

Changes to the Annual Report since the agenda was sent.

Part One – Council Activities

Page 5 Our District, Our Council

Our District*	
Population (Census 2018)	4,215
Rateable properties	3,058
Total rating units (includes non-rateable properties)	3,322
Total capital value of district	\$2,407,660,650
Total land value of district	\$1,413,878,750

*On 30 June 2023

Our Council~	
Represented by	1 Mayor & 7 elected representatives
Total equity	\$300,540,632
Total assets	\$317,778,847
Number of staff	30 FTE
Utilities & services	7 Public water supplies 1 Sewerage system

~on 30 June 2024

Page 17 Satisfaction with footpaths

The Council has undertaken significant upgrades to footpaths during the 2023/2024 year, resulting in a dramatic improvement in the footpath network as shown in the resident satisfaction as seen by the increase from 41% to 51% which has been driven by the investment in Link Pathway along the Esplanade and a commitment to increased investment in footpaths as per the LTP 2021-2031.

Page 23 Water real water loss:

The actual real water loss % for 2022/2023 was under-reported because the value used for flow data was too low. The actual result last year should have been 37%.

Page 28

There were 2 dry weather sewage overflows, or 1.1 when expressed per 1,000 sewer connections (performance measure not achieved). Inserted explanation that the dry weather overflow was due to a private action where surplus concrete had been dumped and not due to a Council deficiency.

Page 46 Property

The grant was paid to Te Ha o Matauranga for scout hall kitchen (was Te Ha o Kaikoura).

Page 60 Food premises

Removed the wording that we are still waiting for a response from Food & Health ... with the comment that there were no major issues during the year.

Part Two – Financial Information

Page 1 Financial overview

Statement of Comprehensive Revenue & Expense

The Council's financial operating result for the year ended 30 June 2024 was surplus of \$ 2.3 million, against a budgeted surplus of \$12.72 million.

Revenue was \$20.67 million, \$11.09 million lower than the \$31.76 million forecast in the Council's 2023/2024 Annual Plan. The Annual Plan had forecast \$20.48 million in grants for capex, with the majority of this against 3 key projects being Wakatu Quay, the Infrastructure Acceleration Fund (IAF) and the Glen Alton/Clarence Bridge, which for various reasons were all somewhat delayed against anticipated milestones.

\$0.7 million of gains were recognised driven by the revaluation of our investment property at Wakatu Quay (+\$0.38 million) and due to gains on Forestry assets (+\$0.26 million) . Operating expenditure is \$18.33 million, \$0.71 million less than budget.

The key drivers for this underspend is driven by delays to the Glen Alton bridge, Wakatu Quay and the IAF project. Other variances to budget for operating expenditure include:

- Personnel costs \$0.17 million less than budget due to vacancies, especially in Building but also across Planning, Community services and Communication. This has, however, resulted in higher costs in external resources as those roles have needed to be filled by consultants and other agencies (particularly in respect of Building).
- Depreciation is \$1.0 million lower than budgeted due to timing in relation to the expected completion of 3 key projects (Wakatu Quay, IAF & Glen Alton Bridge)

Explanation of major variances against budget

Current assets are \$5.4 million higher than budgeted in the 2023/2024 Annual Plan, materially driven by receivables due to the timing of revenue received in advance for projects such as Wakatu Quay development and other projects. This is also reflected in the non-current assets where Investment Property is \$5.5 million lower than budget due to the timing of Wakatu Quay development. Property, plant and equipment increase is due to the higher carrying value for three waters assets in the valuations performed at 30 June 2024. Current liabilities are \$9.17 million higher than expected due to \$2.0 million of borrowings due to timing mismatch between expected cash flows for Wakatu Quay and revenue in advance materially for Wakatu Quay development and the IAF project. Non-current liabilities include borrowings, Environment Canterbury's share of the Marlborough Regional Forest held on behalf, and the provision for closure of the landfill.

Borrowings were kept at \$7.3 million instead of the budgeted \$8.3 million. The non-current portion of landfill provision has decreased due to capping and closure work during the year as part of the reconfiguration of the site as a transfer station which is reflected in the current liabilities.

Statement of comprehensive revenue and expense

For the year ended 30 June 2024

	Note	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
Revenue						
Rates	5	9,625	9,384	9,036	9,625	9,036
Fees & charges	6	1,820	1,734	1,824	2,690	2,776
Development contributions		12	44	40	12	40
Grants & subsidies	7	7,962	20,483	4,911	7,936	4,911
Interest revenue	8	106	3	39	106	39
Other revenue	9	434	113	403	434	449
Gains	15,10	707	-	3,040	707	3,040
Total revenue		20,666	31,761	19,293	21,510	20,291
Expenses						
Personnel costs	11	(3,562)	(3,797)	(3,322)	(4,762)	(4,395)
Depreciation & amortisation	12	(5,233)	(6,247)	(4,659)	(5,349)	(4,786)
Finance costs	8	(322)	(327)	(215)	(330)	(220)
Other expenses	13	(8,598)	(8,674)	(8,564)	(8,324)	(8,486)
Losses	10	(619)	-	(211)	(619)	(211)
Total expenses		(18,334)	(19,045)	(16,971)	(19,384)	(18,098)
Operating surplus before tax and share of equity accounted investments		2,332	12,716	2,322	2,126	2,193
Environment Canterbury share of Marlborough Regional Forestry (surplus) / deficit	14	(55)	-	(38)	(55)	(38)
Surplus before tax	4,33	2,277	12,716	2,284	2,071	2,155
Income tax expense	33	-	-	-	(42)	29
Surplus from continuing operations		2,277	12,716	2,284	2,029	2,184
Other comprehensive revenue & expenses						
Gains/(losses) on asset revaluation	10,15	10,269	-	191	10,269	191
Total other comprehensive revenue & expense		10,269	-	191	10,269	191
Total comprehensive revenue & expense		12,546	12,716	2,475	12,298	2,375
Surplus is attributable to:						

The accompanying notes form part of, and are to be read in conjunction with, these financial statements.

**Kaikoura District Council
Statement of changes in equity
For the year ended 30 June 2024**

Statement of changes in equity
For the year ended 30 June 2024

	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
Note					
Equity at start of year	287,990	289,138	285,503	288,926	286,540
Adjustment on adoption of PBE IPSAS 41	-	-	12	-	12
Adjusted balance at 1 July	287,990	289,138	285,515	288,926	286,552
Comprehensive income & expense					
Net surplus/(deficit) After Tax	2,277	12,716	2,284	2,028	2,183
Gains/(losses) on asset revaluation	10,269	-	191	10,269	191
Total comprehensive revenue & expense	12,546	12,716	2,475	12,297	2,374
Equity at end of year	300,536	301,854	287,990	301,223	288,926
30					

Statement of financial position
As at 30 June 2024

	Note	Council		Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
		Actual 2024 \$'000	Budget 2024 \$'000			
ASSETS						
<i>Current assets</i>						
Cash and cash equivalents	16	2,644	1,615	3,414	2,715	3,538
Receivables from non-exchange transactions	17	678	2,175	447	678	452
Receivables from exchange transactions	17	5,322	-	676	5,395	803
Prepayments	18	348	185	255	348	254
Other financial assets	19	20	20	20	-	-
Inventories		-	-	-	10	-
Non-current assets held for sale	20	330	-	330	330	330
Total current assets		9,342	3,995	5,142	9,476	5,377
<i>Non-current assets</i>						
Other financial assets	19	207	177	176	192	141
Forestry assets	21	2,728	2,155	2,398	2,728	2,398
Investment property	22	3,775	9,236	2,940	3,775	2,940
Property, plant and equipment	23	301,686	298,294	288,740	302,458	289,590
Intangible assets	24	34	-	65	34	65
Deferred tax assets	33	-	-	-	-	36
Total non-current assets		308,430	309,862	294,319	309,187	295,170
Total assets		317,772	313,857	299,461	318,663	300,547
LIABILITIES						
<i>Current liabilities</i>						
Payables and deferred revenue under exchange transactions	25	2,678	1,537	2,178	2,677	2,171
Payables and deferred revenue under non-exchange transactions	25	5,650	-	2,448	5,688	2,470
Employee entitlements	26	293	304	257	419	381
Borrowings	27	2,000	-	-	2,036	11
Provisions	28	389	-	580	389	580
Deferred Tax Liability		-	-	-	6	-
Borrowings	27	-	-	-	-	-
Total current liabilities		11,010	1,841	5,463	11,215	5,613
<i>Non-current liabilities</i>						
Borrowings	27	5,300	8,300	5,300	5,300	5,300
Provisions		382	1,445	225	382	225
Other term liabilities	29	545	416	483	545	483
Total non-current liabilities		6,227	10,161	6,008	6,227	6,008
EQUITY						
Asset revaluation reserves	30	176,793	166,644	166,525	176,718	166,450
Accumulated funds	30	119,940	130,831	117,660	120,701	118,671
Asset revaluation reserves	30	-	-	-	-	-
Special reserves & special funds	30	3,802	4,380	3,805	3,802	3,805
Equity	30	300,535	301,855	287,990	301,221	288,926

The accompanying notes form part of, and are to be read in conjunction with, these financial statements.

Statement of financial position (continued)

Note	Actual	Council	Actual	Group	
	2024	Budget	2023	Actual	Actual
	\$'000	\$'000	\$'000	\$'000	\$'000
Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-	-	-	-
Minority interest	-	-	-	-	-
Total equity	300,535	301,855	287,990	301,221	288,926
Total liabilities & equity	317,772	313,857	299,461	318,663	300,547

Kaikoura District Council Statement of cash flows For the year ended 30 June 2024

Statement of cash flows For the year ended 30 June 2024

Note	Actual	Council	Actual	Group	
	2024	Budget	2023	Actual	Actual
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating activities					
Receipts from rates (excl. water meter charges)	9,552	9,243	8,823	9,552	8,823
Interest received	106	3	39	106	39
Receipts from other revenue	4,429	21,609	5,131	5,371	5,969
Payments to supplier and employees	(12,900)	(12,520)	(11,848)	(13,872)	(12,756)
Interest paid	(322)	(327)	(215)	(324)	(219)
GST (net) and company tax	(148)	-	145	(127)	151
Net cash flow from operating activities	717	18,008	2,075	706	2,007
Investing activities					
Grants received for purchase of assets	4,523	-	2,825	4,523	2,825
Purchase of property, plant & equipment	(8,035)	(18,447)	(4,313)	(8,077)	(4,393)
Sale of property, plant & equipment	55	150	-	55	6
Purchase of forestry assets	-	-	-	-	-
Sale of forestry assets	-	-	17	-	17
Purchase of investment properties	-	(4,436)	-	-	-
Sale of other financial assets	-	-	20	-	20
Purchase of other financial assets	(30)	-	-	(50)	-
Net cash flow from investing activities	(3,487)	(22,733)	(1,451)	(3,549)	(1,525)
Financing activities					
Proceeds from borrowings	2,000	3,000	-	2,078	50
Repayment of borrowings	-	-	-	(58)	(60)
Net cash flow from financing activities	2,000	3,000	-	2,020	(10)
Net increase/(decrease) in cash & cash equivalents	(770)	(1,725)	624	(823)	472
Cash and cash equivalents at the beginning of the year	3,414	3,340	2,790	3,538	3,066
Cash and cash equivalents at the end of the year	2,644	1,615	3,414	2,715	3,538

7 Grants & subsidies

The government economic support packages such as the Provincial Growth Fund and other stimulus funding (including NZTA subsidies for emergency works such as the Glen Alton bridge replacement) have continued to support the Council's activities at significant levels. However, despite receiving close to \$8.0 million in external funding support in 2024, this is \$12.5 million less than expected. The main reason for this is due to the delay in completion, compared to what had been estimated, for Wakatu Quay and Glen Alton bridge.

	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
Waka Kotahi (NZTA)	2,918	13,467	1,679	2,918	1,679
Ministry of Business, Innovation & Employment (PGF & TIF)	2,326	6,179	1,525	2,326	1,525
NZ Crown Infrastructure Partners (Three-waters stimulus package)	-	-	376	-	376
Ministry of social development (MSD)	375	580	497	375	497
Kainga Ora (Infrastructure Acceleration)	743	-	287	743	287
Department of Internal Affairs (DIA)	779	-	245	779	245
Developer (Infrastructure Acceleration)	745	-	162	745	162
NZ lottery grants	-	-	39	-	39
Other grants, subsidies & donations	76	107	101	50	101
National Transition Funding	-	150	-	-	-
Total grants & subsidies	7,962	20,483	4,911	7,936	4,911

13 Other expenses

	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
Audit fees to principal auditor:					
- Audit for the Council	273	224	142	313	174
- Audit for other Council entities	-	-	11	-	11
Contractors	3,162	3,031	3,356	3,162	3,356
Demolition expenses	-	-	80	-	79
Donations and grants paid out	919	937	1,009	918	1,009
Insurance premiums	703	592	540	763	580
Legal fees	191	57	66	191	66
Receivables written off	7	-	4	7	4
Provision for impairment and expected credit losses	(190)	-	135	(189)	135
Operating lease expense	17	22	18	17	18
Share of MRF joint operation expenses	90	136	89	90	89
Personnel related expenses	297	378	308	297	308
Other operating expenses	3,095	3,297	2,801	2,721	2,656
Earthquake - external resources and damage assessments	-	-	1	-	1
Freedom camping project	35	-	4	35	-
Total other expenses	8,598	8,674	8,564	8,324	8,486

New page:

Auditors' fees

During the year the following fees were paid or payable for services provided by the auditor of the Entity, its related practices and non-related audit firms:

	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
(a) Assurance services					
Audit services					
Audit New Zealand					
Audit and review of financial reports and other audit work	174	146	153	209	185
Audit of Long-Term Plan	93	78	-	76	-
Extra Audit Fees	6	-	-	13	-
Total remuneration for audit services	273	224	153	298	185

22 Investment property

The movement of investment property is as follows:

Breakdown of investment property and further information

	Actual 2024 \$'000	Council Actual 2023 \$'000	Actual 2024 \$'000	Group Actual 2023 \$'000
Investment property at fair value	2,940	3,130	2,940	3,130
Fair value gains/(losses) on valuation	60	(190)	60	(190)
Balance at 30 June	3,000	2,940	3,000	2,940

	Actual 2024 \$'000	Council Actual 2023 \$'000	Actual 2024 \$'000	Group Actual 2023 \$'000
At cost				
Opening balance at 1 July	-	-	-	-
Work in progress	388	-	388	-
Transfers to/ from Property Plant and Equipment work in progress	387	-	387	-
Balance at 30 June	775	-	775	-
Total fair value and cost	3,775	2,940	3,775	2,940

The land at Wakatu Quay is the only property the Council considers to be investment property, due to the expectation (once developed) that the land will generate a net return.

Investment properties at fair value comprise land and are valued annually at fair market value by Cameron Ferguson (Registered Valuer, B. Com (VPM)) of Quotable Values Limited on 30 June. The valuer is experienced and competent in undertaking asset valuation work in accordance with valuation and accounting standards. The fair value of investment property was determined using the highest and best use method, which is defined as the most probable use of the asset that is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value.

Investment Property work in progress is valued at cost.

(a) Contractual obligations

Refer to note 37 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The Council has not identified any investment properties that it intends to sell.

22 Investment property (continued)

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Current portion				
Investment property held for sale	-	-	-	-
Non-current portion				
Investment property	3,775	2,940	3,775	2,940
	<u>3,775</u>	<u>2,940</u>	<u>3,775</u>	<u>2,940</u>

23 Property, plant & equipment (continued)

2024	Cost / revaluation 1 Jul 2023 \$'000	Accumulated depreciation 1 Jul 2023 \$'000	Carrying amount 1 Jul 2023 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year transfers \$'000	Current year depreciation \$'000	Revaluation depreciation adjustment \$'000	Current year revaluations \$'000	Cost / revaluation 30 Jun 2024 \$'000	Accumulated depreciation 30 Jun 2024 \$'000	Carrying amount 30 Jun 2024 \$'000
Land	17,271	-	17,271	177	-	641	-	-	-	18,089	-	18,089
Buildings	20,698	(554)	20,144	321	-	18	(556)	-	-	21,037	(1,110)	19,927
Landfill Provision	871	(871)	-	-	-	-	-	-	-	871	(871)	-
Office equipment	580	(459)	121	62	-	-	(59)	-	-	642	(518)	124
Vehicles & plant	667	(512)	155	104	(20)	-	(56)	20	-	750	(549)	201
Park furniture & other	439	(184)	255	1,122	-	235	(24)	-	-	1,796	(207)	1,589
Library books	720	(720)	-	36	-	-	(36)	-	-	757	(757)	-
Artwork	89	-	89	-	-	-	-	-	-	89	-	89
Harbour	10,679	(1,197)	9,482	36	(283)	59	(190)	-	-	10,492	(1,387)	9,105
Roading	168,341	(1,836)	166,505	4,605	-	244	(2,005)	-	-	173,191	(3,841)	169,350
Stormwater	8,000	(137)	7,863	45	-	-	(155)	293	432	8,477	-	8,477
Water supply	30,101	(976)	29,125	209	-	2	(984)	1,960	1,620	31,932	-	31,932
Sewerage	32,167	(776)	31,391	306	-	-	(1,079)	1,855	4,063	36,536	-	36,536
MRF PPE	2,759	(493)	2,266	-	-	-	(24)	-	56	2,815	(517)	2,298
Work in progress	4,073	-	4,073	1,869	-	(1,973)	-	-	-	3,969	-	3,969
Council total	297,455	(8,715)	288,740	8,892	(303)	(774)	(5,168)	4,128	6,171	311,443	(9,757)	301,686
Subsidiary buildings	408	(137)	271	3	-	-	(9)	-	-	411	(146)	265
Subsidiary plant & equip	1,564	(984)	580	37	(97)	-	(107)	-	-	1,503	(996)	507
Group total	299,427	(9,836)	289,591	8,932	(400)	(774)	(5,284)	4,128	6,171	313,357	(10,899)	302,458

23 Property, plant & equipment (continued)

Core infrastructure asset disclosures

The Local Government (Financial Reporting and Prudence) Regulations 2014 require separate disclosure for water supply, sewerage, stormwater drainage, flood protection and control work, and roads and footpaths. In addition, water and sewerage asset disclosures must be further split between treatment plants and facilities, and other assets. These are separately disclosed in the following table. The Council does not own any assets associated with flood protection and control works.

Included within the Council infrastructure assets above are the following core Council-owned assets:

	Closing book value on 30 June \$'000	Additions constructed by the Council \$'000	Additions transferred to the Council \$'000	Replacement cost estimate for revalued assets \$'000
2024				
Water supply:				
- treatment plants & facilities	7,296	56	-	15,713
- other assets	24,636	155	-	45,010
Sewerage:				
- treatment plants & facilities	14,485	266	-	20,695
- other assets	22,049	39	-	34,897
Stormwater drainage	8,478	45	-	13,126
Roads and footpaths	169,350	4,849	-	196,137

Note 27 Borrowings

Maturity analysis and effective interest rate

	Council		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Less than one year	2,000	-	2,036	11
Weighted average effective interest rate	5.17%	- %	5.17%	6.06%
Later than one year but no more than 5 years	5,300	5,300	5,300	5,300
Weighted average effective interest rate	4.40%	1.11%	4.40%	1.11%
Later than five years	-	-	-	-
Weighted average effective interest rate	- %	- %	- %	- %

There is no significant difference in the carrying amount and the fair values of borrowings in each year. There are no internal borrowings.

30 Equity

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Asset revaluation reserves	176,793	166,525	176,718	166,525
Public equity	119,940	117,660	120,701	118,593
Special reserves & special funds	3,802	3,805	3,802	3,805
Total equity	300,535	287,990	301,221	288,926

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Special reserves	927	956	927	956
Special funds	2,875	2,849	2,875	2,849
Total reserves	3,802	3,805	3,802	3,805

Public equity

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Opening balance 1 July	117,660	115,080	118,594	116,116
Adjustment due to adoption of PBE IPSAS 41	-	12	-	12
Adjusted balance at 1 July 2023	117,660	115,092	118,594	116,128
Net surplus/(deficit)	2,277	2,284	2,028	2,181
Transfers (to)/from special reserves	29	595	29	595
Transfers (to)/from special funds	(26)	(311)	(26)	(311)
Closing balance 30 June	119,940	117,660	120,625	118,593

33 Taxation

	Council		Group		
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000	
Components of tax expense recognised in statement of comprehensive revenue and expense					
Current Taxation	-	-	42	(29)	
Deferred Taxation	-	-	-	-	
Income tax expense	-	-	42	(29)	
Components of deferred tax recognised directly in equity:					
Income tax expense	-	-	42	(29)	
Relationship between tax expense and accounting profit					
Surplus/(deficit) before tax	2,277	2,284	2,071	2,155	
Tax at 28%	-	-	(48)	(29)	
Add/(less) tax effect of:					
(Non-taxable income)	-	-	-	-	
Non-deductible expenditure	-	-	-	-	
Deferred Taxation	-	-	90	-	
	-	-	42	(29)	
Movement in tax (refund)/payable:					
Balance at start of year	-	-	-	(26)	
Taxation (paid)/refunded	-	-	-	26	
Provided for this year	-	-	-	-	
	Property plant and equipment \$'000	Employee benefits \$'000	Accrued expenses \$'000	Losses to carry forward \$'000	Total \$'000
Movement in temporary balances - Group Only					
Balance at 1 July 2022	(38)	26	-	19	7
Recognised in income	18	(4)	-	15	29
Balance at 1 July 2023	(20)	22	-	34	36
Recognised in income	(81)	(1)	-	40	(42)
Recognised in equity	-	-	-	-	-
Balance at 30 June 2024	(101)	21	-	74	(6)

Innovative Waste Kaikoura Limited recognises its tax obligations.

35 Related party transactions (continued)

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, processing of consent applications, etc.). No provision has been required, nor any expense recognised for impairment of receivables for any receivables to related parties (2023: \$nil).

Breach of legislation

During the 2023 year, a breach of section 7(1) the Local Government Members (2022/23) Determination 2022 (the LGMD) was identified. The LGMD is determined by the Remuneration Authority, which sets maximums for the Mayor and Councillor annual remuneration.

The overpayments have been recovered by each elected member within the 2023/24 financial year, or within the election term.

The amount of the breaches are:

Member	Role	Remuneration per payroll	Remuneration Limit	Variance	Compliant with s7(1)?
Craig Mackle	Mayor	85,885	85,909	(23)	Yes
Julie Howden	Deputy Mayor	43,700	40,861	4,070	No
Vicki Gulleford	Councillor	31,173	27,204	3,973	No
Lisa Bond	Councillor	31,173	27,204	3,973	No
Tony Blunt	Councillor	31,173	27,204	3,973	No
Robby Roche	Councillor	31,173	27,204	3,973	No
Kevin Heays	Councillor	22,881	19,354	3,506	Yes
John Diver	Councillor	22,881	19,354	3,506	Yes
Neil Pablecheque	Ex-Councillor	8,263	7,846	417	Yes
Derrick Milton	Ex-Councillor	8,263	7,850	413	Yes

36 Commitments as lessee, and contingent liabilities (continued)

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, processing of consent applications, etc.). No provision has been required, nor any expense recognised for impairment of receivables for any receivables to related parties (2023: \$nil).

Breach of legislation

During the 2023 year, a breach of section 7(1) the Local Government Members (2022/23) Determination 2022 (the LGMD) was identified. The LGMD is determined by the Remuneration Authority, which sets maximums for the Mayor and Councillor annual remuneration.

The overpayments have been recovered by each elected member within the 2023/24 financial year, or within the election term.

The breach will be disclosed in aggregate for 30 June 2024 as follows:

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Overpayment	28	28	28	28
Repaid	(27)	-	(27)	-
	<u>1</u>	<u>28</u>	<u>1</u>	<u>28</u>

36 Commitments as lessee, and contingent liabilities (continued)

Capital commitments

	Contract value 2024 \$'000	Council & Group		Contracted or committed 2023 \$'000
		Spent at 30 June 2024 \$'000	Committed value 2024 \$'000	
Wakatu Quay	571	281	289	71
Link Pathway construction	-	-	-	108
Kaikoura Western Developments	268	52	216	137
Footpath - Kiwi Street	-	-	-	36
Footpath - Churchill Street & Beach Road	-	-	-	84
Waiau - Toa Bridge	111	-	111	980
Roading Renewals	-	-	-	138
Toilets	824	228	596	-
WWTP - Old Beach Rd	120	50	70	-
Total	2,015	693	1,320	1,554

36 Commitments as lessee, and contingent liabilities (continued)

Housing NZ Corporation funding

Housing New Zealand Corporation has provided \$497,776 (2023: \$497,776) towards the construction of social housing. This advance would be payable if the Council were to withdraw its investment in that housing. The advance was stated as grant revenue in the 2009 financial year.

Superannuation schemes

The Council is a participating employer in the DBP Contributors Scheme (the Scheme), which is a multi-employer defined benefit scheme. If all the other participating employers cease to participate in the Scheme, the Council could be responsible for any deficit of the Scheme. Similarly, if only some employers cease to participate in the Scheme, the Council could be responsible for an increased share of any deficit.

On 31 March 2024, the scheme had a past service deficit of \$0.166 million excluding Employer Super annuation Contribution Tax (2023: \$0.233 million surplus). This surplus was calculated using a discount rate equal to the expected return on assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 25.

Each year the Board's Actuary carries out a review of the scheme to determine an employer contribution rate sufficient to meet the accrued and future liabilities of the scheme. Based on the latest review, completed on 31 March 2022, the Actuary recommended an employer contribution rate of between four-times contributors' contributions from 1 April 2023. Following the actuarial review completed as at 31 March 2023, effective from 1 July 2024, the employer contribution rate of four times contributors contributions has been maintained. The rate will be reviewed again at 31 March 2025 and any change would be implemented from 1 April 2025.

36.1 Contingent liabilities

Contingent liabilities

Contingent liabilities include those items where a liability may be incurred if certain events or outcomes occur, or where a present obligation exists but the extent of the liability cannot be measured reliably for recognition in the financial statements.

Management consider the likelihood of a particular event or outcome occurring to determine whether a contingent liability should be disclosed. No disclosure is made when the possibility of an outflow of resources is considered to be remote. Where amounts are disclosed the amount shown is the maximum potential cost.

Quantifiable contingent liabilities

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Building Act claims	70	-	70	-
Other legal proceedings	150	-	150	-
Total contingent liabilities	220	-	220	-

Building Act claims

The Building Act 2004 imposes certain obligations and liabilities on local authorities relating to the issue of building consents and inspection of work done. At the date of this report, one matter under that Act indicating potential liabilities had been brought to the Entity's attention.

Legal Proceedings

Complexities remain in respect of the ownership of South Bay harbour facilities, which need to be resolved if the harbour's potential is to be fully realised. The complexities are in relation to the Marine and Coastal Areas Act 2011 (the MACAA), which restricts the ability for any entity other than the Crown to own assets attached to, on, or above water. The Council incurred significant costs in the reinstatement of the harbour following the Kaikoura earthquake of November 2016, and legal advice is being sought in relation to ownership of harbour assets under the MACAA. Negotiations are ongoing with Whale Watch. Legal costs are expected to continue into 2024/25 before resolution is reached.

37 Commitments as lessor, and contingent assets

The New Zealand Emissions Trading Scheme

The New Zealand Emissions Trading Scheme (ETS) became law on 28 September 2008 with the passing of the Climate Change Response (Emissions Trading) Amendment Act 2009 (the Act). The Act provides for carbon credits to be allocated to owners of pre 1990 forest land pursuant to the New Zealand governments' Allocation Plan. Marlborough Regional Forestry is registered. Additionally, MRF has registered its post 1989 forestry which will entitle it to emission units as carbon is sequestered through forestry growth. The Council has no other post 1989 forestry that is eligible to enter in the Scheme.

Under the ETS, both the Council and MRF will have an obligation to account for any emission released as a consequence of deforestation of pre 1990 land by surrendering credits equal to the extent of that emission. The Council has no liability for deforestation on 30 June 2024, either on its own account or as a joint operation partner in MRF (2023: Nil).

Non-cancellable operating leases as lessor

The Council has a small number of leases as lessor, including sports fields, office spaces, campground land, and airport facilities. They are shown in the table below according to renewal date or final expiry date, whichever is the sooner.

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
<i>Non-cancellable operating leases as lessor</i>				
Not later than one year	242	235	242	235
Later than one year and not later than five years	672	739	672	739
Later than five years	622	739	622	739
	<u>1,535</u>	<u>1,713</u>	<u>1,535</u>	<u>1,713</u>

38 Insurance on assets

Buildings and building contents

The assets covered by the Council's material damage policy a total depreciated value on 30 June 2024 of \$54,108,308 (2023: \$55,742,350), and have a total sum insured of \$61,048,743 (2023: \$55,032,741). The insured value takes into account the cost to replace/rebuild the assets including demolition (if any). The carrying value of buildings has been revalued on 30 June 2022, including both community buildings and infrastructure buildings such as pump stations and reservoirs. The remainder of assets (e.g., contents such as furniture, artwork, and computer equipment) are stated at their last known market value less depreciation, and after impairment (if any). The Council has an excess of \$10,000 for any one claim.

Vehicles and plant

Vehicles and plant have a total asset value on 30 June 2024 of \$162,766 (2023: \$105,267), with insurance cover for replacement value of \$270,000 (2023: \$195,804). Insured cover includes windscreen replacement for all vehicles.

Water, sewerage, and stormwater assets

These activities have a total asset value for insurance purposes of \$112,024,618 (2023: \$66,289,153), with protection under the NZ Local Authority Protection Programme (LAPP) for up to three events, the highest being \$170 million (or 40% of the total loss whichever is the least). The remaining 60% of a loss would be covered by central government.

The Council's threshold to make a claim is \$150,000 and deductible is \$60,000.

Structural above-ground assets such as water reservoirs and sewer pump stations are not covered by LAPP; they are included in the material damage policy for buildings and building contents (above). The LAPP policies provide cover for pipe networks and underground assets only. These assets have a total depreciated value on 30 June 2024 of \$53,038,379 (2023: \$47,555,744).

Roads, bridges, and footpaths

These assets have a total carrying value on 30 June 2024 of \$151,113,198 excluding land under roads (2023: \$148,268,407). For normal maintenance work, the Council receives 51% subsidy from the NZTA (2023: 51%). The subsidy to rebuild the bridge over the Waiau-Toa Clarence River, destroyed by the earthquake, is 95%. Emergency work is subject to a higher subsidy rate from NZTA dependent on the severity of the damage. On 30 June 2024, the Council roading special reserve has \$126K of funds. (2023: overdrawn \$80K).

There is \$5,041,076 of assets that the Council considers to be uninsured within this group of activities (2023: \$4,769,415). These include sea walls and footpaths.

39 Explanation of major variances against budget

The significant variances to budget are detailed below.

Statement of Comprehensive Revenue & Expense

The Council's financial operating result for the year ended 30 June 2024 was surplus of \$ 2.3 million, against a budgeted surplus of \$12.72 million. Revenue was \$20.67 million, \$11.09 million lower than the \$31.76 million forecast in the Council's 2023/2024 Annual Plan.

The Annual Plan had forecast \$20.48 million in grants for capex, with the majority of this against 3 key projects being Wakatu Quay, the Infrastructure Acceleration Fund (IAF) and the Glen Alton/Clarence Bridge, which for various reasons were all somewhat delayed against anticipated milestones. \$0.7 million of gains were recognised driven by the revaluation of our investment property at Wakatu Quay (+\$0.38 million) and due to gains on Forestry assets (+\$0.26 million). Operating expenditure is \$18.33 million, \$0.71 million less than budget. The key drivers for this underspend is driven by delays to the Glen Alton bridge, Wakatu Quay and the IAF project. Other variances to budget for operating expenditure include: • Personnel costs \$0.17 million less than budget due to vacancies, especially in Building but also across Planning, Community services and Communication. This has, however, resulted in higher costs in external resources as those roles have needed to be filled by consultants and other agencies (particularly in respect of Building). • Depreciation is \$1.0 million lower than budgeted due to timing in relation to the expected completion of 3 key Projects (Wakatu Quay, IAF & Glen Alton Bridge)

39 Explanation of major variances against budget (continued)

Statement of Financial Position

Current assets are \$5.4 million higher than budgeted in the 2023/2024 Annual Plan, materially driven by receivables due to the timing of revenue received in advance for projects such as Wakatu Quay development and other projects. This is also reflected in the non-current assets where Investment Property is \$5.5 million lower than budget due to the timing of Wakatu Quay development. Property, plant and equipment increase is due to the higher carrying value for three waters assets in the valuations performed at 30 June 2024. Current liabilities are \$9.17 million higher than expected due to \$2.0million of borrowings due to timing mismatch between expected cash flows for Wakatu Quay and revenue in advance materially for Wakatu Quay development and the IAF project. Non-current liabilities include borrowings, Environment Canterbury's share of the Marlborough Regional Forest held on behalf, and the provision for closure of the landfill. Borrowings were kept at \$7.3 million instead of the budgeted \$8.3 million. The non-current portion of landfill provision has decreased due to capping and closure work during the year as part of the reconfiguration of the site as a transfer station which is reflected in the current liabilities.

Statement of Cash Flows

Cash is higher than budget due to timing of grant funding.

40 Post balance date events

Water Services Reform Programme

The Government is implementing a water services reform programme to address New Zealand's water infrastructure challenges - the Local Water Done Well programme. The first part of the programme was to repeal previous water services legislation (the Water Services Entities Act 2022, Water Services Legislation Act 2023 and the Water Services Economic Efficiency and Consumer Protection Act 2023) that would have transferred responsibility for the provision of water services from local government to ten newly established publicly owned water services entities. The Government is introducing new legislation that recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in the future. The Local Government (Water Services Preliminary Arrangements) Act 2024 was enacted on 2 September 2024 and establishes the Local Water Done Well framework and the preliminary arrangements for the new water services system. The Act includes a requirement for councils to develop Water Services Delivery Plans by 3 September 2025. The Plans will outline future water services delivery arrangements, and for councils to commit to an implementation plan. Kaikoura District Council has commenced work on its Water Services Delivery Plan in accordance with the Act and will undertake consultation before the Plan is adopted. The Government had indicated that it will introduce a Bill in December 2024 that will establish the enduring settings for the new water services system. The reforms to date have had no effect on the 2024 financial statements or performance information and there is nothing to indicate the need to review the carrying value of assets and liabilities in the 2024 annual report as any future change is uncertain

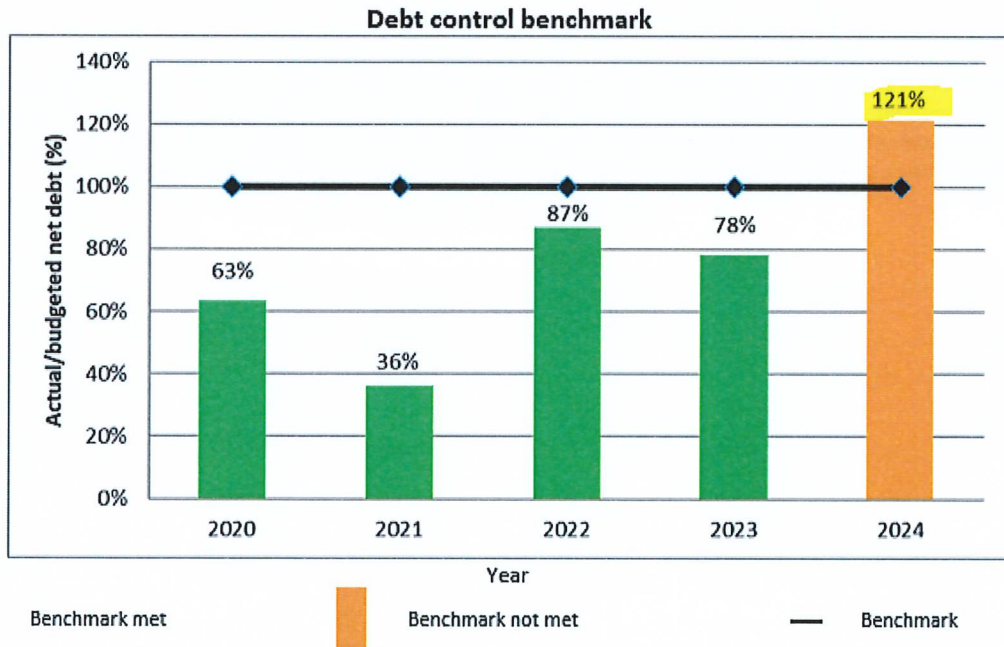
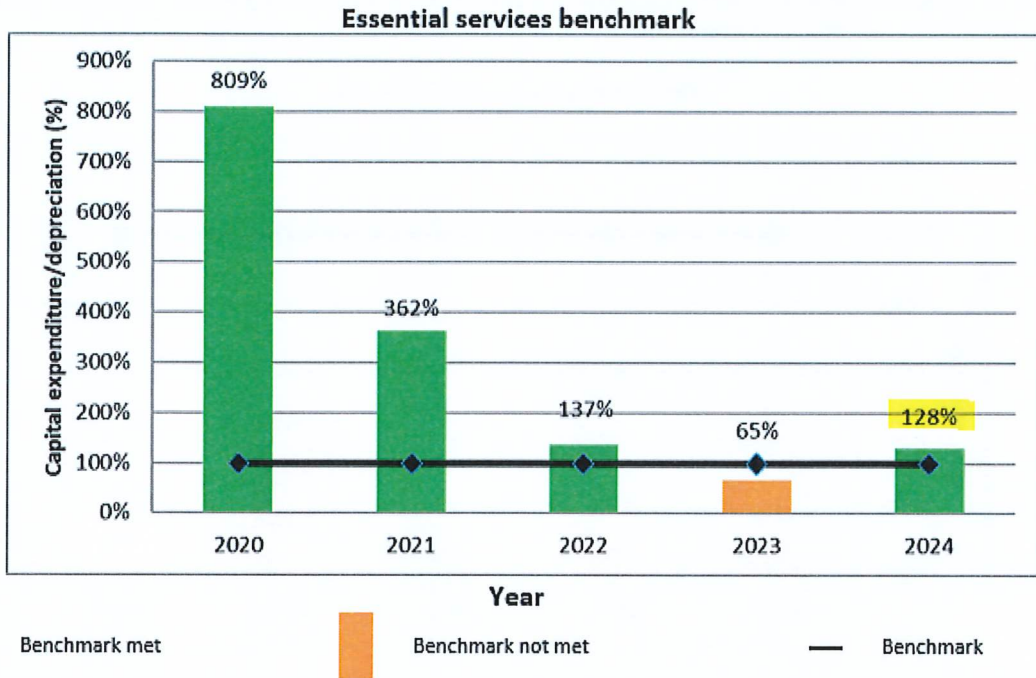
Other changes:

Annual Report Disclosure Statement

Inserted after Notes to the Financial Statements, and before the Group Funding Impact Statement.

Essential services benchmark

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Comment

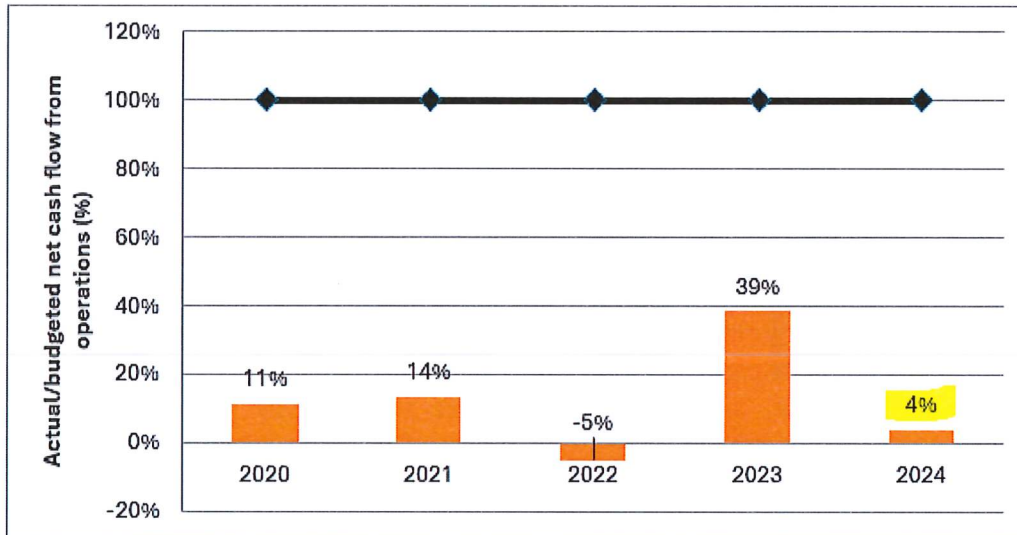
The Council did not meet this benchmark in the 2024 year. This is largely because there is a significant amount of grant funding received at the end of the financial year, that has been held as revenue in advance (converting the revenue to a current liability). The grant funding is classified as a liability because it may be recalled by the funder if it is not spent according to the terms and conditions of the grant. [REDACTED]

Operations control benchmark

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The 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.

Operations control benchmark



Benchmark met



Benchmark not met



Benchmark

Comment

This benchmark is calculated by taking the actual cashflow from operations in this Annual Reports and dividing it by the planned cashflow from operations in the Council's Annual Plans. It should be noted that the main reason for the variance is that the planned cashflow from operations, as published in the Council's Annual Plans, includes grants and subsidies for capital work. Grants of \$20.5m were budgeted compared to actual grants received of \$8m.



**Kaikoura District Council
Funding Impact Statement
For the year ended 30 June 2024**

Funding Impact Statement

	Annual Plan 2023 \$'000	Actual 2023 \$'000	Annual Plan 2024 \$'000	Actual 2024 \$'000
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	3,883	3,959	4,159	4,291
Targeted rates (incl. water meter charges)	5,061	5,077	5,224	5,337
Subsidies and grants for operating purposes	2,771	3,010	1,903	2,952
Fees and charges	1,526	1,825	1,735	1,820
Interest & Dividend from Investments	3	39	3	105
Fuel tax, fines, infringement fees, and other receipts	88	403	113	434
Total sources of operating funding (A)	13,332	14,313	13,137	14,939
Application of operating funding				
Payments to staff and suppliers	(12,879)	(11,747)	(12,470)	(12,449)
Finance costs	(189)	(215)	(327)	(322)
Other operating funding applications	-	-	-	-
Total application of operating funding (B)	(13,068)	(11,962)	(12,797)	(12,771)
Surplus / (deficit) of operating funding (A-B)	264	2,351	340	2,168
Sources of capital funding				
Subsidies and grants for capital expenditure	5,163	1,900	18,580	5,011
Development and financial contributions	44	40	44	12
Increase / (decrease) in debt	406	-	1,426	2,000
Gross proceeds from sale of assets	325	-	150	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	5,938	1,940	20,200	7,023
Application of capital funding				
Capital expenditure:				
- To meet additional demand	(3,535)	(1,377)	(5,271)	(2,067)
- To improve the level of service	(514)	(586)	(9,286)	(347)
- To replace existing assets	(3,835)	(2,515)	(8,326)	(5,288)
Increase / (decrease) in reserves	1,682	187	2,343	(715)
Increase / (decrease) of investments	-	-	-	(774)
Total application of capital funding (D)	(6,202)	(4,291)	(20,540)	(9,191)
Surplus / (deficit) of capital funding (C-D)	(264)	(2,351)	(340)	(2,168)
Funding balance ((A-B) + (C-D))	0	0	0	0

