categories for the purpose of measurement:

Financial assets at amortised cost

(i) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are initially recognised at fair value. Loans and receivables with maturities beyond 12 months are subsequently measured at amortised cost using the effective interest method, less any impairment.

(ii) Held to maturity investments

These are non-derivative financial assets with fixed or determinable payments and fixed maturities that council has the intention and ability to hold to maturity. They are initially recorded at fair value, and subsequently measured at amortised cost using the effective interest method, less any impairment. Gains or losses when the asset is impaired or settled are recognised in surplus or deficit in the statement of comprehensive revenue and expense.

Financial assets at fair value through surplus or deficit

Financial assets in this category include derivatives and financial assets that are held for trading. They are initially recognised at fair value and subsequent measurement is on the same basis, i.e. fair value. Gains or losses on revaluation or impairment are recognised in surplus or deficit in the statement of comprehensive revenue and expense.

Financial assets at fair value through other comprehensive revenue and expense

(i) Available for sale financial assets

These are non-derivative financial assets that are designated as available for sale or do not fall within any of the above classifications of (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through operating surplus or deficit.

They are initially recorded at fair value plus transaction costs directly attributable to the acquisition or issue, and are subsequently measured at fair value less any impairment.

If the asset is an equity instrument that does not have a quoted price in an active market and fair value cannot be reliably measured, the asset is measured at cost.

Any gains or losses are recognised in other comprehensive revenue and expense, except for impairment losses which are recognised in surplus or deficit in the statement of comprehensive revenue and expense.

Impairment of financial assets

Financial assets are assessed at each reporting period for impairment.

Impairment is assessed on an expected credit loss model.

For loans and receivables and held-to-maturity investments, impairment is established when there is evidence that the credit risk on a financial asset has increased significantly since initial recognition. When making the assessment, the Council uses the change in the risk of default occurring over the expected life of the financial asset. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are indicators that the asset is impaired.

For available for sale financial assets impairment is first recognised as a reversal of previously recorded revaluation reserve for that class of asset. Where no reserve is available, the impairment is recognised in the surplus/deficit in the prospective statement of comprehensive revenue and expense.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account.

Financial liabilities

Financial liabilities at amortised cost

(i) Trade and other payables

Trade and other payables are initially recognised at fair value. Those with maturities beyond 12 months are subsequently measured at amortised cost using the effective interest rate method.

(ii) Borrowings

Borrowings are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities at fair value through surplus or deficit

(i) Derivative financial instruments

Council uses derivative financial instruments in the form of interest rate swaps to manage interest rate risks arising from borrowing activities. In accordance with its treasury management policy, council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into, and subsequently re-measured to fair value at the end of each reporting period.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The fair value is determined using a valuation technique based on cash flows discounted to present value using current market interest rates. Fair value gains or losses on revaluation are recognised in surplus or deficit in the statement of comprehensive revenue and expense.

The Council has not adopted hedge accounting.

Equity

Equity is the community's interest in council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity.

The components of public equity are accumulated funds, reserves and special funds and revaluation reserves.

Reserves and special funds

Restricted reserves are those subject to specific conditions accepted as binding by Council which may not be revised by Council without reference to the courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council-created reserves are reserves created by a council decision. Council may alter them without reference to any third party or the courts. Transfers to and from these reserves are at the Council's discretion.

Other

Foreign currency translation

Foreign currency transactions are translated into the New Zealand Dollar (NZD) using the spot exchange rate at the date of the transaction.

Council has minimal foreign currency transactions. These mainly include the purchase of library books, periodicals and computer software from overseas vendors.

Allocation of overheads to significant activities

For the purposes of reporting performance by activity, all overhead costs from support service functions are allocated to Council's significant activities. The costs of internal services not already charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

Individual significant activity operating revenue and expenditure is stated inclusive of any internal revenue and internal charges.

The governance and tāngata whenua (i.e. elected members' costs) is reported as a separate activity as it represents a direct public service.

Budget figures

The budget figures presented in these financial statements are in line with Council's *FutureKāpiti* Annual plan 2017/18. During the year, the Council has made additional disclosures to provide a greater degree of disaggregation for both current and prior year amounts and balances. Budget figures also include capital expenditure reduction of \$7.5 million subsequently approved by Council in August 2017.

Explanation of major variances between actual results and budgeted figures is provided in note 31.

Accounting Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are as follow:

PBE IFRS 9 Financial Instruments

In January 2017, PBE IFRS 9 *Financial instruments* was issued. When applied, this standard supersedes parts of PBE IPSAS 29 *Financial instruments: Recognition and Measurement*. Compared with PBE

ISPAS 29, PBE IFR 9 introduces a number of changes to the recognition and measurement of financial instruments.

PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021.

Retrospective application is required in accordance with PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors*, but providing comparative information is not compulsory. Council plans to adopt the new standard on the required effective date and will not restate comparative information. Council is currently undertaking a detailed impact assessment of the impact of PBE IFRS 9.

3. Revenue from rates		
2016/17 Actual \$000		2017/18 Actual \$000
	Revenue from exchange transactions:	
	Targeted rates	
3,198	Districtwide water supply volumetric rate	3,828
3,198	Total rates from exchange transactions	3,828
	Revenue from non-exchange transactions:	
	General rates	
19,826	Districtwide	21,617
	Targeted rates	
12,647	Community facilities rate	13,408
249	Hautere/Te Horo water supply rate	258
257	Ōtaki community rate	256
71	Paekākāriki community rate	65
99	Paraparaumu/Raumati community rate	101
6,025	Districtwide roading rate	6,871
3,021	Districtwide stormwater rate	3,148
122	Waikanae community rate	113
7,858	Districtwide wastewater disposal rate	7,816
4,309	Districtwide water supply fixed rate	4,476
(814)	Less internal rates	(852)
(313)	Less rates remitted	(344)
53,357	Total rates from non-exchange transactions	56,933
56,555	Total rates from exchange and non-exchange transactions	60,761
68,043	Total rates levied	73,049
(814)	Less internal rates	(852)
(313)	Less rates remitted	(344)
(10,361)	Less Greater Wellington Regional Council rates	(11,092)
56,555	Total revenue from rates	60,761

Rates are shown net of rate remissions and rates levied on council-owned properties. Rate remissions granted during the year in accordance with council's rates remission and postponement policies total \$0.34 million (2017: \$0.31 million). Total rates levied on council-owned properties were \$0.85 million (2017: \$0.81 million).

Rates levied on council-owned properties and rates remissions have been excluded from expenditure.

Rates remissions		
2016/17 Actual \$000		2017/18 Actual \$000
25	Council community properties, sporting, recreational and other community organisations	52
122	Residential rating units containing two separately habitable units	103
134	Financial hardship	147
32	Māori freehold land	42
313	Total rates remissions	344

Summary of rates funding surplus	
	2017/18 Actual \$000
Operating surplus/(deficit) for the year ended 30 June 2018	5,911
Adjustments for non-rates funded revenue and expenditure	
Add: net expenditure funded by reserves and special funds	38
Add: unfunded depreciation	5,145
Less: capital funding and vesting of assets	(10,369)
Less: revaluation of Council's forestry assets	313
Underlying rates surplus	1,038
Represented by:	
Water account surplus	215
Net underspend across the organisation	823
Underlying rates surplus	1,038

The underlying rates funding surplus of \$1.04 million is different to the operating surplus of \$5.9 million as per the statement of comprehensive revenue and expense due to the following:

- Operating surplus/(deficit) covers all of council's operating revenue and expenditure from all funding sources.
- Rates funding surplus/(deficit) only covers the council's revenue and expenditure that is rates funded.

The underlying rates funding surplus of \$1.04 million is mainly due to net interest costs being lower than planned and a reduction in compliance cost associated with parking infringements.

4. Revenue from fees and charges

2016/17 Actual \$000		2017/18 Actual \$000
Revenue from exchange transactions:		
6,797	Sale of goods and services	7,150
1,364	Rent from lease of council-owned properties	1,458
8,161	Total fees and charges from exchange transactions	8,608
Revenue from non-exchange transactions:		
34	Sale of goods and services	-
737	Fines and penalties	722
771	Total fees and charges from non-exchange transactions	722
8,932	Total fees and charges	9,330

Council receives rentals from properties used for operating activities e.g. community housing, and from properties that are held for future strategic purposes e.g. future infrastructural developments. Council does not hold any properties for investment purposes.

Revenue from sale of goods and services includes building and resource consent fees, licence fees, library charges, and LIM reports.

Fines and penalties include penalties for late payment of rates of \$0.63 million (2017: \$0.59 million) and traffic infringements of \$0.08 million (2017: \$0.15 million). It also includes library fines and fines for dog prosecution and noise control.

5. Revenue from grants and subsidies

2016/17 Actual \$000		2017/18 Actual \$000
Grants and subsidies from non-exchange transactions		
3,104	Capital grants	4,095
1,580	Operating grants	1,658
4,684	Total grants and subsidies from non-exchange transactions	5,753

As part of the above, Council received both capital and operating grants from NZTA. Capital grants of \$3.83 million (2017: \$2.74 million) from NZTA were used to subsidise the construction/renewal of new/existing local roading and operating grants of \$1.58 million (2017: \$1.64 million) from NZTA were used for the cost of maintaining existing local roading.

6. Other operating revenue

2016/17 Actual \$000		Note	2017/18 Actual \$000
Other operating revenue from non-exchange transactions			
87	Vested assets (non-Crown)	14	3,562
66	Donations and sponsorships		68
44	Unrealised gain on revaluation of forestry assets	13	-
248	Local government petrol tax		254
234	Other revenue		396
679	Total grants and subsidies from non-exchange transactions		4,280

Vested assets (non-Crown) are mainly infrastructural assets such as roading, drainage, water and wastewater assets that have been constructed by developers for a subdivision development. As part of the consents process, ownership of these assets is transferred to the Council at the end of the subdivision process.

7. Operating expenses			
2016/17 Actual \$000		Note	2017/18 Actual \$000
	Ernst & Young		
-	Audit of long term plan		119
175	Audit of financial statements		178
3	Audit of debenture trust deeds		3
	Other assurance activities		
1	Audit of debenture trust deeds register		1
-	Business assurance services		31
	Impairments and unrealised losses		
13	Loss on disposal of property, plant and equipment	14	91
-	Loss in fair value of forestry assets	13	313
-	Impairment of property, plant and equipment	14	166
139	Net increase/(decrease) of impairment of trade receivables	9	94
	Governance		
640	Councillor fees and costs	25	663
	Personnel costs		
21,431	Staff remuneration		22,007
803	Other personnel costs		780
3,081	Contractors		4,328
746	Employer superannuation (including kiwisaver)		788
380	Staff training		382
	Other		
188	Transport costs		135
831	Grants		768
694	Legal costs		762
944	Insurance		1,110
2,196	Operating projects		1,504
132	Operating lease rentals		240
1,865	Heat, light, power (energy)		1,962
291	Communications		261
474	Professional services		801
283	Printing & stationery		283
60	Bank charges		53
12,641	Other		13,398
48,011	Total other operating expense		51,221

8. Cash and cash equivalents		
2016/17 Actual \$000		2017/18 Actual \$000
6	Cash on hand	5
447	Cash at bank	1,545
2	Short term deposits	2,502
455	Total cash and cash equivalents	4,052

Cash and cash equivalents comprise cash balances and cash deposits with original maturity dates of less than three months.

9. Trade and other receivables		
2016/17 Actual \$000		2017/18 Actual \$000
	Trade and other receivables from exchange transactions	
2,897	Trade receivables	3,011
740	Rates receivable	794
480	Prepayments	605
(126)	Less provision for impairment	(74)
3,991	Total trade and other receivables from exchange transactions	4,336
	Trade and other receivables from non-exchange transactions	
685	GST Receivable	403
2,527	Trade receivables	1,705
2,728	Rates receivable	2,877
(555)	Less provision for impairment	(701)
5,385	Total trade and other receivables	4,284
9,376	Total trade and other receivables	8,620

Receivables are generally short term and non-interest bearing. The carrying value approximates the fair value.

Provision for impairment of trade and other receivables		
2016/17 Actual \$000		2017/18 Actual \$000
542	Opening balance	681
210	Increase in provision	132
(71)	Released unused provisions	(38)
681	Provision for impairment of trade and other receivables	775

Provision for impairment of trade and other receivables		
2016/17 Actual \$000		2017/18 Actual \$000
579	Individual impairment	548
102	Collective impairment	227
681	Provision for impairment of trade receivables at 30 June	775

The impairment provision has been calculated based on a review of specific, larger, overdue receivables and a collective assessment of the remainder of receivables. The collective impairment provision is based on an analysis of past collection history and debt write-offs. Individually impaired receivables have been determined to be impaired if the particular debtor has significant financial difficulties.

10. Non-current assets held for sale			
2016/17 Actual \$000		Notes	2017/18 Actual \$000
2	Motor vehicles	14	8
2	Total non-current assets held for sale		8

Valuation details					
Asset	Future net sale proceeds	Pre- impairment carrying amount	Impairment	Closing carrying amount	Final settlement date
	\$000	\$000	\$000	\$000	
Valuation details					
Light commercial vehicle	8	-	-	8	Aug-18
	8	-	-	8	

11. Loans		
2016/17 Actual \$000		2017/18 Actual \$000
Current		
51	Water conservation loans	51
11	Loans to community groups	7
62	Total current loans	58
Non-current		
278	Water conservation loans	272
174	Loans to community groups	197
452	Total non-current loans	469
514	Total loans	527

Loans to community groups

Loans to community groups include a loan to the Kapiti Hockey Turf Trust for laying artificial turf and construction of a new pavilion. This will enable this facility to meet standards suitable for national and international tournaments.

Water conservation loans

Council provides interest-free loans (up to \$5,000) to property owners who wish to install approved water conservation devices that have potential to reduce the use of water supply. Council recovers the loans by way of a targeted rate on the property. The period of repayment is up to 10 years.

12. Other financial assets		
2016/17 Actual \$000		2017/18 Actual \$000
	Current	
	Deposits	
60,000	Term deposits	34,500
	Notes	
1,280	NZ Local Government Funding Agency	480
61,280	Total current other financial assets	34,980
	Non-current	
	Shares	
100	NZ Local Government Funding Agency	100
15	Civic Financial Services	15
	Notes	
2,080	NZ Local Government Funding Agency	2,800
21	Fonterra perpetual	21
	Deposits	
-	Term deposits	15,000
2,216	Total non-current other financial assets	17,936
63,496	Deposits	52,916

Current deposits comprise term deposits with maturity dates of more than three months but less than twelve months.

13. Forestry assets					
2017/18 \$000	Opening balance	Additions	Unrealised gain/(loss)	Disposals	Closing balance
Lot 1					
Waikanae water treatment area, Reikorangi, Waikanae (2 hectares pinus radiata, established 1985)	156	-	(102)	-	54
Lot 2					
Paraparaumu sewage treatment area, Otaihanga landfill (approximately 2 hectares pinus radiata, established 1984-86)	266	-	(211)	-	55
	422	-	(313)	-	109

Independent valuer, Tim Hunt, re-assessed the forest valuations of the pinetree wood lots located on Kāpiti Coast District Council land at Waikanae and Otaihanga.

The status of both lots was re-evaluated during the year to identify and separate amenity protection (shelterbelt) use from production forest/land use. This resulted in the reduction of the production forest/land area by 9.3 ha.

For the residual area the harvesting age was set at 30 years and as the stands have attained economic maturity, the liquidation approach was applied. The underlying assumption of the liquidation approach is that all stands can be harvested immediately at current stumpage prices.

Council is exposed to financial risks from changes in timber prices. Council is not a long-term forestry investor and has not taken any measures to manage the risks of a decline in timber prices given the comparatively small nature of its total forestry resource.

14. Property, plant and equipment

2017/18	Cost/Revaluation								Accumulated depreciation						Carrying amount	
	Opening balance	Additions	Vested assets	Disposals	Revaluation	Impairment	Transfers (to/from)	Closing balance	Opening balance	Depreciation	Disposals	Revaluation	Transfers (to/from)	Closing balance	Opening balance	Closing balance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Operational assets</i>																
Buildings and improvements	55,340	547	-	-	-	-	-	55,887	-	(1,848)	-	-	-	(1,848)	55,340	54,039
Computers and office equipment	3,385	439	-	(1,263)	-	-	-	2,561	(1,942)	(502)	1,263	-	-	(1,181)	1,443	1,380
Furniture and chattels	1,378	406	-	(81)	-	-	-	1,703	(600)	(182)	81	-	-	(701)	778	1,002
Land	33,500	-	146	-	-	-	-	33,646	-	-	-	-	-	-	33,500	33,646
Landfill post-closure	6,697	-	-	(1,089)	-	(166)	-	5,442	(1,386)	(590)	-	-	-	(1,976)	5,311	3,466
Library collections	4,614	406	-	-	-	-	-	5,020	(2,551)	(615)	-	-	-	(3,166)	2,063	1,854
Motor vehicles	3,253	146	-	(101)	-	-	-	3,298	(1,841)	(238)	76	-	-	(2,003)	1,412	1,295
Plant and machinery	3,114	520	-	(161)	-	-	-	3,473	(1,790)	(224)	125	-	-	(1,889)	1,324	1,584
Items under construction	716	99	-	-	-	-	-	815	-	-	-	-	-	-	716	815
Total operational assets	111,997	2,563	146	(2,695)	-	(166)	-	111,845	(10,110)	(4,199)	1,545	-	-	(12,764)	101,887	99,081
<i>Infrastructural assets</i>																
Bridges	13,695	177	-	-	-	-	-	13,872	-	(310)	-	-	-	(310)	13,695	13,562
River flood protection and control works	1,057	-	-	-	53	-	-	1,110	(25)	(25)	-	51	-	1	1,032	1,111
Roading – land under road	795,759	-	-	-	-	-	-	795,759	-	-	-	-	-	-	795,759	795,759
Roading and footpaths	293,131	11,408	813	(252)	-	-	1,308	306,408	(224)	(5,149)	10	-	-	(5,363)	292,907	301,045
Seawalls	4,913	575	-	-	(49)	-	(294)	5,145	(373)	(374)	-	748	-	1	4,540	5,146
Stormwater drainage	68,995	710	892	-	(3,496)	-	676	67,777	(1,933)	(1,140)	-	1,761	-	(1,312)	67,062	66,465
Wastewater – other assets	92,442	1,300	846	-	20,724	-	(145)	115,167	(1,840)	(1,854)	-	3,741	-	47	90,602	115,214
Wastewater treatment plants and facilities	23,693	-	-	-	769	-	(237)	24,225	(1,071)	(1,086)	-	2,137	-	(20)	22,622	24,205
Water – other assets	84,966	1,656	530	-	10,245	-	(939)	96,458	(1,759)	(1,785)	-	3,530	-	(14)	83,207	96,444
Water treatment plants and facilities	23,094	166	-	-	(611)	-	-	22,649	(890)	(915)	-	1,756	-	(49)	22,204	22,600
Items under construction	14,874	-	-	-	-	-	(369)	14,505	-	-	-	-	-	-	14,874	14,505
Total infrastructural assets	1,416,619	15,992	3,081	(252)	27,635	-	-	1,463,075	(8,115)	(12,638)	10	13,724	-	(7,019)	1,408,504	1,456,056
<i>Restricted assets</i>																
Buildings and improvements	27,457	4,442	25	-	(220)	-	1,929	33,633	(17)	(2,053)	-	24	-	(2,046)	27,440	31,587
Land	57,444	380	310	(99)	-	-	-	58,035	-	-	-	-	-	-	57,444	58,035
Items under construction	2,177	-	-	-	-	-	(1,929)	248	-	-	-	-	-	-	2,177	248
Total restricted assets	87,078	4,822	335	(99)	(220)	-	-	91,916	(17)	(2,053)	-	24	-	(2,046)	87,061	89,870
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,615,694	23,377	3,562	(3,046)	27,415	(166)	-	1,666,836	(18,242)	(18,890)	1,555	13,748	-	(21,829)	1,597,452	1,645,007

14. Property, plant and equipment

2016/17	Cost/Revaluation								Accumulated depreciation						Carrying amount	
	Opening balance	Additions	Vested assets	Disposals	Revaluation	Impairment	Transfers (to)/from	Closing balance	Opening balance	Depreciation	Disposals	Revaluation	Transfers (to)/from	Closing balance	Opening balance	Closing balance
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Operational assets</i>																
Buildings and improvements	60,020	388	-	(4)	(3,475)	-	(1,589)	55,340	(3,599)	(1,716)	4	5,009	302	-	56,421	55,340
Computers and office equipment	3,554	380	-	(554)	-	-	5	3,385	(2,037)	(516)	554	-	57	(1,942)	1,517	1,443
Furniture and chattels	1,313	166	-	(101)	-	-	-	1,378	(558)	(143)	101	-	-	(600)	755	778
Land	29,303	-	-	-	4,235	-	(38)	33,500	-	(2)	-	-	2	-	29,303	33,500
Landfill post-closure	4,713	1,984	-	-	-	-	-	6,697	(1,023)	(363)	-	-	-	(1,386)	3,690	5,311
Library collections	4,572	407	-	(365)	-	-	-	4,614	(2,349)	(567)	365	-	-	(2,551)	2,223	2,063
Motor vehicles	3,288	228	-	(263)	-	-	-	3,253	(1,719)	(340)	214	-	4	(1,841)	1,569	1,412
Plant and machinery	3,565	200	-	(651)	-	-	-	3,114	(2,059)	(368)	637	-	-	(1,790)	1,506	1,324
Items under construction	616	131	-	-	-	-	(31)	716	-	-	-	-	-	-	616	716
Total operational assets	110,944	3,884	-	(1,938)	760	-	(1,653)	111,997	(13,344)	(4,015)	1,875	5,009	365	(10,110)	97,600	101,887
<i>Infrastructural assets</i>																
Bridges	15,304	17	-	-	(1,626)	-	-	13,695	(604)	(310)	-	915	(1)	-	14,700	13,695
River flood protection and control works	1,057	-	-	-	-	-	-	1,057	-	(25)	-	-	-	(25)	1,057	1,032
Roading – land under road	733,693	-	-	-	62,066	-	-	795,759	-	-	-	(272)	272	-	733,693	795,759
Roading and footpaths	261,587	7,606	-	-	24,251	-	(313)	293,131	(9,000)	(4,819)	-	13,847	(252)	(224)	252,587	292,907
Seawalls	4,890	17	-	-	-	-	6	4,913	-	(373)	-	-	-	(373)	4,890	4,540
Stormwater drainage	62,573	6,213	-	-	-	-	209	68,995	(860)	(1,061)	-	-	(12)	(1,933)	61,713	67,062
Wastewater – other assets	92,182	243	43	(29)	-	-	3	92,442	(34)	(1,832)	29	-	(3)	(1,840)	92,148	90,602
Wastewater treatment plants and facilities	23,459	234	-	-	-	-	-	23,693	-	(1,071)	-	-	-	(1,071)	23,459	22,622
Water – other assets	84,573	365	12	(1)	-	-	17	84,966	-	(1,763)	1	-	3	(1,759)	84,573	83,207
Water treatment plants and facilities	22,587	508	-	-	-	-	(1)	23,094	-	(890)	-	-	-	(890)	22,587	22,204
Items under construction	13,837	1,045	-	-	-	-	(8)	14,874	-	-	-	-	-	-	13,837	14,874
Total infrastructural assets	1,315,742	16,248	55	(30)	84,691	-	(87)	1,416,619	(10,498)	(12,144)	30	14,490	7	(8,115)	1,305,244	1,408,504
<i>Restricted assets</i>																
Buildings and improvements	29,350	1,212	-	(30)	(4,693)	-	1,618	27,457	(3,047)	(1,679)	6	5,025	(322)	(17)	26,303	27,440
Land	48,081	-	61	-	9,229	-	73	57,444	(20)	-	-	6	14	-	48,061	57,444
Items under construction	413	1,779	-	-	-	-	(15)	2,177	-	-	-	-	-	-	413	2,177
Total restricted assets	77,844	2,991	61	(30)	4,536	-	1,676	87,078	(3,067)	(1,679)	6	5,031	(308)	(17)	74,777	87,061
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,504,530	23,123	116	(1,998)	89,987	-	(64)	1,615,694	(26,909)	(17,838)	1,911	24,530	64	(18,242)	1,477,621	1,597,452

Revaluation methodology

Council has revalued its water, wastewater and stormwater (including seawalls and river control) assets at 30 June 2018 and a revaluation uplift of \$41.16 million was recognised. The increase was mainly due to the increase in unit rates (20% - 34%) of pipes and manholes to reflect current market prices. In addition to the unit rates increases, general changes that affected all assets within the categories were the increase in on-cost charges from 8% (2016) to 11% (2018) and the composite construction cost index increasing with 5.77% since 2016. The composite index is an overall indicator of the cost increases in construction sector. The key assumptions for calculating depreciated replacement cost are unit cost and useful life.

Description	Date of last asset valuation	Valuation method used to assess fair value	Next asset revaluation date
Operational assets			
Land and buildings	30 June 2017	<p>Valuations were performed by external registered valuers AON Valuation Services. The methodology used to assess the fair value of land and most of the buildings were the market value based on recent equivalent sales. Valuations were undertaken in accordance with standards issued by the New Zealand Property Institute. Where no market exists due to the specialised nature of the buildings, the valuation has been performed using the optimised depreciated replacement cost method.</p> <p>Land has been valued as vacant with assessments to comparable market evidence taking into consideration adjustments for size, contour, quality, location, zoning and designation, current and potential uses. Where it is identified that the land is designated reserve the appropriate adjustments to reflect the retrieved nature of any future development potential has been made.</p>	30 June 2020
Infrastructural assets			
Roading, footpaths, bridges and culverts	30 June 2017	<p>Valuations were performed by external registered valuers Stantec New Zealand Limited (formerly MWH New Zealand Limited). The optimised depreciated replacement cost method was used to assess the fair value. The valuation is based on the inventory within the Roding Asset Management and Maintenance (RAMM) database and unit prices updated by Stantec NZ Limited as part of the valuation. Unit values have been adjusted using the appropriate roading construction index. The rates for replacement costs of assets were based on current construction costs of similar works. Rates for major items have been made with equivalent rates for similar roading work with other parts of the Wellington region.</p>	30 June 2019
Land under roads	30 June 2017	<p>Valuations were performed by registered valuers AON Valuation Services. The land was valued on the basis of the average market value of land by location and land use and based on the per hectare value of "across the fence" adjoining land. Valuations were carried out in accordance with the Property Institute New Zealand Standards, the Local Government Act 2002, New Zealand infrastructure asset valuation and depreciation guidelines.</p>	30 June 2019
Water	30 June 2018	<p>Valuations were performed by external registered valuers WSP Opus International Consultants Limited. Council assets have been valued using the optimised depreciated replacement cost method. The New Zealand infrastructure asset valuation and depreciation guidelines issued by the New Zealand Assets Management (NZAM) group of the Institute of Public Works Engineering Australasia (IPEWA) give direction as to the overall methodology applicable to the optimised depreciated replacement cost valuation technique for water utilities.</p>	30 June 2020

Description	Date of last asset valuation	Valuation method used to assess fair value	Next asset revaluation date
Wastewater	30 June 2018	Valuations were performed by external registered valuers WSP Opus International Consultants Limited. All assets have been valued using the optimised depreciated replacement cost method. The New Zealand infrastructure asset valuation and depreciation guidelines issued by the NZAM group of IPEWA give direction as to the overall methodology applicable to optimised depreciated replacement cost valuations for wastewater utilities.	30 June 2020
Stormwater	30 June 2018	Valuations were performed by external registered valuers WSP Opus International Consultants Limited. All assets have been valued using the optimised depreciated replacements cost method. The New Zealand infrastructure asset valuation and depreciation guidelines issued by the NZAM group of IPEWA give direction as to the overall methodology applicable to optimised depreciated replacement cost valuations for stormwater utilities.	30 June 2020
Seawalls	30 June 2018	Valuations were performed by external registered valuers WSP Opus International Consultants Limited. All assets have been valued using the optimised depreciated replacements cost method. Unit rates were checked against recent contracts for appropriateness and consistency and following review, the replacement costs were prepared using the capital goods price index for reclamation and river control.	30 June 2020
River control	30 June 2018	Valuations were performed by external registered valuers WSP Opus International Consultants Limited. All assets have been valued using the optimised depreciated replacement cost method. Unit rates were checked against recent contracts for appropriateness and consistency and following review, the replacement costs were prepared using the capital goods price index for reclamation and river control.	30 June 2020
Restricted assets			
Parks and reserves structures	30 June 2017	Valuations were performed by external registered valuers AON Valuation Services. All assets have been valued using the optimised depreciated replacement cost method. Unit rates were checked against recent contracts for appropriateness and consistency and following review the replacement costs were assessed using the capital goods price index for reclamation and river control.	30 June 2020

Council has elected to revalue property, plant and equipment as follows:

Asset classification	Next revaluation	Subsequent revaluation
Water, wastewater and stormwater (including seawalls and river control)	30 June 2020	Every two years thereafter
Roading, including land under roads	30 June 2019	Every two years thereafter
Land and buildings (excluding land under roads revaluations)	30 June 2020	Every three years thereafter
Parks and reserves structures	30 June 2020	Every three years thereafter

Property, plant and equipment (continued)			
Summary of gains/(losses) on disposal of property, plant and equipment			
	Net sale proceeds \$000	Carry amount \$000	2017/18 gain/(loss) \$000
Land	257	99	158
Buildings	-	242	(242)
Plant and machinery	28	36	(8)
Motor vehicles	26	25	1
Closing balance	311	402	(91)

Motor vehicle fleet summary						
2017/18	1 July 2017 number	Additions number	Disposals during the year number	Held for sale as at 30 June 2018 number	30 June 2018 number	Held for sale carry amounts \$000
Heavy commercial vehicles (trucks)	11	1	-	-	12	-
Light commercial vehicles (utilities, 4WD, vans, minibuses)	54	2	(2)	(1)	53	8
Passenger vehicles (hatch, sedan, station wagons, 4WD)	24	-	-	-	24	-
Motorcycles, ATV, quad bikes	2	-	-	-	2	-
TOTAL FLEET	91	3	(2)	(1)	91	8

The replacement criteria for light commercial and passenger vehicles is the earlier of the vehicles travelling 100,000 km or reaching five years of age.

15. Intangible assets		
		Total Actual \$000
Computer software		
Cost	Opening balance 1 July 2017	1,781
	Additions during the year	409
	Disposals during the year	(212)
	Closing balance 30 June 2018	1,978
Amortisation	Opening balance 1 July 2017	(814)
	Amortisation during the year	(350)
	Disposals during the year	212
	Closing balance 30 June 2018	(952)
Carrying value	As at 30 June 2017	967
Carrying value	As at 30 June 2018	1,026

16. Trade and other payables		
2016/17 Actual \$000		2017/18 Actual \$000
Trade and other payables		
13,417	Trade creditors	11,897
868	Contract retentions	1,036
1,447	Greater Wellington Regional Council rates payable	1,479
623	Interest payable	754
2,069	Rates received in advance	2,155
1,110	Sundry payables	842
19,534	Total trade and other payables	18,163

Trade payables are non-interest bearing and normally settled on 30-day terms, therefore the carrying values approximate fair value.

17. Employee benefit liabilities		
2016/17 Actual \$000		2017/18 Actual \$000
Current		
37	Long service leave	58
55	Salaries	62
108	Sick leave	92
1,819	Annual leave	1,819
2,019	Total current employee benefit liabilities	2,031
Non-current		
70	Long service leave	61
132	Retirement gratuities	69
202	Total non-current employee benefit liabilities	130
2,221	Total employee benefit liabilities	2,161

18. Deposits		
2016/17 Actual \$000		2017/18 Actual \$000
Deposits		
8	Hall deposits	8
7	Miscellaneous deposits	14
425	Resource consent planning bonds	632
380	Road damage deposits	583
820	Total deposits	1,237

19. Borrowings		
2016/17 Actual \$000		2017/18 Actual \$000
80,000	Short term borrowings	30,000
130,000	Long term borrowings	175,000
210,000	Total borrowings	205,000
	Maturity	
80,000	2017/18	-
25,000	2018/19	30,000
25,000	2019/20	45,000
20,000	2020/21	40,000
15,000	2021/22	35,000
15,000	2022/23	15,000
5,000	2023/24	5,000
20,000	2024/25	20,000
5,000	2026/27	15,000
210,000	Total borrowings	205,000

The Council joined the Local Government Funding Agency (LGFA) as a shareholder in October 2012 and has borrowed longer term funding through the LGFA to make savings on interest rate margins. As at balance date, \$205 million (2017: \$210 million) of Council's total borrowings were funded through LGFA. The Council's borrowings from the LGFA are secured by a Debenture Trust Deed over Council rates. All Council borrowings are secured as a charge over rates and no defaults or breaches occurred during the year.

As at balance date, the effective weighted average interest rate on Council's borrowings was 4.52% (2017: 4.89%).

20. Provisions		
2016/17 Actual \$000		2017/18 Actual \$000
	Weathertight buildings	
189	Opening balance	46
(57)	Increase/(decrease) in provision	300
(86)	Expenditure	(32)
46	Closing balance 30 June	314
	Landfill aftercare	
3,580	Opening balance	5,065
1,985	Increase/(decrease) in provision	(1,090)
(500)	Expenditure	(503)
5,065	Closing balance 30 June	3,472
	Other provisions	
418	Opening balance	306
(33)	Increase/(decrease) in provision	(33)
(79)	Expenditure	(62)
306	Closing balance 30 June	211
5,417	Total provisions	3,997

Provision for weathertight buildings

This provision represents the Council's estimated liability relating to the settlement of claims arising in relation to the Weathertight Homes Resolution Services (WHRS) Act 2006 and civil proceedings for weather tightness.

At balance date, the Council has provided the estimated costs of known claims currently outstanding, including those claims lodged with WHRS but not yet being actively managed. This method of calculation is consistent with prior years.

Provisions		
2016/17 Actual \$000		2017/18 Actual \$000
Current		
46	Provision for weathertight buildings	314
1,045	Provision for landfill aftercare	572
172	Other provisions	155
1,263	Total current provisions	1,041
Non-current		
-	Provision for weathertight buildings	-
4,020	Provision for landfill aftercare	2,900
134	Other provisions	56
4,154	Total non-current provisions	2,956
5,417	Total provisions	3,997

Landfill aftercare provision

Council currently operates the Otaihanga landfill and also manages the Ōtaki and Waikanae sites which are now closed.

Council obtained a resource consent for 35 years in 1994 to operate the Otaihanga landfill. Council has responsibility under the Resource Management Act 1991 to provide ongoing maintenance and monitoring of landfills after closure.

These closure responsibilities include:

- final cover application and vegetation
- stormwater control features
- completing wetlands for leachate treatment and monitoring, and
- completing facilities for monitoring and management of any landfill gas.

Post-closure responsibilities include:

- monitoring of leachate
- ground water monitoring and surface water monitoring, and
- ongoing site maintenance for stormwater control, final cover and vegetation.

The Otaihanga landfill has been closed for general waste since 2007 and stopped accepting biosolids during 2015/16. Cleanfill (capping material) will however continue to be accepted until final closure in 2026 (2017:2023).

The annual cost for monitoring and maintenance of the Otaihanga landfill site after closure is estimated to be \$85,000 per year for the first three years after closure, \$69,000 per year for the next five years and then an annual monitoring cost of \$60,000 for the remaining 22 years.

The annual cost for monitoring the closed landfills in Waikanae and Ōtaki is \$5,500 per landfill and will be required until 2030 for Waikanae and 2026 for Ōtaki.

The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has increased by \$96,000 in the current year to accommodate the full post closure maintenance and monitoring costs for the landfill.

The provision is calculated as the present value of the expected cost to settle the obligation, using estimated cash flows and a discount rate that reflects the risks specific to the liability.

As greater certainty exists around future estimated cashflows of this obligation, a discount rate of 50% of the government's risk free rate (average of 1.57%) was used for 2017/18, compared to 0% in 2016/17. The change in discount rate resulted in a decrease in the provision of \$1.19 million, which was directly offset against the landfill asset.

The provision is based on best estimated information available when preparing the calculation and is reviewed at reporting date.

21. Revaluation reserve				
	Opening balance	Increase	Decrease	Closing balance 2017/18
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Land and buildings	58,084	-	(196)	57,888
Roading and bridges	711,294	-	-	711,294
Water	17,232	14,920	-	32,152
Wastewater	46,832	27,372	-	74,204
Stormwater and river control	19,576	-	(933)	18,643
Total revaluation reserve	853,018	42,292	(1,129)	894,181

22. Reserves and special funds				
	Opening balance	Transfers into reserve	Transfers out of reserve	Closing balance 2017/18
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Restricted reserves				
Plant purchase and renewal fund	710	680	(475)	915
Waikanae property fund	87	6	-	93
Waikanae capital improvements fund	1,203	114	(90)	1,227
Total restricted reserves	2,000	800	(565)	2,235
Council-created reserves				
Contingency fund	6	-	-	6
Paekākāriki Campe Estate	113	8	-	121
Roading reserve	785	-	-	785
Election reserve	-	-	-	-
Financial contribution reserve	-	9,857	(8,847)	1,010
Total council-created reserves	904	9,865	(8,847)	1,922
Total reserves and special funds	2,904	10,665	(9,412)	4,157

Plant purchase and renewal fund

The purpose of the reserve is to fund ongoing replacement of plant and vehicles when this falls due. The reserve is funded from depreciation charges on our current plant and vehicles.

Waikanae property fund

The purpose of the reserve is to fund improvements to council-owned properties in Waikanae. The source of funds is the proceeds from sale of other council property in the Waikanae ward (excluding districtwide funded properties).

Waikanae capital improvements fund

The purpose of the reserve is to fund capital improvements in the Waikanae ward and also to provide capital grants to Waikanae organisations in accordance with approved criteria. The source of funds is Waikanae ward's share of the property assets of the Horowhenua County Council and interest earned on the capital sum.

Contingency fund

This is a discretionary fund for the purpose of funding unexpected legal expenditure across the district, e.g. leaky home claims, flood events and insurance excess.

Paekākāriki Campe Estate

The purpose of the reserve is to fund administration of the Paekākāriki Campe Estate for the benefit of the youth of Kāpiti. The source of the funds is the proceeds from sale of the property owned by Mr Campe plus interest on the capital sum.

Roading reserve upgrading contributions

The purpose of the reserve is to fund road upgrading works. The source of funds was road upgrading development contributions from developers.

Election reserve

The purpose of the reserve is to fund the three yearly election cycle.

Financial contribution reserve

Financial contributions are a contribution of money, land, or a combination of both. The purpose of a financial contribution (consisting mainly of reserves contributions) is to address the specific adverse effects generated by a land use activity or subdivision. This includes effects on open spaces and reserves; upgrading off-site infrastructure, before programmed works that will address any environmental effects created by the proposed development; significant heritage and ecological features; and riparian margins.

23. Reconciliation of operating surplus/(deficit) to cash flow from operating activities		
2016/17 Actual \$000		2017/18 Actual \$000
6,478	Net operating surplus/(deficit) for the year	4,100
	Add/(less) non-cash items	
18,137	Depreciation and amortisation expense	19,240
(87)	Vested assets	(3,562)
(7,515)	Unrealised loss/(gain) on revaluation of financial derivatives	1,811
-	Impairment of property, plant and equipment	166
(44)	(Gains)/losses in fair value of forestry assets	313
74	Present value adjustments	(101)
10,565	Total non-cash items	17,867
	Add/(less) items classified as investing or financing activities	
13	Loss/(gain) on disposal of property, plant and equipment and intangibles	91
(5,104)	Proceeds from capital grants	(4,095)
9,162	Interest on borrowings	9,715
4,071	Total investing or financing activities	5,711
	Add/(less) movements in working capital items	
(1,544)	(Increase)/decrease in receivables	756
(17)	(Increase)/decrease in inventory	(6)
2,745	Increase/(decrease) in payables	(1,371)
96	Increase/(decrease) in employee entitlements	(60)
73	Increase/(decrease) in deposits	417
1,230	Increase/(decrease) in provisions	(1,420)
2,583	Total movement in working capital	(1,684)
23,697	Net cash inflow/(outflow) from operating activities	25,994

24. Financial instruments

The accounting policies for financial instruments have been applied to the line items below.

Financial instruments categories		
2016/17 Actual \$000		2017/18 Actual \$000
	Financial assets	
	Loans and receivables	
455	Cash and cash equivalents	4,052
8,211	Trade and other receivables	7,612
514	Loans	527
3,360	LGFA borrower notes	3,280
60,000	Term deposits	49,500
72,540	Total loans and receivables	64,971
	Available-for-sale	
21	Perpetual notes	21
100	Shares in LGFA	100
15	Shares in Civic Financial Services	15
136	Total available-for-sale	136
	Fair value through other comprehensive revenue and expense	
	Derivative financial instruments	
-	Current	-
360	Non-current	-
360	Total fair value through other comprehensive revenue and expense	-
	Financial liabilities	
	Fair value through other comprehensive revenue and expense	
	Derivative financial instruments	
238	Current	244
11,559	Non-current	12,951
11,797	Total fair value through other comprehensive revenue and expense	13,195
	Financial liabilities at amortised cost	
17,465	Trade and other payables	16,008
210,000	Borrowings	205,000
227,465	Total financial liabilities at amortised cost	221,008

Financial risk management

As part of its normal operations, council is exposed to interest rate risk, credit risk and liquidity risk. Council's exposure to these risks and the action that Council has taken to minimise the impact of these risks is outlined below.

Interest rate risk

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates expose the council to fair value interest rate risk. The Council's treasury management policy outlines the level of borrowing that is to be secured using fixed rate instruments.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose council to cash flow interest rate risk.

Council manages its cash flow interest rate risk on borrowings by using interest rate swaps. Interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if council borrowed at fixed rates directly. Under the interest rate swaps, the Council agrees with other parties to exchange, at specified intervals, the difference between contracted fixed rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Council has interest rate swap agreements in place at 30 June 2018 in relation to its borrowing programme. Including forward start swaps, the notional contract value of these agreements was \$211.1 million (2017: \$258.63 million).

The fixed interest rate range for Council's interest rate swaps are 2.47% to 5.75%. The net fair value of the interest rate swaps as at 30 June 2018 was \$13.2 million net liability (2017: \$11.44 million net liability).

The movement in the fair value of interest rate swaps at balance date is taken directly to the statement of comprehensive revenue and expense.

Sensitivity analysis

In managing interest rate risk, the Council aims to reduce the impact of short-term fluctuations on Council. Over the longer term, however, permanent changes in interest rates will have an impact on financial performance.

As at 30 June 2018, it is estimated that a general increase of one percent in interest rates would result in a net operating surplus of \$13.39 million. This is driven by an unrealised gain on the revaluation of derivatives of an estimated \$9.18 million plus a net \$0.01 million increase in net interest income.

Conversely, it is estimated that a general decrease of one percent in interest rates would result in a net operating loss of \$5.83 million. This is driven by an unrealised loss on the revaluation of derivatives of an estimated \$9.82 million plus a net \$0.01 million decrease in net interest expense.

The tables on the following page illustrate the potential effect on the net operating surplus or deficit for reasonably possible market movements, with all other variables held constant, based on council's financial instrument exposures at balance date.

Fair value sensitivity				
\$000	2017/18		2016/17	
	+100 BPS	-100 BPS	+100 BPS	-100 BPS
Interest rate risk				
Financial assets				
Cash and cash equivalents	-	-	-	-
Other financial assets – term deposits	520	(520)	600	(600)
Derivative financial instruments - current	-	-	-	-
Derivative financial instruments - non-current	-	-	1,277	(1,426)
Financial liabilities				
Derivative financial instruments - current	61	(63)	98	(102)
Derivative financial instruments - non current	8,596	(9,238)	7,776	(8,371)
Borrowings	-	-	-	-
Gain/(loss)	9,177	(9,821)	9,751	(10,499)

Cash flow sensitivity				
\$000	2017/18		2016/17	
	+100 BPS	-100 BPS	+100 BPS	-100 BPS
Interest rate risk				
Financial assets				
Cash and cash equivalents	16	(16)	5	(5)
Other financial assets - LGFA notes	33	(33)	34	(34)
Derivative financial instruments - current	-	-	-	-
Derivative financial instruments - non-current	-	-	250	(250)
Financial liabilities				
Derivative financial instruments - current	100	(100)	420	(420)
Derivative financial instruments - non current	2,011	(2,011)	1,916	(1,916)
Borrowings	(2,050)	2,050	(2,100)	2,100
Gain/(loss)	110	(110)	525	(525)

Credit risk

Credit risk is the risk that a third party will default on its obligations to council, thereby causing a loss. Council is not exposed to any material concentration of credit risk other than its exposure within the Wellington region. Receivables balances are monitored on an ongoing basis with the result that Council's exposure to bad debts is not significant. The table on the following page shows the maximum exposure to credit risk.

Credit risk exposure of financial assets

The table below analyses council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

Contractual maturity analysis of financial assets						
2017/18	Carrying amount	Total contractual cashflow	0-12 months	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	4,052	4,143	4,143	-	-	-
Derivative financial instruments	-	-	-	-	-	-
Trade and other receivables	7,612	7,612	7,612	-	-	-
Loan receivables	527	638	67	66	193	312
Term deposits	49,500	51,238	35,697	15,541	-	-
LGFA borrow notes	3,280	3,555	489	744	1,557	765
Total	64,971	67,186	48,008	16,351	1,750	1,077

Contractual maturity analysis of financial assets						
2016/17	Carrying amount	Total contractual cashflow	0-12 months	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	455	455	455	-	-	-
Derivative financial instruments	360	(2,931)	(332)	(332)	(996)	(1,271)
Trade and other receivables	8,211	8,211	8,211	-	-	-
Loan receivables	514	661	86	86	254	235
Term deposits	60,000	61,154	61,154	-	-	-
LGFA borrow notes	3,360	3,531	1,297	418	977	839
Total	72,900	71,081	70,871	172	235	(197)

Liquidity risk

Liquidity risk is the risk that council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

Council manages its borrowings in accordance with its treasury management policy. Council has a \$20 million credit line facility with Westpac Banking Corporation.

The table below sets out the contractual cash flows from all financial liabilities that are settled on a gross cash flow basis. Contractual cash flows for financial liabilities comprise the nominal amount and interest payments.

Contractual maturity analysis of financial liabilities						
2017/18	Carrying amount	Total contractual cash flows	0-12 months	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Trade and other payables	16,008	16,008	16,008	-	-	-
Derivative financial instruments	13,195	21,436	4,656	4,134	8,902	3,744
Borrowings	205,000	223,737	35,170	49,062	96,735	42,770
Total	234,203	261,181	55,834	53,196	105,637	46,515

Contractual maturity analysis of financial liabilities						
2016/17	Carrying amount	Total contractual cash flows	0-12 months	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
Trade and other payables	17,465	17,465	17,465	-	-	-
Derivative financial instruments	11,797	23,087	4,607	4,340	9,536	4,604
Borrowings	210,000	227,092	84,720	28,291	66,341	47,740
Total	239,262	267,644	106,792	32,631	75,877	52,344

Fair value

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The fair values of all financial instruments equate to the carrying amount recognised in the statement of financial position.

Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy.

Level 1 – the fair value is calculated using quoted prices in an active market.

Level 2 – the fair value is estimated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

There were no transfers between the different levels of the fair value hierarchy.

The table below analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

Fair value hierarchy disclosures								
\$'000	2017/18				2016/17			
	Quoted market price (level 1)	Valuation technique – market observable inputs (level 2)	Valuation technique – non-market observable inputs (level 3)	Total	Quoted market price (level 1)	Valuation technique – market observable inputs (level 2)	Valuation technique – non-market observable inputs (level 3)	Total
Financial assets								
Derivative financial instruments	-	-	-	-	-	360	-	360
Perpetual notes	-	21	-	21	-	21	-	21
Shares in CFS	-	15	-	15	-	15	-	15
Shares in LGFA	-	100	-	100	-	100	-	100
Total	-	136	-	136	-	496	-	496
Financial liabilities								
Derivative financial instruments	-	13,195	-	13,195	-	11,797	-	11,797
Total	-	13,195	-	13,195	-	11,797	-	11,797

25. Remuneration and employees

Executive remuneration

The Local Government Act 2002 requires the council to disclose the total remuneration of key management personnel for the reporting period. Key management personnel include the senior leadership team, councillors and elected committee members.

The total salary and other short term employee benefits paid to the key management personnel for the year ended 30 June 2018 was \$2.11 million (2017: \$1.99 million). There were 33 (2017:33) full time equivalent key management personnel during the year. There were no termination payments made to key management personnel in the year (2017: nil).

Chief executive

For the year ended 30 June 2018, the total remuneration paid or payable were as follows:

Pat Dougherty received a fixed remuneration package of \$310,500 per annum. He resigned during the year and left the Council on 1 December 2017.

Gary Simpson was appointed as interim chief executive for a period of seven weeks and received a remuneration package of \$43,566 for the period.

Wayne Maxwell was appointed as Chief Executive and commenced 22 January 2018 with a fixed remuneration package of \$295,000 per annum.

The fixed remuneration package comprises a salary component and a salary sacrifice component, covering professional fees.

Number of employees		
2016/17		2017/18
242	Permanent full time employees	252
37	Full time equivalents (FTEs) of all permanent non-full time employees	44
44	Full time equivalents of non-permanent staff (Contractors)	35
323	Total full time equivalent employees	331

Employees who work more than 37.5 hours per week are deemed a full time equivalent even if they work on a casual basis.

Salary bands				
Number of permanent employees (headcount) 2016/17	Number of non-permanent staff (Contractors) (headcount) 2016/17		Number of permanent employees (headcount) 2017/18	Number of non-permanent staff (Contractors) (headcount) 2017/18
158	71	Less than \$59,999	177	59
74	12	\$60,000 to \$79,999	80	12
36	5	\$80,000 to \$99,999	36	4
19	1	\$100,000 to \$119,999	20	1
14	1	\$120,000 - \$139,999	14	2
8	-	\$140,000 - \$199,999	6	1
3	-	More than \$200,000	5	-
312	90	Total remuneration	338	79

Employee remuneration includes salary and motor vehicles as part of the salary package paid to the employee. These figures represent headcount and so do not agree to the total full time equivalent employees reported at the left.

Severance payments

For the year ended 30 June 2018 there were severance payments made to one employee (2017: one) totalling \$15,919 (2017: \$7,500).

Councillors and elected members remuneration

Council members are paid an annual salary and also have mileage reimbursed for journeys to and from a council office and some IT costs are subsidised. Total remuneration paid for the year ended 30 June 2018 is summarised in the tables on the following page.

Remuneration of councillors and elected members			
2017/18 Name	Remuneration	Reimbursement	Total remuneration
	Actual \$000	Actual \$000	Actual \$000
Councillors			
K Gurunathan – Mayor	115	-	115
Angela Buswell	33	3	36
David Scott	33	-	33
Fiona Vining	48	-	48
Jackie Elliott	37	3	40
James Cootes	42	3	45
Janet Holborow	44	2	46
John Howson	33	1	34
Mark Benton	37	-	37
Michael Scott	42	-	42
Mike Cardiff	42	-	42
Paekākāriki community board members			
Philip Edwards (Chair)	8	1	9
Holly Ewens	4	-	4
Paul Hughes	4	-	4
Stephen Eckett	4	-	4
Paraparaumu - Raumati community board members			
Jonny Best (Chair)	19	-	19
Bernie Randall	10	-	10
Guy Burns	6	-	6
Kathy Spiers	10	-	10
Ōtaki community board members			
Christine Papps (Chair)	15	2	17
Kerry Bevan	7	-	7
Marilyn Stevens	7	-	7
Shelly Warwick	7	1	8
Waikanae community board members			
Jocelyn Prvanov (Chair)	16	-	16
James Westbury	8	-	8
Jeremy Seamark	8	-	8
Tonchi Begovich	8	-	8
Total	647	16	663

26. Commitments and operating leases

Capital commitments		
2016/17 Actual \$000		2017/18 Actual \$000
9,241	Contracted capital commitments at 30 June but not yet completed	3,842
9,241	Total capital commitments	3,842

Non-cancellable operating leases (as lessee)		
2016/17 Actual \$000		2017/18 Actual \$000
	<i>Remaining payables under leases</i>	
491	Not later than one year	484
920	Later than one year and not later than five years	501
65	Later than five years	-
1,476	Non-cancellable operating leases (council as lessee)	985

Council leases commercial premises in Ōtaki and Paraparaumu.

Non-cancellable operating leases (as lessor)		
2016/17 Actual \$000		2017/18 Actual \$000
	<i>Remaining receivables under leases</i>	
519	Not later than one year	527
1,699	Later than one year and not later than five years	1,643
454	Later than five years	565
2,672	Total operating lease commitments (council as lessor)	2,735

Council leases various council-owned land and buildings to the community and to commercial organisations.

27. Capital expenditure by activity		
2016/17 Actual \$000		2017/18 Actual \$000
937	Water	758
7,400	Access and transport	7,372
960	Coastal management	658
2,007	Water management	2,132
2,869	Stormwater management	1,501
2,177	Economic development	4,066
285	Community facilities and community support	463
1,374	Parks and open spaces	1,211
2,261	Recreation and leisure	4,188
-	Regulatory services	65
512	Governance and tangata whenua	504
960	Corporate	863
-	Solid waste	7
21,742	Total capital expenditure	23,788

28. Council-controlled organisations (CCOs)

Local Government Funding Agency

Background information

On 30 November 2012, council became a principal shareholder local authority in the Local Government Funding Agency (LGFA). Council holds 200,000 shares (total number of shares available 45,000,000) reflecting a 0.44% interest.

The primary objective of the LGFA is to optimise the debt funding terms and conditions for participating local authorities. This includes providing savings in annual interest costs, making longer-term borrowings available and enhancing the certainty of access to debt markets.

Local Government Act (2002) considerations

The LGFA meets the definition of a council-controlled organisation under section 6(10(a)) as an entity in respect of which one or more local authorities have, whether or not jointly with other local authorities or persons, control, directly or indirectly, of

50% or more of the votes at any meeting of the members or controlling body of the entity.

Council therefore has an interest over the LGFA which is subject to the reporting requirements of a council-controlled organisation.

Financial reporting considerations

IPSAS 20 Related party disclosure – Council does not have the ability to control the entity (0.44% shareholding is less than the control threshold). Council does not exercise significant influence over the entity in making financial and operating decisions. The relationship with the LGFA therefore does not meet the definitions of a related party as outlined in the accounting standard.

IPSAS 7 Investments in associates – Council does not exercise significant influence over the entity in making financial and operating decisions. The relationship with the LGFA therefore does not meet the definitions of an associate as outlined in the accounting standard.

IPSAS 6 Consolidated and separate financial statements – Council does benefit from the activities of the LGFA under the terms and conditions of participating local authorities. However, council does not have the power to govern the financial and operating policies of the LGFA and therefore the relationship with the LGFA does not meet the definition of a controlled entity.

Based on the assessments outlined above, the LGFA does not meet the definition of a related party, is not an associate and does not meet the requirements of consolidation into council's financial statements.

Implications

LGA 2002 – LGFA is subject to the reporting requirements imposed on council-controlled organisations as outlined in Part A of the Act.

Financial reporting – There are no financial reporting obligations arising from council's relationship with LGFA.

29. Summary of capital projects over \$250,000				
	2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Variance \$000	2017/18 Carry over \$000
Asset Renewal				
Otaki pool	3,231	2,397	(834)	-
Book purchases	406	407	1	-
IT technical infrastructure	66	324	258	-
NZTA sealed road resurfacing	1,020	1,020	-	-
NZTA traffic services renewals	349	371	22	-
Roading Emergency works	398	-	(398)	-
Paekākāriki Seawall	96	950	854	854
Plant purchase & renewal	474	457	(17)	-
Water network planned renewals	112	297	185	-
Water network unplanned renewals	254	213	(41)	-
Retic planned renewals	535	605	70	-
Para WWTP renewals	318	272	(46)	-
Para WWTP Dissolved air flotation	533	315	(218)	-
Projects Individually under \$250,000	3,634	3,741	107	449
Subtotal	11,426	11,369	(57)	1,303
New assets/upgrades				
Otaki Pool Filtration & Splash pad	337	993	656	-
Strategic land purchase	697	778	81	338
Self insurance contingency fund	-	254	254	254
Youth hub	325	325	-	-
Council software systems	327	209	(118)	-
Cycleway, walkways & Bridleways	200	321	121	-
NZTA Minor safety improvements	420	357	(63)	-
NZTA LED Streetlight deployment	1,021	1,021	-	-
Stride N Ride	1,852	3,001	1,149	-
NZTA East West connectors	199	370	171	-
Town centre	3,369	2,383	(986)	-
Minor stormwater projects	945	821	(124)	-
Major stormwater projects	545	611	66	-
Wharemauku block wall	135	400	265	265
Waikanae duplicate rising main	164	1,143	979	971
Projects individually under \$250,000	1,826	2,235	409	437
Subtotal	12,362	15,222	2,860	2,265
Total	23,788	26,591	2,803	3,568

30. Related party disclosures

Related party transactions – key management personnel

For the purposes of related parties disclosures, key management personnel include the mayor, councillors, the chief executive and the senior leadership team.

During the year, key management personnel have been involved in transactions with council that are of a minor and routine nature and were conducted at arm's length, such as payment of rates. These transactions have been conducted on normal commercial terms.

As at balance date, there were no commitments from council to key management personnel. The mayor and councillors disclose their personal interest in a register available on the council website.

Material related party transactions – other organisations

During the year council borrowed \$75 million from the LGFA and repaid \$80 million to the LGFA.

31. Major variances from budget

Major variances from council's budget figures are explained below.

Statement of comprehensive revenue and expense

Fees and Charges

Fees and charges were \$0.4 million favourable to budget. This was mainly due to the following:

- a reduction in compliance cost associated with fees from warrant of fitness (WOF) and vehicle registration infringements (\$0.3 million) and
- higher than planned penalties for late payment of rates (\$0.1 million)

Development and Financial Contributions

Development and Financial Contributions were \$2.7 million favourable to budget due to higher subdivision and building activity than planned. The majority of this development has occurred in Waikanae and Ōtaki.

Other Operating Revenue

Other operating revenue was \$3.9 million favourable to budget mainly due to a greater level of vested assets from subdivision activity mainly in Waikanae and Ōtaki.

Other Operating Expenses

Other operating expenses were \$0.9 million unfavourable to budget mainly due to unplanned emergency management expenses (\$0.5 million) together with additional consultancy work for the expressway project (\$0.2 million). We received additional funding of \$0.4 million towards these projects.

Interest income

Interest income was \$0.7 million favourable to budget due to higher levels of prefunding of borrowings which were invested on term deposit.

Unrealised gain on financial derivatives

Unrealised gains on financial derivatives were \$1.8 million unfavourable to budget because swap rates are lower compared to opening rates at 1 July 2017.

Revaluation of property, plant and equipment

Council's water, wastewater, stormwater and flood protection assets were revalued as at 30 June 2018. These assets were revalued \$29.4 million favourable to budget mainly due to an increase in the construction cost index of 5.77% from 2016 as well as an uplift of 3% in on-cost allowance expenses.

Statement of financial position

Property, plant and equipment

Property, Plant and Equipment is \$27.1 million favourable to budget, mainly due to the year-end revaluation of the water, wastewater, stormwater and flood protection assets.

Other financial assets

Other financial assets are \$34.8 million favourable to budget, mainly due to:

- an additional \$20 million of debt that was issued during the year and placed on term deposit to prefund debt maturing in March and September 2019
- \$10 million of planned debt that was not required due to the approved decrease in the 2017/18 capital works programme and the year-end carry overs. These funds were placed on term deposit to further prefund the September 2019 debt maturity.
- \$4.5 million of surplus cash was placed on short term deposit for payment of the 2017/18 capital works programme when falling due in the early in 2018/19 financial year.

Borrowings

Gross borrowings are \$18.45 million unfavourable to budget mainly due to an additional \$20 million of unplanned debt that was issued to prefund March and September 2019 debt maturities.

Derivative Financial instruments

Derivatives are \$2.28 million unfavourable to budget due to the long term swap rates that have decreased since the start of the financial year. Consequently, the value of council's derivatives to maturity increased from 30 June 2017.

Total Public Equity

Council's equity is \$43.9 million favourable to budget, This is mainly due to the unplanned increase in the revaluation of Council's three water assets.

32. Contingent liabilities

Guarantees and uncalled capital

Council is one of 31 local authority shareholders of the LGFA and has an obligation in respect of uncalled capital of \$100,000.

At 30 June 2018, the LGFA had borrowings totalling \$8.272 billion (2017: \$7.945 billion).

Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- 1) The only circumstance where LGFA would default on its debt is the event where a council defaulted on a loan obligation that exceeded LGFA's available liquidity assets. As at 30 June 2018, this would need to be a single council default event that exceeded the sum of:
 - cash and deposits of \$251.4 million,
 - LGFA borrower notes of \$135.2 million,
 - LGFA credit facility of \$600 million, and
 - uncalled share capital of \$20 million from LGFA shareholders.
- 2) In the event of an LGFA default, the call on the guarantee is made on the Council's proportion of their share of the underlying rate base.
- 3) In the event of a default exceeding the LGFA's available liquid assets, the council would be called for 1.1% of the overall call (less than the council's 2.7% of LGFA's loan assets).

Legal claims

In April 2013, the Ministry of Education (MOE) initiated High Court proceedings against Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Kāpiti Coast District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 21 of which are located within Kāpiti Coast District, 7 of which may be time barred. At present there is insufficient information to conclude on potential liability and claim quantum, if any.

33. Insurance

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

- 1) Transferring the risk by purchasing external insurance cover.
- 2) Sharing the risk between councils. The Council participates in an outer Wellington shared services insurance programme with Porirua, Hutt and Upper Hutt City Councils for the risk of material damage and business interruption arising from damage to property, plant and equipment and infrastructure assets, both above and below ground. This policy includes cover in the event of a natural catastrophe.

Council's maximum limits of liability for the Kāpiti district's infrastructure assets have been determined independently through earthquake and liquefaction loss estimate analysis completed by Tonkin Taylor Limited.

The total value of Council's assets that are covered by insurance contracts and/or financial risk sharing arrangements and the maximum insurance amount available to council are included in the table below.

Council does not insure land, roading, bridges and its forestry and does not administer or hold a restricted self-insurance fund.

Council holds sufficient professional liability and indemnity insurance cover.

Asset	Type of insurance	Total value of council assets covered by financial risk sharing arrangements as at 30 June 2017	Maximum limit of insurance cover available to council under those arrangements as at 30 June 2017
Property, plant and equipment and above- ground infrastructural assets	Material damage and business interruption	\$230 million	\$600 million for any one loss or series of losses arising out of any one event and applying to material damage and business interruption combined. Limited to a \$230 million sub-limit.
Residential property	Earthquake Commission (EQC) and material damage	\$26 million	Natural catastrophe: First \$0.1 million for each loss event per property to be recovered from the EQC. Any remaining top-up required per loss event per property to a maximum of \$26 million for 129 properties. All other losses: Replacement value per loss event per property to a maximum of \$26 million for 129 properties.
Motor vehicles	Comprehensive motor vehicle cover	\$1.50 million	Fleet vehicles: Market or lease value of insured vehicle at the time and place of loss, limited to \$0.4 million for any one insured vehicle, unless notified to insurer. Third party liability: limit indemnity of \$20 million for any one claim or series of claims arising from any one accident.
Underground infrastructural assets	Material damage and business interruption in the event of natural catastrophe	\$130 million	\$600 million combined material damage and business interruption limit for an event involving more than one council for any loss or series of losses arising out of any one event and is subject to one automatic reinstatement at nil charge. Limited to a \$130 million sub-limit.

34. Rating base information			
Year	Rating units	Total capital value of rating units \$000	Total land value of rating units \$000
2013/14			
Rateable units	24,452	10,287,650	5,017,185
Non-rateable units	739	362,390	140,252
Total	25,191	10,650,040	5,157,437
2014/15			
Rateable units	24,527	10,431,956	5,030,918
Non-rateable units	818	363,157	134,917
Total	25,345	10,795,113	5,165,835
2015/16			
Rateable units	24,555	10,798,419	5,150,537
Non-rateable units	832	378,393	138,669
Total	25,387	11,176,812	5,289,206
2016/17			
Rateable units	24,697	10,916,193	5,173,253
Non-rateable units	668	382,366	142,618
Total	25,365	11,298,559	5,315,871
2017/18			
Rateable units	24,781	11,027,223	5,178,137
Non-rateable units	773	509,010	210,376
Total	25,554	11,536,233	5,388,513

35. Events after the end of the reporting period

There are no material non-adjusting events after the reporting date.

Disclosure statement

for the year ending 30 June 2018

What is the purpose of this statement?

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

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014, (the regulations). Please refer to the regulations for more information, including definitions of some of the terms used in this statement.

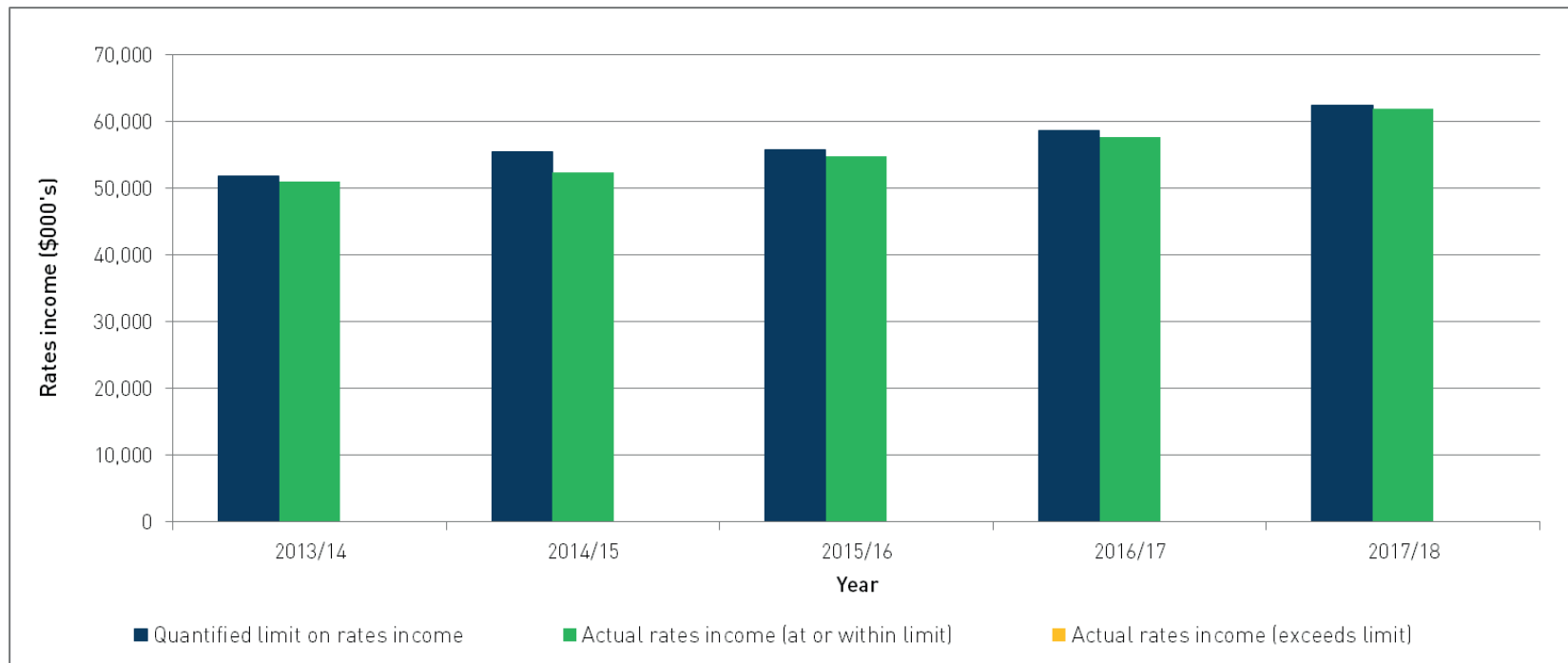
Rates affordability

Council meets its affordability benchmark if:

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

Rates (income) affordability

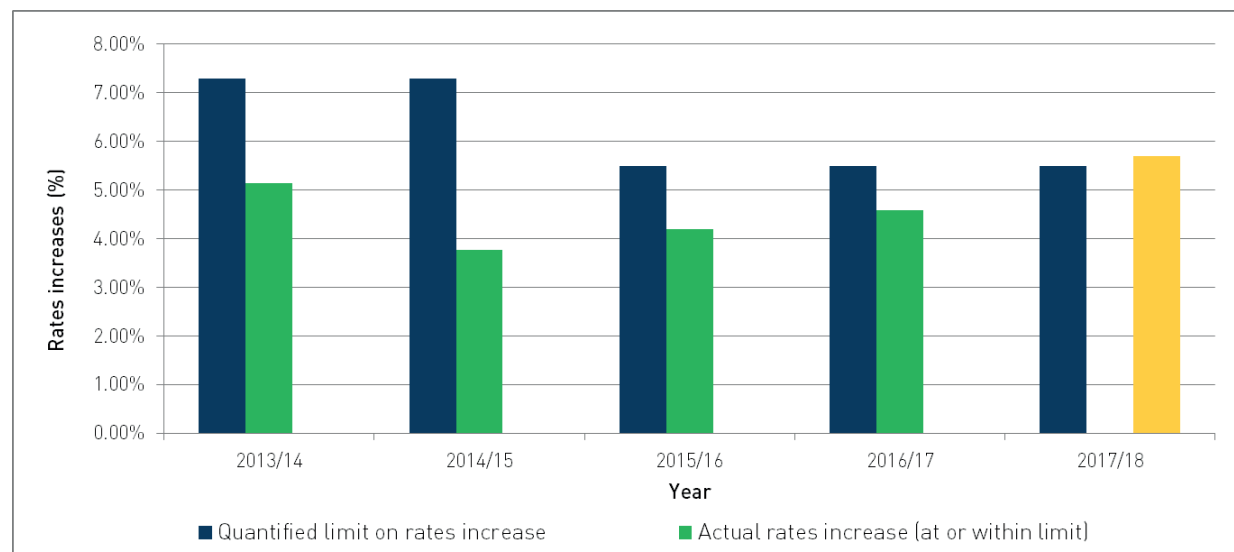
The following graph compares council's actual rates income with a quantified limit on rates contained in the financial strategy included in council's long term plans



Rates (increases) affordability

The graph at right compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in Council's long term plans.

The rates increase for 2017/18 was higher than the financial strategy limit set in the long term plan. It was deemed necessary to address changes in the council operating environment and intergenerational equity, while continuing to progress towards the vision agreed with the community in the long term plan

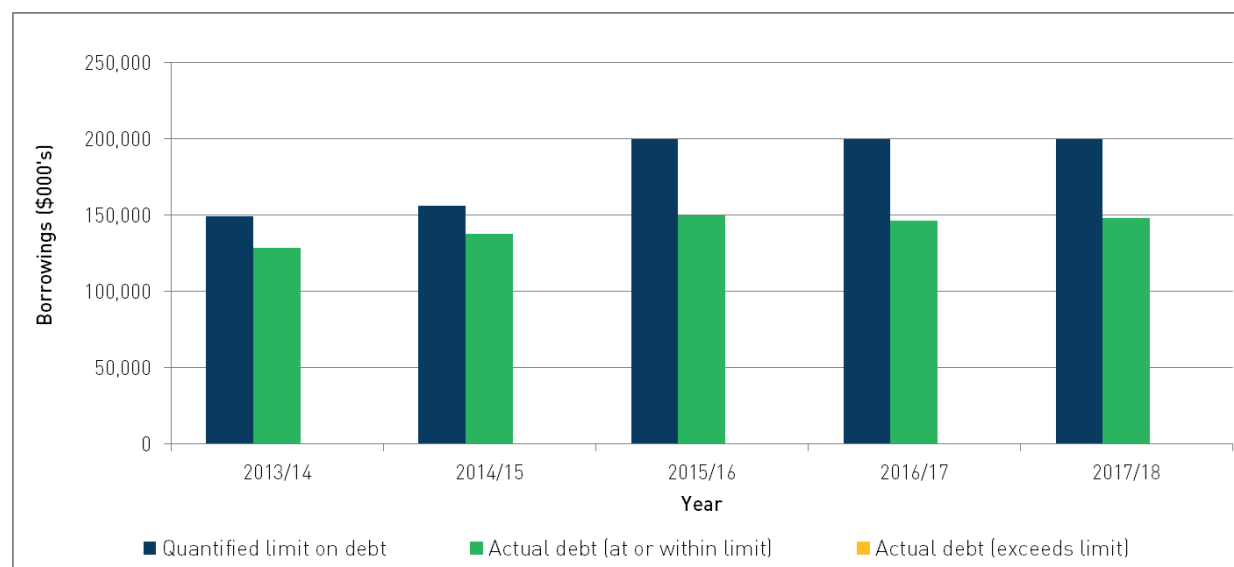


Debt affordability

Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The graph at right compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council's long term plans. Council's quantified limit on borrowings, as set out in the financial strategy excludes debt prefunding.

Council's gross borrowings are \$205 million at 30 June 2018 which includes total prefunding of \$52 million. Excluding prefunding, borrow notes and cash investments Council's borrowings at year end are \$148 million, which is within the borrowings limit.

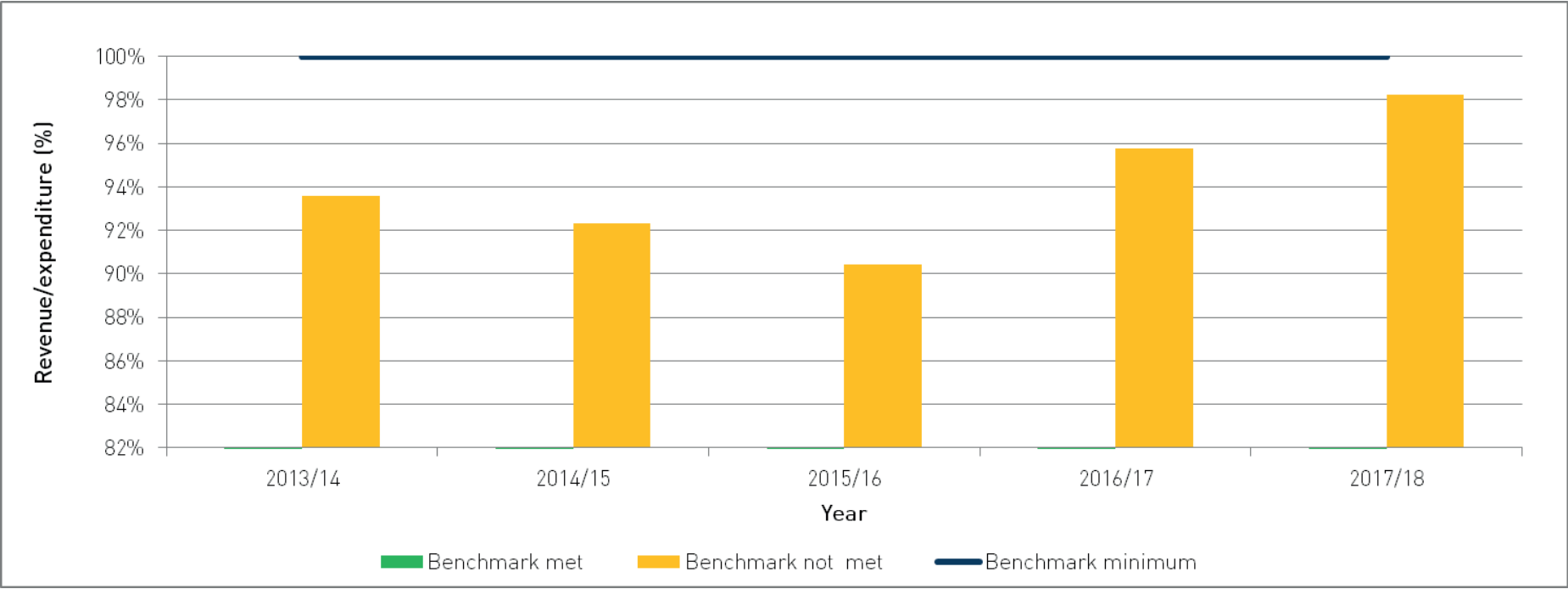


Balanced budget

The graph below shows council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment).

Council meets this benchmark if its revenue equals or is greater than its operating expenses. Kāpiti Coast District Council has not met this benchmark in the reported years due to it not yet fully funding depreciation.

It should be noted that in the Council’s financial strategy and Long term plan 2018–38, the Council has committed to fully funding depreciation by 2023.



Essential services

The graph at right shows the Council's capital expenditure on network services as a proportion of depreciation on network services. Network services means infrastructure related to water supply, sewerage, treatment and disposal of sewage, stormwater drainage, flood protection and control works and the provision of roads and footpaths.

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Due to the timing of the renewals cycle for the three waters assets, it is expected that the Council's capital expenditure would be below the level of depreciation for 21017/18 as the significant renewals are not expected until around 2045 onwards.



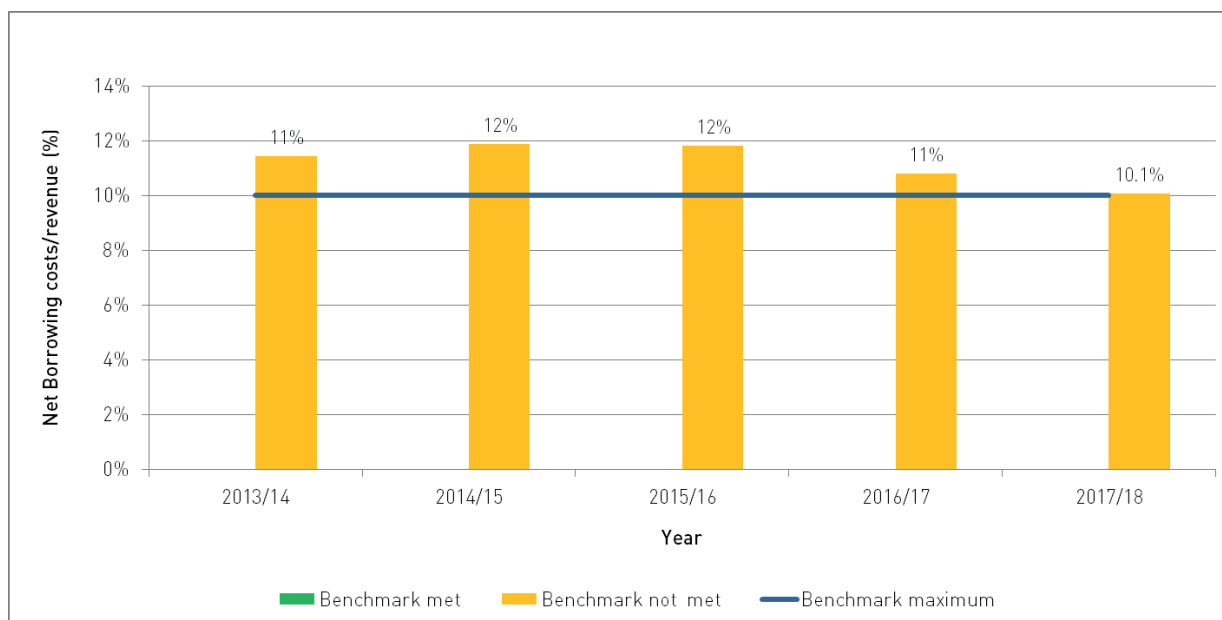
Debt servicing

The graph at right shows the Council's net borrowing costs as a proportion of revenue (excluding development contributions, financial contributions vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment).

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

The population growth for the Kāpiti district for the 2017/18 financial year was 1.1% compared to the national population growth rate of 2.0% for the period from March 2017 to March 2018.

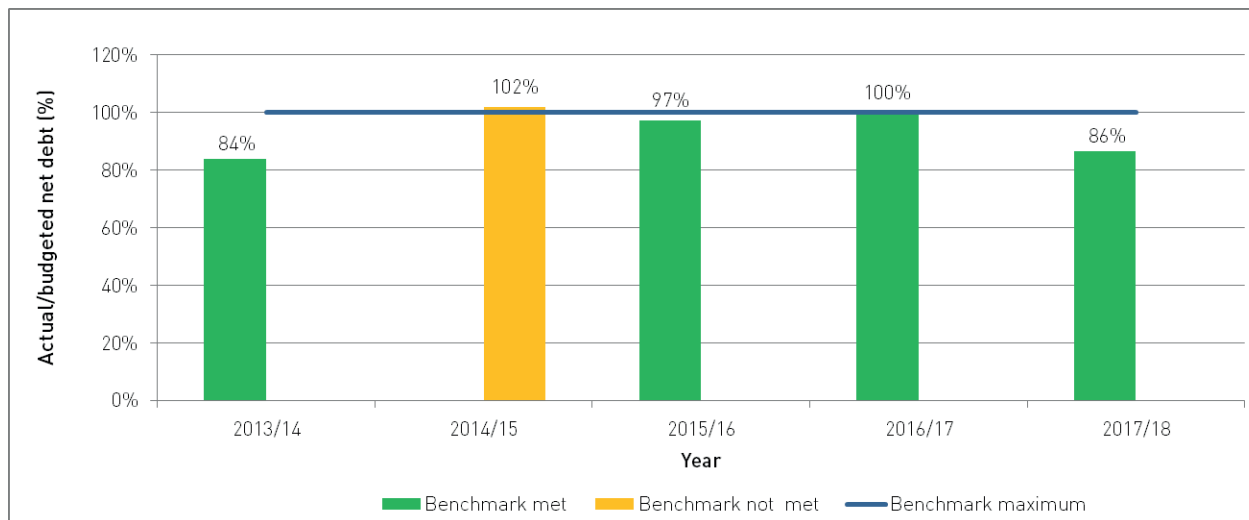
There has been significant capital investment in the Kāpiti district over recent years, in response to the community's needs.



Debt control

The graph at right shows Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

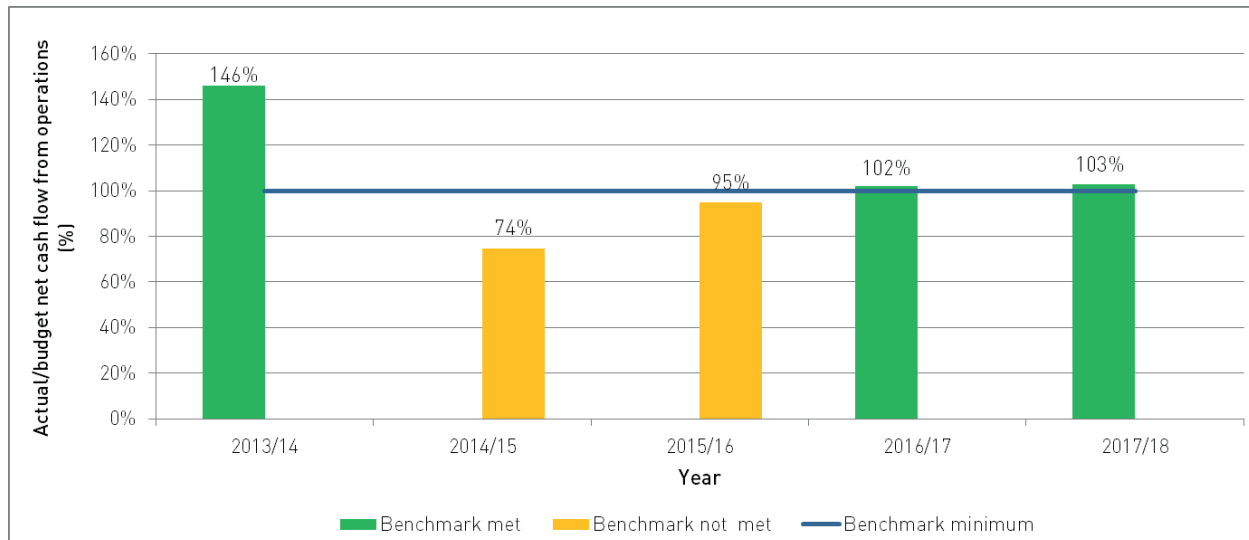
Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control

This graph at right shows Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Funding impact statements per activity

Water management funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	-	-	-
Targeted rates	8,289	8,269	8,222
Grants and subsidies for operating purposes	-	-	-
Fees and charges	39	39	37
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total operating funding	8,328	8,308	8,259
Applications of operating funding			
Payment to staff and suppliers	3,222	3,176	3,101
Finance costs	1,798	1,859	1,859
Internal charges and overheads applied	700	698	741
Other operating funding applications	-	-	-
Total applications of operating funding	5,720	5,733	5,701
SURPLUS/DEFICIT OF OPERATING FUNDING	2,608	2,575	2,558
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	87
Development and financial contributions	103	103	858
Increase (decrease) in debt	158	-	(87)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	261	103	858
Applications of capital funding			
Capital expenditure			
> to meet additional demand	51	-	-
> to improve the level of service	158	-	-
> to replace existing assets	796	768	758
Increase (decrease) in reserves	1,864	1,910	2,658
Increase (decrease) in investments	-	-	-
Total applications of capital funding	2,869	2,678	3,416
SURPLUS/DEFICIT OF CAPITAL FUNDING	(2,608)	(2,575)	(2,558)
FUNDING BALANCE	-	-	-

Access and transport funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	-	-	-
Targeted rates	5,940	6,593	6,655
Grants and subsidies for operating purposes	1,560	1,502	1,588
Fees and charges	62	128	107
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	266	266	329
Total operating funding	7,828	8,489	8,679
Applications of operating funding			
Payment to staff and suppliers	4,037	4,060	4,449
Finance costs	1,627	1,648	1,648
Internal charges and overheads applied	859	854	919
Other operating funding applications	-	-	-
Total applications of operating funding	6,523	6,562	7,016
SURPLUS/DEFICIT OF OPERATING FUNDING	1,305	1,927	1,663
Sources of capital funding			
Grants and subsidies for capital expenditure	2,972	3,832	3,832
Development and financial contributions	201	201	447
Increase (decrease) in debt	4,082	2,555	1,400
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	7,255	6,588	5,679
Applications of capital funding			
Capital expenditure			
> to meet additional demand	-	538	482
> to improve the level of service	6,020	5,291	4,137
> to replace existing assets	2,390	2,445	2,753
Increase (decrease) in reserves	150	241	(30)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	8,560	8,515	7,342
SURPLUS/DEFICIT OF CAPITAL FUNDING	(1,305)	(1,927)	(1,663)
FUNDING BALANCE	-	-	-

Coastal management funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$'000	2017/18 Budget \$'000	2017/18 Actual \$'000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	830	872	938
Targeted rates	-	-	-
Grants and subsidies for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total operating funding	830	872	938
Applications of operating funding			
Payment to staff and suppliers	290	307	356
Finance costs	231	323	323
Internal charges and overheads applied	50	49	53
Other operating funding applications	-	-	-
Total applications of operating funding	571	679	732
SURPLUS/DEFICIT OF OPERATING FUNDING	259	193	206
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	26	531	262
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	26	531	262
Applications of capital funding			
Capital expenditure			
> to meet additional demand	-	-	-
> to improve the level of service	26	531	262
> to replace existing assets	1,609	1,059	395
Increase (decrease) in reserves	(1,350)	(866)	(189)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	285	724	468
SURPLUS/DEFICIT OF CAPITAL FUNDING	(259)	(193)	(206)
FUNDING BALANCE	-	-	-

Wastewater management funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$'000	2017/18 Budget \$'000	2017/18 Actual \$'000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	-	-	-
Targeted rates	7,723	7,622	7,770
Grants and subsidies for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	1,160	1,160	1,187
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total operating funding	8,883	8,782	8,957
Applications of operating funding			
Payment to staff and suppliers	3,677	3,665	3,786
Finance costs	938	861	861
Internal charges and overheads applied	1,831	1,821	1,881
Other operating funding applications	-	-	-
Total applications of operating funding	6,446	6,347	6,528
SURPLUS/DEFICIT OF OPERATING FUNDING	2,437	2,435	2,429
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	-
Development and financial contributions	150	150	180
Increase (decrease) in debt	710	171	93
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	860	321	273
Applications of capital funding			
Capital expenditure			
> to meet additional demand	2,790	1,158	172
> to improve the level of service	710	171	93
> to replace existing assets	781	1,827	1,867
Increase (decrease) in reserves	(984)	(400)	570
Increase (decrease) in investments	-	-	-
Total applications of capital funding	3,297	2,756	2,702
SURPLUS/DEFICIT OF CAPITAL FUNDING	(2,437)	(2,435)	(2,429)
FUNDING BALANCE	-	-	-

Stormwater Management funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	511	1,433	1,531
Targeted rates	2,971	2,295	2,143
Grants and subsidies for operating purposes	-	-	-
Fees and charges	66	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	2
Total operating funding	3,548	3,728	3,676
Applications of operating funding			
Payment to staff and suppliers	1,116	1,294	1,308
Finance costs	1,024	942	942
Internal charges and overheads applied	246	241	263
Other operating funding applications	-	-	-
Total applications of operating funding	2,386	2,477	2,513
SURPLUS/DEFICIT OF OPERATING FUNDING	1,162	1,251	1,163
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	-
Development and financial contributions	52	52	122
Increase (decrease) in debt	1,357	1,408	1,460
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,409	1,460	1,582
Applications of capital funding			
Capital expenditure			
> to meet additional demand	1,190	44	40
> to improve the level of service	1,357	1,408	1,460
> to replace existing assets	299	-	1
Increase (decrease) in reserves	(275)	1,259	1,244
Increase (decrease) in investments	-	-	-
Total applications of capital funding	2,571	2,711	2,745
SURPLUS/DEFICIT OF CAPITAL FUNDING	(1,162)	(1,251)	(1,163)
FUNDING BALANCE	-	-	-

Solid Waste funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	734	795	1,041
Targeted rates	-	-	(7)
Grants and subsidies for operating purposes	-	-	-
Fees and charges	538	489	609
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total operating funding	1,272	1,284	1,643
Applications of operating funding			
Payment to staff and suppliers	392	432	499
Finance costs	186	97	97
Internal charges and overheads applied	364	367	388
Other operating funding applications	-	-	-
Total applications of operating funding	942	896	984
SURPLUS/DEFICIT OF OPERATING FUNDING	330	388	659
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
> to meet additional demand	-	-	-
> to improve the level of service	-	-	-
> to replace existing assets	522	518	7
Increase (decrease) in reserves	(192)	(130)	652
Increase (decrease) in investments	-	-	-
Total applications of capital funding	330	388	659
SURPLUS/DEFICIT OF CAPITAL FUNDING	(330)	(388)	(659)
FUNDING BALANCE	-	-	-

Economic Development funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	2,341	2,475	2,124
Targeted rates	-	-	-
Grants and subsidies for operating purposes	-	-	-
Fees and charges	50	165	146
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total operating funding	2,391	2,640	2,270
Applications of operating funding			
Payment to staff and suppliers	1,237	1,501	1,195
Finance costs	510	561	561
Internal charges and overheads applied	533	498	511
Other operating funding applications	-	-	-
Total applications of operating funding	2,280	2,560	2,267
SURPLUS/DEFICIT OF OPERATING FUNDING	111	80	3
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	167
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,316	3,162	3,898
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,316	3,162	4,065
Applications of capital funding			
Capital expenditure			
> to meet additional demand	-	-	-
> to improve the level of service	3,316	3,162	4,066
> to replace existing assets	-	-	-
Increase (decrease) in reserves	111	80	2
Increase (decrease) in investments	-	-	-
Total applications of capital funding	3,427	3,242	4,068
SURPLUS/DEFICIT OF CAPITAL FUNDING	(111)	(80)	(3)
FUNDING BALANCE	-	-	-

Community Facilities and Community Support funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	2,431	2,470	2,668
Targeted rates	20	(3)	(22)
Grants and subsidies for operating purposes	-	-	-
Fees and charges	1,155	1,202	1,188
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	43	63
Total operating funding	3,606	3,712	3,897
Applications of operating funding			
Payment to staff and suppliers	2,206	2,345	2,392
Finance costs	163	49	49
Internal charges and overheads applied	1,486	1,472	1,470
Other operating funding applications	-	-	-
Total applications of operating funding	3,855	3,866	3,911
SURPLUS/DEFICIT OF OPERATING FUNDING	(249)	(154)	(14)
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	-
Development and financial contributions	48	48	320
Increase (decrease) in debt	349	333	335
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	397	381	655
Applications of capital funding			
Capital expenditure			
> to meet additional demand	-	-	-
> to improve the level of service	349	333	335
> to replace existing assets	486	362	128
Increase (decrease) in reserves	(687)	(468)	178
Increase (decrease) in investments	-	-	-
Total applications of capital funding	148	227	641
SURPLUS/DEFICIT OF CAPITAL FUNDING	249	154	14
FUNDING BALANCE	-	-	-

Parks and Open Spaces funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	-	-	28
Targeted rates	4,559	5,045	5,106
Grants and subsidies for operating purposes	-	-	-
Fees and charges	158	158	186
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	39
Total operating funding	4,717	5,203	5,359
Applications of operating funding			
Payment to staff and suppliers	2,389	2,341	2,485
Finance costs	281	331	331
Internal charges and overheads applied	1,679	1,760	1,695
Other operating funding applications	-	-	-
Total applications of operating funding	4,349	4,432	4,511
SURPLUS/DEFICIT OF OPERATING FUNDING	368	771	848
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	9
Development and financial contributions	521	521	1,845
Increase (decrease) in debt	972	895	675
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,493	1,416	2,529
Applications of capital funding			
Capital expenditure			
> to meet additional demand	-	-	-
> to improve the level of service	972	895	694
> to replace existing assets	903	584	517
Increase (decrease) in reserves	(14)	708	2,166
Increase (decrease) in investments	-	-	-
Total applications of capital funding	1,861	2,187	3,377
SURPLUS/DEFICIT OF CAPITAL FUNDING	(368)	(771)	(848)
FUNDING BALANCE	-	-	-

Recreation and Leisure funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	239	275	238
Targeted rates	7,939	8,253	8,324
Grants and subsidies for operating purposes	35	41	40
Fees and charges	1,482	1,579	1,614
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	61	51	60
Total operating funding	9,756	10,199	10,276
Applications of operating funding			
Payment to staff and suppliers	5,067	5,488	5,531
Finance costs	1,352	1,168	1,168
Internal charges and overheads applied	1,828	1,836	1,920
Other operating funding applications	-	-	-
Total applications of operating funding	8,247	8,492	8,619
SURPLUS/DEFICIT OF OPERATING FUNDING	1,509	1,707	1,657
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	642	1,028	127
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	642	1,028	127
Applications of capital funding			
Capital expenditure			
> to meet additional demand	-	-	-
> to improve the level of service	642	1,028	127
> to replace existing assets	5,367	3,280	4,061
Increase (decrease) in reserves	(3,858)	(1,573)	(2,404)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	2,151	2,735	1,784
SURPLUS/DEFICIT OF CAPITAL FUNDING	(1,509)	(1,707)	(1,657)
FUNDING BALANCE	-	-	-

Districtwide Planning funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	3,157	3,038	2,539
Targeted rates	-	5	-
Grants and subsidies for operating purposes	-	-	-
Fees and charges	-	-	33
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	-	-	-
Total operating funding	3,157	3,043	2,572
Applications of operating funding			
Payment to staff and suppliers	2,356	2,279	1,782
Finance costs	-	-	-
Internal charges and overheads applied	801	764	790
Other operating funding applications	-	-	-
Total applications of operating funding	3,157	3,043	2,572
SURPLUS/DEFICIT OF OPERATING FUNDING	-	-	-
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
> to meet additional demand	-	-	-
> to improve the level of service	-	-	-
> to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	-
Increase (decrease) in investments	-	-	-
Total applications of capital funding	-	-	-
SURPLUS/DEFICIT OF CAPITAL FUNDING	-	-	-
FUNDING BALANCE	-	-	-

Regulatory Services funding impact statement for the year ended 30 June 2018			
	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	4,669	4,743	4,537
Targeted rates	-	-	-
Grants and subsidies for operating purposes	-	-	-
Fees and charges	3,268	4,121	4,372
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	132	132	38
Total operating funding	8,069	8,996	8,947
Applications of operating funding			
Payment to staff and suppliers	4,843	5,666	5,479
Finance costs	15	11	11
Internal charges and overheads applied	3,204	3,274	3,377
Other operating funding applications	-	-	-
Total applications of operating funding	8,062	8,951	8,867
SURPLUS/DEFICIT OF OPERATING FUNDING	7	45	80
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	58	57
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	58	57
Applications of capital funding			
Capital expenditure			
> to meet additional demand	-	-	-
> to improve the level of service	-	58	57
> to replace existing assets	-	-	7
Increase (decrease) in reserves	7	45	73
Increase (decrease) in investments	-	-	-
Total applications of capital funding	7	103	137
SURPLUS/DEFICIT OF CAPITAL FUNDING	(7)	(45)	(80)
FUNDING BALANCE	-	-	-

**Governance and Tangata Whenua funding impact statement
for the year ended 30 June 2018**

	2016/17 Budget \$000	2017/18 Budget \$000	2017/18 Actual \$000
Sources of operating funding			
General rate, uniform annual general charge, rates penalties	4,277	4,309	4,608
Targeted rates	430	442	418
Grants and subsidies for operating purposes	-	-	-
Fees and charges	101	14	34
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other	64	60	60
Total operating funding	4,872	4,825	5,120
Applications of operating funding			
Payment to staff and suppliers	2,468	2,466	2,487
Finance costs	69	43	43
Internal charges and overheads applied	2,329	2,240	2,497
Other operating funding applications	-	-	-
Total applications of operating funding	4,866	4,749	5,027
SURPLUS/DEFICIT OF OPERATING FUNDING	6	76	93
Sources of capital funding			
Grants and subsidies for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	(311)
Gross proceeds from sale of assets	-	-	311
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Applications of capital funding			
Capital expenditure			
> to meet additional demand	-	-	-
> to improve the level of service	-	-	-
> to replace existing assets	554	489	504
Increase (decrease) in reserves	(548)	(413)	(411)
Increase (decrease) in investments	-	-	-
Total applications of capital funding	6	76	93
SURPLUS/DEFICIT OF CAPITAL FUNDING	(6)	(76)	(93)
FUNDING BALANCE	-	-	-

Independent auditor's report

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

The Auditor-General is the auditor of Kapiti Coast District Council (the District Council). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 27 September 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 99 to 137:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2018;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards;
- the funding impact statement on page 101, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- the statement of service provision (referred to as "Our activities and services") on pages 23 to 95:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 23 to 95, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 143 to 149, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 138 to 142 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long term plan and annual plans.

Basis of opinion on the audited information

We carried out our audit 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. We describe our responsibilities under those standards further in the *"Responsibilities of the auditor for the audited information"* section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision (referred to as "Our activities and services"), as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information

represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 19 and 153 to 162, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

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

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of 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

Other information

In this section you'll find:

- Council
- Community boards
- Te Whakaminenga o Kāpiti
- Meeting attendance record of elected members
- Contact details of elected members
- Organisation structure
- Contact information for Kāpiti Coast District Council

Council

Council comprises a mayor and ten elected councillors. For the period 1 July 2017 to 30 June 2018 they were:

Mayor	K Gurunathan
Councillors	
Districtwide	Angela Buswell, Mike Cardiff, Jackie Elliott, John Howson, David Scott
Ōtaki	James Cootes
Waikanae	Michael Scott
Paraparaumu	Mark Benton, Fiona Vining
Paekākāriki-Raumati	Janet Holborow (Deputy Mayor)

Council meetings

Council meetings were scheduled every six weeks, with additional meetings held as required. These meetings were advertised in the local news media.

To assist council to discharge its duties, it had standing committees which generally met every six weeks. Each committee had its own terms of reference and powers delegated to it by council.

During the 1 July 2017 to 30 June 2018 period, the council held 15 council meetings and 36 standing committee meetings.

Committees

Strategy and policy committee

The strategy and policy committee (SPC) was chaired by Councillor James Cootes. The committee deals with all strategy and policy decision making that is not the sole responsibility of the Council. Key responsibilities include: setting and approving the policy work programme; overseeing strategic programmes; liaison and planning with other

territorial authorities; development and/or review of strategies, plans, policies and bylaws; preparation of District Plan and plan changes; economic development strategy; reviewing and approving community contracts; receiving annual reports from any community or advisory group.

Operations and finance committee

The operations and finance committee (OFC) was chaired by Councillor Michael Scott. The committee deals with monitoring and decision-making on all broader financial management matters.

Key responsibilities include: financial management, including risk mitigation; approval of non-budgeted expenditure; approval of contracts and contract variations outside of the Chief Executive's delegations; financial policies; all regulatory and planning matters from an operational perspective; property purchases or sales; operational aspects of bylaws; civil defence and emergency matters; procedural matters relating to electoral processes; signing off any submission to an external agency or body.

Audit and risk committee

The audit and risk committee (ARC) was chaired by Councillor Mike Cardiff. The committee monitors the Council's financial management and reporting mechanisms and framework and ensures that there are appropriate internal systems and controls for these.

Key responsibilities include: reviewing and maintaining the internal control framework; reviewing processes for ensuring the completeness and quality of financial information; considering Council's accounting policies and principles; obtaining information from external auditors relevant to Council's financial statements and assessing whether appropriate action has been taken by management in response; considering reports on the

status of investigations by the Office of the Ombudsman into decisions by Council; ensuring that Council has in place a current and comprehensive risk management framework and making recommendations to Council on risk mitigation.

Appeals hearing committee

The appeals hearing committee was chaired by Councillor Jackie Elliott. The committee was responsible for hearing appeals or objections on council's regulatory and compliance areas.

District licensing committee

The district licensing committee was chaired by Councillor Fiona Vining. The committee was responsible for carrying out the duties and functions as prescribed in the Sale and Supply of Alcohol Act 2012.

Chief executive performance and employment committee

The chief executive performance and employment committee was chaired by the mayor. The committee undertook the formal management of the contract of employment between the council and chief executive.

Grants allocation committee

The acting chair of the grants allocation committee was Councillor Mark Benton. The committee had the authority to assess all applications and allocate funds for the following grant programmes: community grants, creative community scheme, districtwide hall hire remissions, heritage fund allocations and waste levy grants.

Māori representation members

Māori representation appointments in 2017/18 were Ann-Maree Ellison (OFC) and Russell Spratt (SPC). Mr Spratt resigned in August 2017. Mr Bill Carter was confirmed on 22 March 2018 as Māori representative on SPC.

Community boards

The role of the community boards is to advise the council on local issues and help determine priorities. They also have delegated power to deal with some local matters. The community boards generally met every six weeks and during the year 30 meetings were held. The chair of each community board was also invited to sit at the council table for meetings of the council and committees and contribute to the discussion.

The boards and their members were as follows:

Ōtaki	Christine Papps (Chair) Marilyn Stevens (Deputy Chair) Kerry Bevan Shelly Warwick Cr James Cootes
Waikanae	Jocelyn Prvanov (Chair) James Westbury (Deputy Chair) Tonchi Begovich Jeremy Seamark Cr Michael Scott
Paraparaumu– Raumati	Jonny Best (Chair) Guy Burns (Deputy Chair) Bernie Randall Kathy Spiers Cr Mark Benton Cr Fiona Vining
Paekākāriki	Philip Edwards (Chair) Steve Eckett (Deputy Chair) Holly Ewens Paul Hughes Cr Janet Holborow

Te Whakaminenga o Kāpiti

Te Whakaminenga o Kāpiti is one of the longest partnerships between tāngata whenua and local government in New Zealand. The partners are the Kāpiti Coast District Council and the mana whenua (people with authority over the land) on the Kāpiti Coast: Te Āti Awa ki Whakarongotai, Ngāti Raukawa ki te Tonga, and Ngāti Toa Rangatira.

Representatives

Rupene Waaka, JP (Chair)

Representing - Ngā hapū o Ōtaki

Iwi affiliation - Ngāti Raukawa ki te Tonga

Hapū affiliations - Ngāti Kapumanawawhiti | Ngāti Maiotaki

Kirsten Hapeta

Representing - Ngā Hapū o Ōtaki

Iwi affiliation - Ngāti Raukawa ki te Tonga, Ngāti Toarangatira, Te Āti Awa

Hapū affiliation - Ngāti Maiotaki, Ngāti Huia, Kaitangata

Andre Baker

Representing - Te Āti Awa Ki Whakarongotai Charitable Trust

Iwi affiliation - Te Āti Awa ki Whakarongotai

Chris Gerretzen

Representing - Te Āti Awa Ki Whakarongotai Charitable Trust

Iwi affiliation - Te Āti Awa ki Whakarongotai

Kara Kearney - Alternate

Representing - Te Āti Awa Ki Whakarongotai Charitable Trust

Iwi affiliation - Te Āti Awa ki Whakarongotai

Carol Reihana

Representing - Te Rūnanga o Toa Rangatira

Iwi affiliations - Ngāti Toa Rangatira | Ngāi Tahu

Hapū affiliation - Ngāti Haumia

Hohepa Potini

Representing - Te Rūnanga o Toa Rangatira

Iwi affiliation - Ngāti Toa Rangatira

Leana Barriball - Alternate

Representing - Te Rūnanga o Toa Rangatira

K Gurunathan – Mayor

James Cootes – Ōtaki Ward Councillor

Meeting attendance record of elected members

Council:

The following table details the attendance record of the mayor and councillors at the 15 council meetings and 36 standing committee meetings during the 2017/18 year. Membership varies between committees.*

Council meetings (XX)				Council committee meetings (XX)			
<i>Elected member</i>	<i>Attended</i>	<i>Absent (leave)</i>	<i>Absent (apology)</i>	<i>Possible attendance</i>	<i>Attended</i>	<i>Absent (leave)</i>	<i>Absent (apology)</i>
K Gurunathan (Mayor)	15	-	-	29	24	2	3
Janet Holborow (Deputy Mayor)	13	2	-	24	20	3	1
Mark Benton	14	-	1	24	22	2	-
Angela Buswell	14	1	-	24	22	-	1
Mike Cardiff	13	1	1	21	18	2	1
James Cootes	14	1	-	21	21	-	-
Jackie Elliott	13	-	2	24	21	-	1
John Howson	14	1	-	16	14	2	-
David Scott	6	2	4	24	10	2	10
Michael Scott	12	2	1	29	26	-	2
Fiona Vining	13	1	1	28	25	2	1

1. This includes seven District licensing committee hearings which Councillor Holborow did not attend as she only attends as an alternate when Councillor Vining is not attending.

Community boards:

The following tables detail attendance of community board members at board meetings between 1 July 2017 and 30 June 2018.

Ōtaki			
<i>Elected member</i>	<i>Attended</i>	<i>Absent (leave)</i>	<i>Absent (apology)</i>
Christine Papps (Chair)	8	-	-
Marilyn Stevens (Deputy Chair)	6	-	2
Kerry Bevan	8	-	-
Shelly Warwick	7	-	1
Cr James Cootes	8	-	-

Waikanae			
<i>Elected member</i>	<i>Attended</i>	<i>Absent (leave)</i>	<i>Absent (apology)</i>
Jocelyn Prvanov (Chair)	7	-	-
James Westbury (Deputy Chair)	7	-	-
Tonchi Begovich	5	-	2
Jeremy Seamark	6	-	1
Cr Michael Scott	7	-	-

Paraparaumu–Raumati			
<i>Elected member</i>	<i>Attended</i>	<i>Absent (leave)</i>	<i>Absent (apology)</i>
Johnny Best (Chair)	8	-	-
Guy Burns (Deputy Chair)	5	3	-
Bernie Randall	8	-	-
Kathy Spiers	8	-	-
Cr Mark Benton	8	-	-
Cr Fiona Vining	6	-	2

Paekākāriki			
<i>Elected member</i>	<i>Attended</i>	<i>Absent (leave)</i>	<i>Absent (apology)</i>
Philip Edwards (Chair)	7	-	-
Steve Eckett (Deputy Chair)	7	-	-
Holly Ewens	7	-	-
Paul Hughes	7	-	-
Cr Janet Holborow	6	-	1

Contact details of elected members

Council



Mayor
K (Guru) Gurunathan
k.gurunathan@kapiticoast.govt.nz



Districtwide Councillor
Mike Cardiff
mike.cardiff@kapiticoast.govt.nz



Districtwide Councillor
Dr David Scott
(Currently on leave of absence)



Ōtaki Ward Councillor
James Cootes
james.cootes@kapiticoast.govt.nz



Deputy Mayor and
Paekākāriki/Raumati Ward Councillor
Janet Holborow
janet.holborow@kapiticoast.govt.nz



Districtwide Councillor
Jackie Elliott
jackie.elliott@kapiticoast.govt.nz



Paraparaumu Ward Councillor
Mark Benton
mark.benton@kapiticoast.govt.nz



Waikanae Ward Councillor
Michael Scott
michael.scott@kapiticoast.govt.nz



Districtwide Councillor
Angela Buswell
angela.buswell@kapiticoast.govt.nz



Districtwide Councillor
John Howson
john.howson@kapiticoast.govt.nz



Paraparaumu Ward Councillor
Fiona Vining
fiona.vining@kapiticoast.govt.nz

Community boards

Ōtaki

The area covered by the community board includes north of Marycrest, Te Horo, Ōtaki north to Forest Lakes.



Christine Papps | Chair
christine.papps@kapiticoast.govt.nz

Marilyn Stevens | Deputy Chair
marilyn.stevens@kapiticoast.govt.nz

Kerry Bevan
kerry.bevan@kapiticoast.govt.nz

Shelly Warwick
shelly.warwick@kapiticoast.govt.nz

Waikanae

The area covered by the community board stretches from Waikanae Downs in the south through to Peka Peka in the north.



Jocelyn Prvanov | Chair
jocelyn.prvanov@kapiticoast.govt.nz

James Westbury | Deputy Chair
james.westbury@kapiticoast.govt.nz

Tonchi Begovich
tonchi.begovich@kapiticoast.govt.nz

Jeremy Seamark
jeremy.seamark@kapiticoast.govt.nz

Paraparaumu–Raumati

The area covered by the community board includes from Raumati South through to Otaihanga.



Jonny Best | Chair
jonny.best@kapiticoast.govt.nz

Guy Burns | Deputy Chair
guy.burns@kapiticoast.govt.nz

Bernie Randall
bernie.randall@kapiticoast.govt.nz

Kathy Spiers
kathy.spiers@kapiticoast.govt.nz

Paekākāriki

The area covered by the community board includes the Emerald Glen area and Whareroa Road in the north, down to Fisherman's Table in the south.



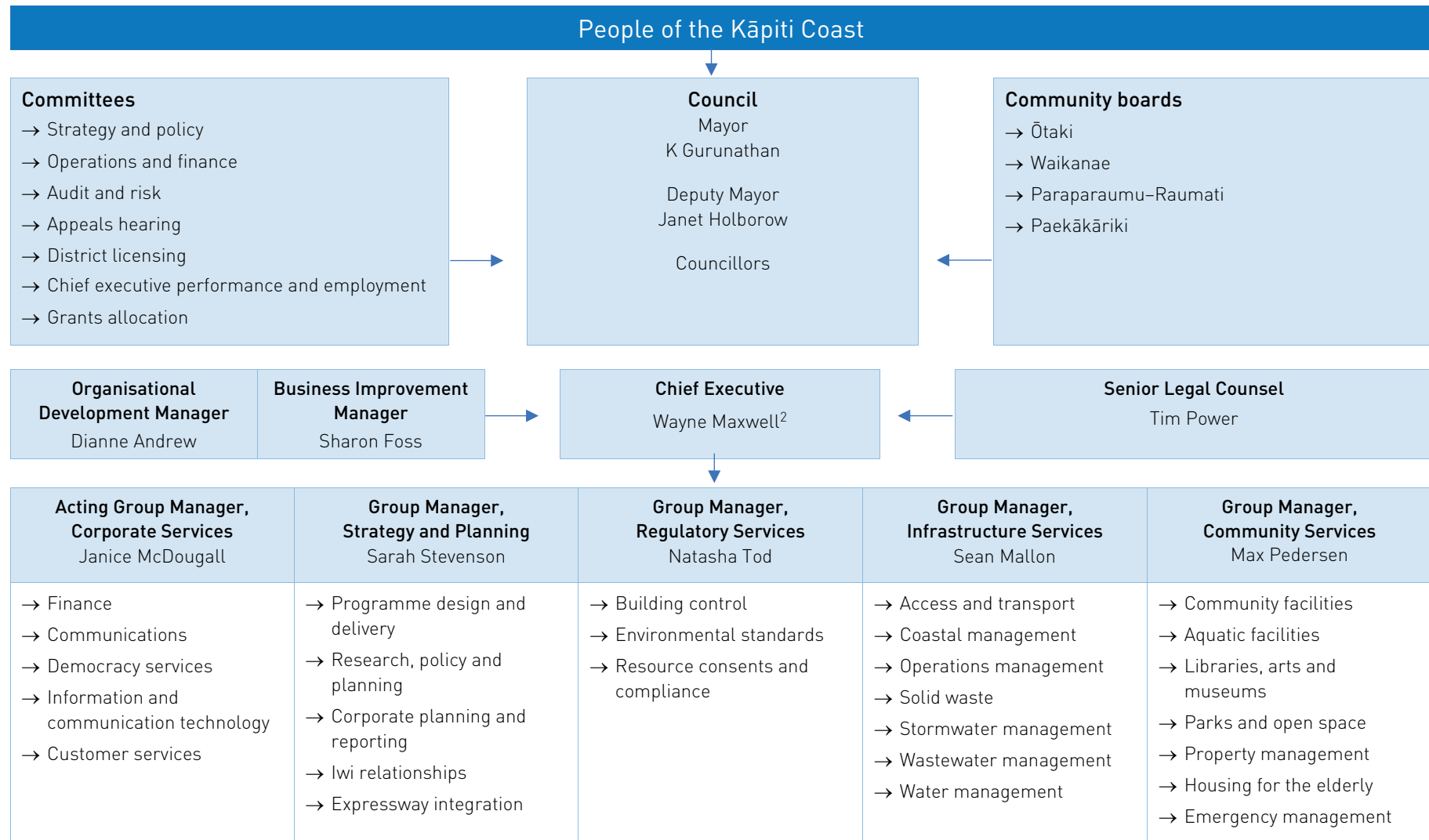
Philip Edwards | Chair
philip.edwards@kapiticoast.govt.nz

Steve Eckett | Deputy Chair
steve.eckett@kapiticoast.govt.nz

Holly Ewens
holly.ewens@kapiticoast.govt.nz

Paul Hughes
paul.hughes@kapiticoast.govt.nz

Organisation structure



2. From 23 January 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

Kāpiti Coast District Council
Private Bag 60601
Paraparaumu 5254
(04) 296 4700, 0800 486 486
kapiticoast.govt.nz