

**Mayor and Councillors**  
COUNCIL

29 SEPTEMBER 2016

Meeting Status: **Public**

Purpose of Report: For Decision

## **ANNUAL REPORT TO 30 JUNE 2016**

### **PURPOSE OF REPORT**

- 1 This report presents the Annual Report for the year ended 30 June 2016, which needs to be adopted by the Council on or before the 31 October 2016 pursuant to Section 98 of the Local Government Act 2002.

### **DELEGATION**

- 2 Council has the authority to consider this matter.

### **BACKGROUND**

- 3 The Corporate Business Committee reviewed the draft Annual Report on 22 September 2016 and recommended that *subject to any final changes required from audit, the Annual Report be adopted by Council on 29 September 2016.*
- 4 Ernst and Young have completed their final review of the Annual Report. They have provided a draft audit report that contains an unqualified audit opinion ("clear" audit opinion) for inclusion in the Annual Report. Once Council has adopted the Annual Report, Ernst and Young will sign the audit opinion.

### **Overview**

- 5 This report presents the audited Annual Report, commenting on the Council's service and financial performance during the 2015/16 year against year one of the *FutureKāpiti* Long term plan 2015-35.
- 6 The Annual Report highlights the most significant achievements for the year in the Mayor's foreword and the Chief Executive's introduction and gives an update on the specific key initiatives and major projects as well as a broader snapshot of achievements in the sub-sections on pages 12-13 and 14-15 of the Annual Report.
- 7 Significant projects progressed or achieved during the year includes work on the Paraparaumu and Waikanae town centres, the upgrade to the courts at Te Ātiawa Park and design work on the Ōtaki Pool rebuild. Progress has also been made with design agreement and consent for the Paekākāriki Seawall replacement, assessments of earthquake-prone buildings and progress toward the establishment of the Youth Development Centre.
- 8 Amongst a number of other key developments a highlight was that the new river recharge with groundwater scheme became operational this year.

- 9 The Council's service performance for each of the 13 activities (pages 19-87) presents commentary on significant developments over the year, key performance indicator (KPI) outcomes and a financial summary for each of the activities. The Council uses KPIs to determine and compare its performance in terms of achieving its strategic priorities and meeting its targeted levels of service.
- 10 The following table summarises achievement against the 86 key performance indicators. Overall the Council achieved 86% of its 2015/16 KPI's. The result was 82% and 80% in the previous two years.

| Key Performance Indicators | Year End Result to 30 June 2016 | Percentage  |
|----------------------------|---------------------------------|-------------|
| Achieved                   | 74                              | 86%         |
| No data <sup>1</sup>       | 1                               | 1%          |
| Not achieved               | 11                              | 13%         |
| <b>Total KPIs</b>          | <b>86</b>                       | <b>100%</b> |

## Financial results

- 11 Council's financial statements, annual report disclosure statement (prudence benchmarks) and cost of activity statements are presented in the *Our finances* section (pages 89-141) of the draft Annual Report 2015/16.
- 12 Council's financial performance for the year ended 30 June 2016 was \$479,000 more favourable than planned. 2015/16 brought several unexpected costs for council but through some additional revenue, reprioritisation and careful financial management, the final result was better than planned.
- 13 The total capital expenditure for the year ended 30 June 2016 was \$6.4 million below budget. This was mainly due to some project delays and those unspent budgets have been carried forward to the 2015/16 financial year.
- 14 Council's total assets for the year ended 30 June 2016 are \$1.51 billion. The majority of these assets are infrastructural assets (stormwater, wastewater, roads, bridges, cycleways and walkways). Council's water, wastewater, stormwater and flood protection assets were revalued as at 30 June 2016. These assets were revalued \$9.57 million more favourable than budget mainly due to a significant increase in the cost of pipe construction and more detailed valuations of council's treatment plants.
- 15 Council ended the financial year with net debt (total borrowings less cash and cash investments) of \$142 million which is lower than planned.
- 16 Council retained its Standard & Poor's credit rating of A+ for 2015/16. This was a good outcome in a generally difficult financial environment and helps to reduce Council's borrowing costs.

<sup>1</sup> The KPI for which we have no data is an Access and transport measure which relies on NZTA data to provide comparisons of roading maintenance costs with other local authorities. The NZTA data was not available in time to be included in the Annual Report

## **CONSIDERATIONS**

### **Policy considerations**

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

### **Legal considerations**

- 18 The draft Annual Report has been prepared to meet the requirements of the Local Government Act 2002. The final Annual Report must contain an auditor's opinion on whether it meets the requirements of the Local Government Act 2002 (the Act).
- 19 As required by the Act, a summary of the Annual Report must also be prepared and audited to ensure that it represents, fairly and consistently, the information regarding the major matters dealt with in the full Annual Report. Ernst and Young have also provided an opinion on the Annual Report Summary.
- 20 The Act requires that the Council, within one month after the adoption of its Annual Report, must make publicly available both its Annual Report and a summary of the information contained in its Annual Report.
- 21 The Annual Report and the Annual Report Summary will be made available to the public on the Council's website and through service centres and libraries as soon as possible after the Council meeting on 29 September 2016.

### **Financial considerations**

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

### **Tāngata whenua considerations**

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

## **SIGNIFICANCE AND ENGAGEMENT**

- 24 This matter has a low level of significance under Council policy.

### **Publicity**

- 25 A communications plan is being developed to support the public release of the Annual Report 2015/16.

## RECOMMENDATIONS

- 26 That the Council adopts pursuant to Section 98 of the Local Government Act 2002, the Kāpiti Coast District Council Annual Report for the year ended 30 June 2016 attached as Appendix 1 to this report (SP-16-2005).
- 27 That the Council delegates to the Mayor, Chair of Corporate Business Committee and Chief Executive the authority to approve minor editorial changes to the material contained in the Annual Report 2015/16 (Appendix 1 to Report SP-16-2005) prior to publication.

**Report prepared by:**

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## ATTACHMENT

**Appendix 1: Annual Report 2015/16**