

# FINANCE AUDIT AND RISK COMMITTEE MEETING

<b>Date:</b>	Tuesday 29 October 2024
<b>Time</b>	1.00pm
<b>Location</b>	Totara, Council Chambers

## AGENDA

1. Opening with a Karakia
2. Apologies
3. Declarations of Interest
4. Confirmation of Minutes dated 27 August 2024 page 3
5. Review of Action List page 8
6. Matters of Importance to be raised as Urgent Business -
7. Finance Report to 30 September 2024 page 9
8. Quarterly Reports to 30 September 2024 page 19
  - 8.1 Treasury Management Policy Report page 21
  - 8.2 Airport Quarterly Report page 26
  - 8.3 Harbour Quarterly Report page 30
  - 8.4 Rates & Sundry Debtors Report page 32
9. Risk Management Report page 35
  - 9.1 Risk Register page 37
10. Annual Report to 30 June 2024 page 45
11. Audit & Summary Results verbal update
12. Public Excluded Session  
 Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely
  - a) Public Excluded Minutes dated 27 August 2024
  - b) Harbour Financial Matters – verbal update
  - c) Insurance Renewal Options – verbal update

The general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1), 6 and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
Public Excluded Minutes dated 27 August 2024	Includes commercially sensitive information on harbour financial matters.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information

		Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
Harbour Financial Matters – Verbal Update	Verbal update on subject previously brought to Council around negotiations which are commercially sensitive.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
Insurance Renewal Options – Verbal Update	Verbal update on insurance premiums/quotes which are commercially sensitive.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information

\*This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

We do not want to reveal the details of those negotiations. Information will be made publicly available in due course.

**13. Close meeting with a Karakia**

**MINUTES OF THE FINANCE AUDIT AND RISK COMMITTEE MEETING HELD AT  
1.00PM ON TUESDAY 27 AUGUST 2024 AT TOTARA, COUNCIL CHAMBERS,  
96 WEST END, KAIKOURA**

**PRESENT:** Deputy Mayor J Howden (Chair), Mayor C Mackle, Councillor V Gulleford (by MS Teams), Councillor J Diver, D Brandish (Independent Member).

**IN ATTENDANCE:** W Doughty (Chief Executive Officer), P Kearney (Senior Manager Corporate Services), S Poulsen (Finance Manager), C Kaa (Management Accountant), B Makin (Executive Officer - minutes).

**1. OPENING WITH A KARAKIA**

**2. APOLOGIES Nil**

---

**3. DECLARATIONS OF INTEREST Nil**

---

**4. CONFIRMATION OF MINUTES**

**RESOLUTION**

*THAT the Committee:*

- a) *Confirms as a true and correct record, the circulated minutes of the Committee held on 23 April 2024*

Moved: Councillor J Diver

Seconded: D Brandish

**CARRIED UNANIMOUSLY**

---

**5. REVIEW OF ACTION LIST**

The comments in the action list were noted. The airport loan amounts and terms were confirmed as:

Terminal loan	\$152k	4 years left
Hangar loan	\$20k	6 years left
Facilities loan	\$106k	15 years left
Safety work	\$28k	16 years left
<b>Total loans</b>	<b>\$306k</b>	

---

**6. MATTERS OF IMPORTANCE TO BE RAISED AS URGENT BUSINESS Nil**

---

**7. END OF YEAR FINANCE REPORT TO 30 JUNE 2024**

The report provides an update on the financial position of the Council as at 30 June 2024. Council staff highlighted that the report reflects the interim result as a range of year-end adjustments are still being worked through. Audit NZ are expected to start the audit mid-September 2024.

A positive story was highlighted where the roading items (including unsealed road maintenance) was down \$70k on budget due to savings using our own metalling materials.

The Rates Officer has refined the internal processes between building and planning to ensure QV receive building consents and code of compliances. The team are working through visitor accommodation providers and updating the rates database with the correct sector charge. The Rates Officer was acknowledged by the Finance Manager for her work in getting the rates database up to date. It was clarified that subdivisions go to LINZ first and then to QV.

The Link Pathway is showing as an overrun for the year against planned budget in the report, but overall the project remains under budget.

Other items of note were:

- IWK will be invoiced from 1<sup>st</sup> July 2024 for their contribution towards the transfer station.
- Personnel costs are lower than forecast due to roles not being filled and the building control function being contracted out while a replacement Manager was being recruited.
- Council staff are working on a process to capitalise staff time on projects for this financial year.

#### **RESOLUTION**

*THAT the Committee receives this report for information.*

Moved: Deputy Mayor J Howden

Seconded: Mayor C Mackle

**CARRIED UNANIMOUSLY**

---

#### **8. QUARTERLY REPORTS TO 30 JUNE 2024**

Interim reports and note could be some changes to the figures.

##### Liability Management Policy Compliance Report

Of note, \$2m was borrowed in July as recommended by PWC to refinance the debt due in April 2025 and take advantage of interest rates. This would bring the council up to compliance in terms of the policy levels. S Poulsen explained the definitions of liquidity and working capital.

A query was raised on the percentage of the interest rates where the floating portion had been excluded in the report but was included in the March report. Council staff clarified that the interest rate total should be fixed debt only hence the exclusion of the floating portion in this report. The Finance team have asked PWC to provide a clearer table and will circulate this once received (**ACTION**).

##### Investment Quarterly Report

The interim council investment total was noted as \$9,859,417, which is subject to change with asset valuations.

##### Airport Report

Airport landing numbers are not up to pre-covid levels. The airport is 17% general rate funded and moving closer to KDC's target of being fully user pays.

A discussion was held around the new airport system and if a comparison was available with the old system in terms of landings. The Finance team are working through the backlog of landings not captured by the old system and should have figures at the month end.

### Harbour Report

It was noted that the special operator rate has been introduced with Whale Watch and Dolphin Encounter. The main costs relating to the harbour is insurance and depreciation, followed by maintenance, harbour master costs, financing costs and overheads. The operating costs for the harbour will continue to show a loss until the lease fee is settled.

### Debtors Report

Good progress was being made with overdue debtors and encouraging frequent direct debits. Debt Management Central actively manages debtors and the number of debtors has significantly reduced over the last two years.

It was noted that large invoices were sent in March 2024, therefore the sundry debtors are higher this quarter.

It was clarified that building consents need to be paid before the building work starts.

### Special Funds and Reserves Report

The quarterly report for special funds and reserves was also included. Council staff are looking into what can be funded through the waste minimisation levy. Discussions are underway with IWK and MFE have been asked for the criteria.

### **RESOLUTION**

*That the cover report and listed attachments be received for information.*

Moved: Mayor C Mackle  
Seconded: Councillor J Diver

**CARRIED UNANIMOUSLY**

---

## **9. RISK MANAGEMENT REPORT**

The Risk Management Report and Risk Register as of August 2024 was presented and discussed. The Chief Executive highlighted that the council is in a strong position compared to other Councils around the country with the three waters joint project and have a good working relationship with the DIA.

The staff engagement results trend was discussed where the overall drop of satisfaction from 80% was down to 65%. The survey was undertaken in January 2024. The follow-up actions undertaken by the Chief Executive and Management team were discussed in depth at the CEO performance review committee. An internal staff working group was set up to analyse the feedback and provide actions to be put in place. In parallel, an internal strategy that has been developed and rolled out based around four core pillars.

### **RESOLUTION**

*That the Committee:*

- a) Receives this report*
- b) Notes the contents of the Risk Management Report (including Risk Register)*
- c) Provides any feedback for staff consideration.*

Moved: Councillor V Gulleford  
Seconded: D Brandish

**CARRIED UNANIMOUSLY**

## 10. PUBLIC EXCLUDED SESSION

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely:

- a) Public Excluded Minutes dated 23 April 2024
- b) Harbour Financial Matters – verbal update

The general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1), 6 and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
Public Excluded Minutes dated 23 April 2024	Includes commercially sensitive information on harbour financial matters.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information  Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities  Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
Harbour Financial Matters – Verbal Update	Verbal update on subject previously brought to Council around negotiations which are commercially sensitive.	Section (7)(2)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information  Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities  Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

\*This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

We do not want to reveal the details of those negotiations. Information will be made publicly available in due course.

Moved: Deputy Mayor J Howden  
Seconded: Mayor C Mackle

**CARRIED UNANIMOUSLY**

The meeting moved into the Public Excluded session at 2.10pm.

**11. RE-OPENING OF MEETING**

The meeting moved out of Public Excluded at 2.40pm.

**12. CLOSE MEETING**

There being no further business, the meeting was declared closed at 2.40pm.

CONFIRMED

\_\_\_\_\_

Chairperson

Date

Unconfirmed Minutes

**FINANCE AUDIT AND RISK  
ACTION LIST AS AT 23 OCTOBER 2024**

**OPEN ITEMS**

	<b>ACTION ITEM</b>	<b>ASSIGNED TO</b>	<b>DUE</b>	<b>STATUS</b>
1	Reserves: Seek advice from PWC on mid-range rate on internal borrowing	P Kearney/ S Poulsen	Ongoing	To understand pros and cons before recommending to Council
2	Provide a graph showing the reserves on one page	S Poulsen	Ongoing	Verbal update to be provided at meeting
3	Liability Management Policy Compliance Report The Finance team have asked PWC to provide a clearer table and will circulate this once received ( <b>ACTION</b> ).	P Kearney/ S Poulsen	-	Verbal update to be provided at meeting

**CLOSED ACTIONS**

	<b>ACTION ITEM</b>	<b>ASSIGNED TO</b>	<b>DUE</b>	<b>STATUS</b>
	Provide further explanations on the variances under 'Other Expenses'	P Kearney/ S Poulsen	27 August	Included in narratives.
	Provide an update on the outstanding balance of the airport terminal hanger loan and length of loan, if any	S Poulsen	27 August	Update to be provided at the meeting.
	Undertake a strategic review of insurance	P Kearney/ S Poulsen	27 August	Workshop scheduled for after the meeting.



<b>Report to:</b>	<b>Finance, Audit &amp; Risk Committee</b>
<b>Date:</b>	29 October 2024
<b>Subject:</b>	Finance Report to 30 September 2024
<b>Prepared by:</b>	S Poulsen, Finance Manager
<b>Input sought from:</b>	C Kaa, Management Accountant
<b>Authorised by:</b>	P Kearney, Senior Manager Corporate Services

### 1. SUMMARY

The purpose of this report is to provide a summary of the Council's financial performance and financial position to the end of September 2024.

The last three months have produced an operating surplus of \$3.9 million, tracking \$824k better than the budget for the year to date. Grants & subsidies (for opex and capex) collectively account for \$729k worth of this variance. The following table highlights the most significant grants versus what was forecast in the LTP.

Significant grants received	LTP budget \$000s	Actual \$000s	Variance \$000s
IAF project	0	138	138
Roading incl. Glen Alton (Clarence River) Bridge	83	5	(78)
Takahanga Mainpower Multisport Courts	168	277	109
Link Pathway	350	352	2
Wakatu Quay	3,891	4,265	374
Three-Waters Transition funding	0	113	113
Freedom Camping	0	31	31
Older Persons Support	0	40	40
	4,492	5,221	729

These variances are likely to exist for the remainder of the financial year.

This report is for information only.

#### Attachments:

- i. Finance Agenda Statements to 30 September 2024

### 2. RECOMMENDATION

It is recommended that the Committee recommends that the Council receives this report for information.

### 3. FINANCIAL INSIGHTS FOR THE YEAR AHEAD

The Wakatu Quay construction should commence over the next few months, with building consent granted and the contractor appointed. We are currently holding around \$4 million in grant revenue ready for this project.

The IAF project and the Glen Alton (Clarence River) Bridge will continue to distort overall financial performance due to the scale of the projects and the significant delays both are experiencing. While expenditure is largely within budget for all business-as-usual operations, budgets are extremely tight, with no wiggle room for unforeseen issues.

#### **4. STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE (“PROFIT & LOSS”)**

##### **4.1 Operating revenue**

- User fees & charges are down \$104k, however \$75k of this is a reclassification of revenue for the IAF project that had been invoiced last financial year, from user fees to grants. The \$75k is now included in the grants & subsidies line, funded by the developer.
- Resource consent fees are currently running at around half the budget target (down ~\$20k).
- Dog registrations are still very slow to come in, at only around 80% of budget target (down ~\$7k).

##### **4.2 Grants & subsidies – capital**

- In September we received \$300k being another instalment for the Link Pathway, plus \$138k towards the IAF project.

##### **4.3 Direct operating expenses**

- For Personnel expenses (salaries, wages, honoraria, and Kiwisaver), all activities are showing minor variances accumulating to \$50k under budget. Three vacancies remain at end of September.
- Professional services are overspent due to public liability insurance premiums, and legal fees for a complex matter. A small offset in the audit fee for the Annual Report being slightly less than forecast for September means that we are \$50k over budget for professional services.
- Grants paid out includes a payment to Kaikōura Healthcare of \$39k for a community support worker.
- Project management expenses for Wakatu Quay are \$79k over budget, however it is possible that some of these costs could be capitalised, and this is an action point..
- Unsubsidised work on the Jordan Stream crossing takes Repairs & Maintenance for Roding over budget – the budget is in the capital expenses rather than operating.
- All other direct operating expenses are very close to budget.

##### **4.4 Indirect operating expenses**

- Depreciation will continue to be much lower than budgeted because the budget forecast has been calculated based estimated completion times which haven’t been achieved (such as the Clarence River bridge, Wakatu Quay, and other projects). The Council does not set its rates to cover the cost of depreciation, and so the variance has no cash impact.
- Overheads and internal charges are budgeted as negative expense because some staff time is now being allocated to capital projects, which transfers the cost from operating to capital. This is a new process, triggered by an NZTA expectation that roading staff account for their time on the roading programme, and seems to be working well.

#### **5. STATEMENT OF FINANCIAL POSITION (“BALANCE SHEET”)**

##### **5.1 Current assets**

- The first rates instalment fell due in September, but with creditor payments going out, cash only increased by \$151k for the month. With the Wakatu Quay project about to enter construction phase, we can expect cash balances to decrease over the coming 12-18 months.
- Trade & other receivables reduced with the rates instalment being received. The quarterly Rates & Sundry Debtors Report gives more details on the state of overdue debtors.

## 5.2 Non-current assets

- Valuations as at 30 June 2024 are all in for three waters, forestry and investment property, for the Annual Report. The valuations resulted in three waters increasing by \$9.6 million, forestry by \$327k, and investment property (Wakatu Quay) by \$60k.

## 5.3 Current liabilities

- Of the \$1.81 million in Trade & other payables, only \$569k is creditors due 20<sup>th</sup> October. The remainder is rates held on behalf of Environment Canterbury (\$150k), consent deposits and bonds (\$294k), accruals, contract retentions, GST, and purchase order commitments.
- The current portion of the landfill provision provides for final capping work in the 2025 year.

## 5.4 Non-current liabilities

- As mentioned last month, we have \$9.3 million in loans with the intention to repay \$2 million in April 2025.
- The non-current provisions refer to landfill aftercare which is forecast to be a liability for the next 80 years.
- Other term liabilities are Environment Canterbury's share of the Marlborough Regional Forestry joint venture, which we hold on their behalf.

## 6. STATEMENT OF CASHFLOWS

Cash from normal operating activities remains negative, which is in line with operating cash for the same period in the prior year.

## 7. CAPITAL PROJECTS

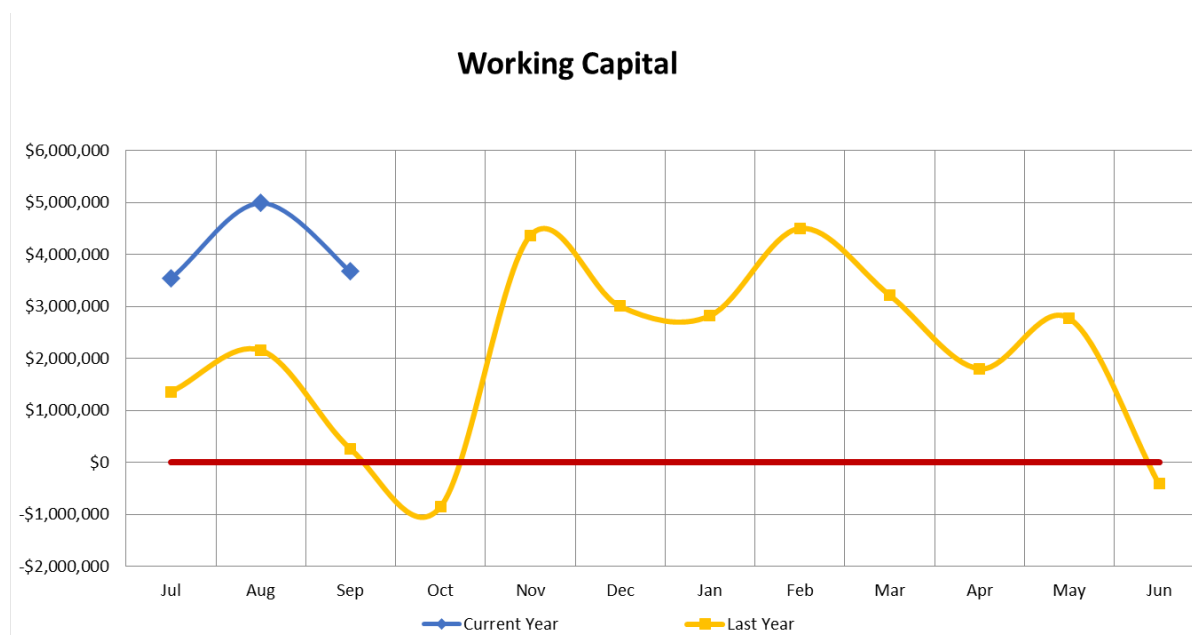
The table below identifies the top 10 projects by budget value, for year one of the Long-Term Plan 2024-2034, and the actual spend for the year so far against the full year budget.

Project	Budget \$000s	Spent \$000s	Spent %
IAF project	6,439	252	4%
Wakatu Quay	3,891	115	3%
Glen Alton (Clarence River) Bridge	2,000	129	6%
Sealed road resurfacing	562	-	0%
Landfill closure & transfer station reconfiguration	400	78	19%
Link Pathway	400	181	45%
West End toilets	390	380	97%
Roading sublayer rehabilitation	330	-	0%
Jordan Stream bridge	300	14	5%
Footpaths	250	10	4%
Other capital projects	1,937	513	26%
	14,962	1,671	11%

The amounts in this table are limited to budget and actual spend during the 2024/2025 financial year, and don't include previous year(s). From a "BAU" perspective, we are at 26% spent for the year.

## 8. WORKING CAPITAL

Working capital takes current assets less current liabilities, to show whether there is adequate cover for payments when they fall due (working capital should always be more than zero).



## 9. FINANCIAL IMPLICATIONS AND RISKS

Monthly monitoring and reporting on the Council financials are required as there is a risk that the Council's financial position could deteriorate with an increase in debt levels; lowered credit rating; or that revenue flows are lower than budgeted, and expenditure is higher than projected.

## 10. SIGNIFICANCE OF DECISION

This report is for information only; however, it may form the basis upon which other decisions are made (those which have a financial impact).

## 11. RELEVANT LEGISLATION

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

## 12. GLOSSARY OF TERMS USED IN THE FINANCIAL STATEMENT:

Statement of Comprehensive Revenue & Expense	
Revenue	
Rates revenue	General and targeted rates, plus penalties, less remissions.
Water meter charges	Invoiced twice a year calculated on water meters attached connected to properties, showing water consumption per m <sup>3</sup>
User fees & charges	Fees for goods and services we provide (consent fees, lease revenue, slipway fees, etc)
Grants & subsidies	Grants received for operating costs such as MSD funding for a family violence coordinator, NZTA subsidies for road maintenance and cleaning public toilets, Mayors Taskforce for Jobs, etc.

Development contributions	A fee charged to developers on subdivisions and commercial buildings so they contribute to capital upgrades that are required to service their development and associated infrastructure.
Interest revenue	Interest earned on term deposits and on-call savings accounts
Gains	Increases in the value of investment property, or the surplus over and above the book value of an asset if sold
Other revenue	Infringement fees, petrol tax, waste minimisation levy, insurance claims, logging sales, and MRF revenue
Grants & subsidies – capital	Grants for capital expenditure, such as funding for the Wakatu Quay development, NZTA subsidies for road renewals, etc
<b>Direct Operating Expenses</b>	
Personnel	Salaries, wages, honoraria, staff leave, and Kiwisaver contributions
Personnel-related expenses	Training & conference expenses including travel & accommodation, Fringe Benefit Tax, workplace support, medical insurance, safety gear.
Admin & office expenses	Subscriptions, stationery, bank fees, advertising, postage, rates, etc
Contractors	External resources – building consent processing, cemetery plot preparation, mowing, freedom camping ambassadors, etc
Professional services	Legal advice, consultancy, valuation fees, audit fees, insurance premiums, treasury advice, design fees, accreditation expenses.
Grants & donations	Payments to organisations such as the Museum, KITI, Te Ha, etc.
IT & telecommunications	Software licences and support, phones and cell-phones, internet, website, computer consumables, printer/copier lease, etc
MRF	Marlborough Regional Forestry joint venture (our 11.5% share of expenses)
Utilities	Electricity, cleaning expenses, fuel and vehicle expenses
Project expenses	Project management, waste minimisation projects, environmental projects, back-scanning project, and other specific project expenses
Repairs & maintenance	Building maintenance, playground repairs, elevator servicing, wharf maintenance, vandalism repairs, tools & equipment. Road drainage and seal maintenance, pothole repairs, etc. Kerbside recycling and rubbish collection service, transfer station operating expenses, rubbish pickups, town rubbish bin services. Water services scheduled maintenance and unplanned repairs.
<b>Statement of Financial Position</b>	
Cash & cash equivalents	Bank accounts and term deposits: note - includes long-term deposits
Trade & other receivables	Debtors. Includes rates, leases, and other invoices, and is the amount that ratepayers and customers still must pay to the Council.
Prepayments & inventory	Bills we have paid in advance (such as insurance and subscriptions), plus stock on hand.
Current financial assets	The loan from the Council to Innovative Waste – the amount that will be paid back within 12 months.

Other current assets	Assets held for sale (e.g. the Esplanade land – former Council office)
Intangible assets	Software systems that we own (rather than hold a licence to use)
Forestry assets	Standing trees, valued annually at the likely return if logged and sold
Investment property	Wakatu Quay – valued annually. The Council has classified this as an investment property because it expects the land to generate a return
Property, plant & equipment	All other assets – land, buildings, roads & bridges, wharves, water and wastewater infrastructure, vehicles, office equipment, library books.
Trade & other payables	Creditors. The balance of bills we haven't paid yet, and other amounts we must pay within 12 months (GST, refundable bonds, ECan's share of rates revenue, etc).
Employee liabilities	Annual leave owing to employees
Landfill provision – current	An estimate of the cost that will be incurred within the next 12 months to secure and cap the site.
Current portion of term debt	Loans (or portion of loans) that must be repaid within 12 months
Provisions	An estimate of the cost that will be incurred to secure and cap the site beyond the next 12 months, and to keep maintaining the site ongoing.
Borrowings – non-current	The balance of loans that don't need to be repaid within 12 months
Other term debt	Our share of Marlborough Regional Forestry debts, and any other long-term liabilities
Public equity	A type of equity that records accumulated surpluses and deficits, and other movements in equity not recorded below.
Asset revaluation reserve	A type of equity that records movements in property, plant and equipment values.
Special funds & reserves	A type of equity that records funds set aside for specific purposes (such as grants, targeted rates, development contribution funds, etc)

### 13. COMMUNITY OUTCOMES SUPPORTED

The work is in support of all community outcomes.



#### Community

We communicate, engage and inform our community



#### Development

We promote and support the development of our economy



#### Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



#### Environment

We value and protect our environment



#### Future

**we** work with our community and our partners to create a better place for future generations

## KEY INDICATORS

AS AT 30 SEPTEMBER 2024

<p><b>OPERATING RESULT</b> <i>operating surplus/(deficit)</i></p> <p style="text-align: center; font-size: 24pt;"><b>\$3.90m</b></p> <p>\$824k favourable v/s year to date budget of \$3,076k</p>	<p><b>OPERATING COSTS</b> <i>costs to deliver existing levels of service</i></p> <p style="text-align: center; font-size: 24pt;"><b>\$4.81m</b></p> <p>\$99k favourable v/s year to date budget of \$4.91m</p>
<p><b>TOTAL EXTERNAL BORROWING</b> <i>total borrowings from bank</i></p> <p style="text-align: center; font-size: 24pt;"><b>\$7.30m</b></p> <p>\$00k unfavourable v/s full year budget of \$7.3m</p>	<p><b>INTEREST ON DEBT</b> <i>cost to service debt</i></p> <p style="text-align: center; font-size: 24pt;"><b>\$160k</b></p> <p>\$50k unfavourable v/s year to date budget of \$110k</p>
<p><b>CAPITAL EXPENDITURE</b> <i>cost of new &amp;/or replacement of assets</i></p> <p style="text-align: center; font-size: 24pt;"><b>\$1.67m</b></p> <p>\$289.5K unfavourable v/s year to date budget of \$1382.0K</p>	<p><b>DEVELOPMENT CONTRIBUTIONS</b> <i>received for district growth</i></p> <p style="text-align: center; font-size: 24pt;"><b>\$90.4k</b></p> <p>\$39.6k favourable v/s year to date budget of \$51k</p>
<b>LONG TERM PLAN MEASURES</b>	
<p><b>DEBT AFFORDABILITY BENCHMARK</b> <i>financing expenses as a % of rates</i></p> <p style="text-align: center; font-size: 24pt;"><b>6.0%</b></p> <p>4.0% favourable v/s council approved limit of 10.0%</p>	<p><b>EBID</b> <i>earnings before interest and depreciation</i></p> <p style="text-align: center; font-size: 24pt;"><b>\$5.27m</b></p> <p>\$544K favourable v/s year to date budget of \$4.73m</p>
<p><b>BALANCED BUDGET BENCHMARK</b> <i>revenue equal or greater than expenses</i></p> <p style="text-align: center; font-size: 24pt;"><b>181%</b></p> <p>81% favourable v/s council benchmark of 100%</p>	<p><b>BORROWINGS TO EQUITY</b> <i>Term loans as a % of equity</i></p> <p style="text-align: center; font-size: 24pt;"><b>2.40%</b></p> <p>0.13% unfavourable v/s full year budget of 2.27%</p>

# STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	BUDGET	BUDGET YTD	ACTUAL	VARIANCE
	YTD	YTD	YTD	YTD
	2025	30/09/2024	30/09/2024	30/09/2024
	\$000s	\$000s	\$000s	\$000s
<b>REVENUE</b>				
Rates revenue	10538	2634	2663	28
Water meter charges	230	0	0	0
User fees & charges	1923	548	444	-104
Grants & subsidies	992	200	371	171
Development contributions	62	51	90	40
Interest revenue	57	14	49	34
Gain	88	0	0	0
<a href="#">Other revenue[1]</a>	685	34	31	-2
<b>Total Operating Revenue</b>	<b>14574</b>	<b>3482</b>	<b>3648</b>	<b>167</b>
Grants & Subsidies - Capital	14047	4507	5065	558
<b>Total Revenue</b>	<b>28621</b>	<b>7988</b>	<b>8713</b>	<b>725</b>
<b>DIRECT OPERATING EXPENSES</b>				
Personnel	4126	917	867	-50
Personnel Related Expenses	343	92	80	-12
Admin & Office Expenses	452	121	126	5
Contractors	621	127	121	-5
Professional Services	1518	562	612	50
Grants/Donations	736	332	371	39
IT & Telecommunications	812	130	113	-16
MRF	120	20	52	32
Utilities	717	174	164	-10
Project Expenses	260	144	211	66
Repairs & Maintenance - Facilities	483	86	86	0
Repairs & Maintenance - Roading	1369	305	367	62
Repairs & Maintenance - Waste	352	87	91	3
Repairs & Maintenance - Water	788	189	162	-27
Other Expenses	574	29	48	18
<b>Total Direct Operating Expenses</b>	<b>13270</b>	<b>3316</b>	<b>3471</b>	<b>155</b>
<b>INDIRECT OPERATING EXPENSES</b>				
Depreciation	6239	1542	1212	-330
Financing expenses	392	110	160	50
Overheads and Internal Charges	-196	-56	-31	26
<b>Total Indirect Operating Expenses</b>	<b>6435</b>	<b>1596</b>	<b>1342</b>	<b>-254</b>
<b>Total Operating Expenses</b>	<b>19705</b>	<b>4912</b>	<b>4813</b>	<b>-99</b>
<b>Operating surplus/(deficit)</b>	<b>-5131</b>	<b>-1430</b>	<b>-1164</b>	<b>266</b>
<b>TOTAL COMPREHENSIVE REVENUE &amp; EXPENSE</b>	<b>8916</b>	<b>3076</b>	<b>3900</b>	<b>824</b>



# STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2024

	BUDGET to year end \$000s	ACTUAL 30/09/2024 \$000s	ACTUAL 30/09/2023 \$000s
<b>ASSETS</b>			
<i>Current assets</i>			
Cash & cash equivalents	1,682	6,387	2,333
Trade & other receivables	1,956	1,365	640
Prepayments & inventory	254	3	-111
Current financial Assets	20	20	20
Other Current Assets	330	330	330
<b>Total current assets</b>	4,243	8,106	3,212
<i>Non-current assets</i>			
Intangible assets	-	34	58
Forestry assets	2,521	2,728	2,401
Investment property	7,478	3,000	2,940
Financial Assets	207	302	172
Property, plant & equipment	316,712	302,422	289,295
<b>Total non-current assets</b>	326,917	308,486	294,865
<b>TOTAL ASSETS</b>	331,160	316,591	298,077
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Trade & other payables	1,612	1,811	2,173
Employee liabilities	257	224	193
Landfill Provision - current	-	389	580
Current Portion of term debt	1,000	2,000	-
<b>Total current liabilities</b>	2,869	4,424	2,947
<i>Non-current liabilities</i>			
Provisions	225	382	225
Borrowings – non-current	6,300	7,300	5,300
Other term debt	483	545	483
<b>Total non-current liabilities</b>	7,008	8,227	6,008
<b>EQUITY</b>			
Public equity	143,790	123,957	118,793
Asset revaluation reserve	175,115	176,180	166,525
Special funds & reserves	2,378	3,803	3,805
<b>Total equity</b>	321,283	303,940	289,123
<b>TOTAL LIABILITIES &amp; EQUITY</b>	331,160	316,591	298,077

**STATEMENT OF CASH FLOWS**  
FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	<b>BUDGET to year end \$000s</b>	<b>ACTUAL 30/09/2024 \$000s</b>	<b>ACTUAL 30/09/2023 \$000s</b>
<b>OPERATING ACTIVITIES</b>			
Receipts from rates	10,767	2,663	2,388
Interest received	57	49	16
Receipts from other revenue	16,871	508	2,391
Payments to employees & suppliers	(13,938)	(5,067)	(4,669)
Interest paid	(392)	(160)	(33)
Goods & services tax (net)	-	370	(223)
<b>Net Cash from Operating Activities</b>	<b>13,366</b>	<b>(1,638)</b>	<b>(129)</b>
<b>INVESTING ACTIVITIES</b>			
Grants received for capital work	-	4,918	1,097
Purchase of investment property	(3,891)	-	-
Sale of property, plant & equipment	-	-	-
Purchase of property, plant & equipment	(13,008)	(1,674)	(2,053)
Purchase/sale of forestry assets	-	-	-
Purchase of intangible assets	-	-	-
Purchase/Sale of non-financial assets	-	(95)	5
Purchase of current-financial asset	-	-	-
Payment into term deposits	-	-	-
<b>Net Cash from Investing Activities</b>	<b>(16,899)</b>	<b>3,419</b>	<b>(951)</b>
<b>FINANCING ACTIVITIES</b>			
Movement in borrowings	-	2,000	-
<b>Net Cash from Finance Activities</b>	<b>-</b>	<b>2,000</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(3,533)</b>	<b>3,511</b>	<b>(1,081)</b>
<b>OPENING CASH</b>	<b>5,215</b>	<b>2,877</b>	<b>3,414</b>
<b>CLOSING CASH BALANCE</b>	<b>1,682</b>	<b>6,387</b>	<b>2,333</b>

<b>Report to:</b>	<b>Finance, Audit &amp; Risk Committee</b>
<b>Date:</b>	29 October 2024
<b>Subject:</b>	Quarterly Reports to 30 September 2024
<b>Prepared by:</b>	S Poulsen - Finance Manager
<b>Input sought from:</b>	C Kaa - Management Accountant
<b>Authorised by:</b>	P Kearney - Senior Manager Corporate Services

## 1. PURPOSE

The purpose of this report is to provide the Council with a detailed update on agreed Quarterly Financial Performance measures.

The quarterly reports provided are completed before the annual report has been finalised therefore the numbers may change.

## 2. RECOMMENDATION

It is recommended that the cover report and the listed attachments be received.

## 3. SUMMARY

Included with this cover report are the following reports for discussion:

### 3.1 Treasury Management Policy Report

The Long-Term Plan 2024-2034 included a revised Treasury Management Policy, which incorporates the former Liability Management Policy and the Investment Policy. This Treasury Management Policy Report has been reformatted to provide for the changes to these policies.

In summary, the Council has \$9.3 million in borrowings, with a term deposit in place meaning net debt is \$7.3 million. The Council is compliant with the new Treasury Management Policy in all respects except for Interest Rate Risk, with a minor non-compliance.

### 3.2 Airport Quarterly Report

The number of airport landings are up over previous years, with revenue expected to pick up next month as the fees are invoiced. Revenue is on budget, expenditure is currently below budget, however the airport continues to operate at a small loss.

### 3.3 Harbour Quarterly Report

Slipway fees and boat parking revenue are tracking close to budget for the year, but are up on last year due to the change in revenue policy for harbour operations across rates, licences, and user pays. Expenditure is tracking slightly above budget. Overall, the harbour is operating with a very small surplus of \$13k with the majority of boat parking and slipway fees being invoiced at the start of the financial year.

### 3.4 Rates & Sundry Debtors Report

Total rates owing is \$345K, slightly up on the same quarter last year. Currently 6 ratepayers are with external debt management, two properties already actively for sale, and we have one case of abandoned land which is being advertised.

Total sundry debtors have reduced from June's \$5.9M, down to \$1.5 million, with Wakatu Quay grants invoiced in June having been paid in July. Overdue debtors remain distorted by one large sundry debtor in the 3+ month overdue category. There are no major concerns with the remaining debtors.

#### 4. FINANCIAL IMPLICATIONS AND RISKS

Regular monitoring and reporting on the Council financials is required as there is a risk that the Council's financial position could deteriorate with an increase in debt levels; lowered credit rating; revenue flows are lower than budgeted, and expenditure is higher than projected.

#### 5. COMMUNITY OUTCOMES SUPPORTED

The work is in support of all community outcomes.



##### Community

We communicate, engage and inform our community



##### Development

We promote and support the development of our economy



##### Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



##### Environment

We value and protect our environment



##### Future

We work with our community and our partners to create a better place for future generations

#### 6. SIGNIFICANCE OF DECISION

This decision is not considered significant in terms of Council's Significance and Engagement Policy.

#### 7. RELEVANT LEGISLATION

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

#### 8. COMMUNITY VIEWS

No community views were sought in relation to this report.

# TREASURY POLICY COMPLIANCE REPORT

## TO 30 SEPTEMBER 2024

### Objective

The objective of the Treasury Policy is to control and manage costs and investment returns that can influence operational budgets and Council-approved debt levels.

This Policy supports the Council’s wider objectives, specifically:

- Efficient and effective management of Council activities and assets,
- Prudent stewardship of Council and Community assets and resources,
- Transparency of decision-making processes undertaken by the Council,
- Accountability for the decisions taken, and
- Compliance with statutory obligations

The Treasury Policy (incorporating the Liability Management Policy and Investment Policy) was adopted in June 2024 by the Council as part of the Long-term Plan 2024-2034.

### Borrowing Limits

The Council must comply with all relevant financial covenants and ratios. In managing debt, the Council will adhere to the following limits:

Limit	Council Limit	Actual	Compliant
Net external interest expense as a percentage of annual rates income	<15%	4.2%	Yes
Net interest expense as a percentage of total revenue	<10%	1.3%	Yes
Net external debt as a percentage of total revenue	<150%	84%	Yes
Total external debt	\$15m	\$9.3m	Yes
Liquidity ratio	>110%	176%	Yes

### Funding Risk

Funding risk management is concerned with ensuring that debt funding can be secured or refinanced in the future at acceptable terms, and this is achieved by spreading the maturity dates of borrowings, so they don’t all fall due (and need to be refinanced) within a short period of time.

The debt maturity profile limits and actuals, in respect to all external debt and committed bank facilities, are as below.

Period	Minimum	Maximum	Actual	Compliant
0 to 3 years	15%	60%	55%	Yes
3 to 7 years	25%	85%	45%	Yes
7 years plus	0%	60%	0%	Yes

## Interest Rate Risk

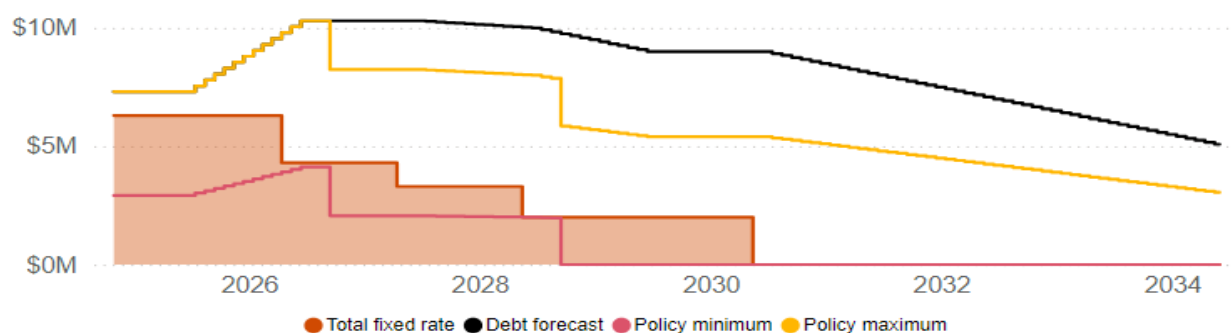
Like Funding Risk, interest rate risk refers to the impact that movements in wholesale interest rates have on the Council’s financial performance (when compared to projections included in the LTP and Annual Plan). The Council’s objective in managing interest rate risk is to minimise, and maintain stability of, debt servicing costs.

Exposure to interest rate risk is managed and mitigated through maintaining the percentage of gross forecast external debt that is subject to a ‘fixed rate’, rather than a ‘floating rate’, within the following limits (calculated on a rolling monthly basis):

Period	Minimum	Maximum	Actual	Compliant
0 to 2 years	40%	90%	32%	No
2 to 4 years	20%	80%	37%	Yes
4 to 15 years	0%	60%	32%	Yes

While the Council is temporarily non-compliant with the Interest Rate Risk profile, the loans are quite evenly distributed across the years, and so the non-compliance is not an indicator of a problem in terms of refinancing these loans when they fall due.

### Interest rate risk profile



Our weighted average interest rate is 5.02%, with rates ranging from 3.29% fixed to 6.53 floating%.

Current % of Debt Fixed	68%
Current % of Debt Floating	32%
Value of Fixed Rate (M)	\$6.3 million
Value of Floating Rate (M)	\$3 million

## Management of Credit Risks

Policy	Compliant
All bank borrowing and interest rate hedging transactions must be undertaken with the NZ Government, the Local Government Funding Agency (LGFA), or a New Zealand Registered Bank with a minimum Standard and Poor’s credit rating of at least AA-	☑

The Council raises all of its loans with the LGFA.

## Internal Borrowing

The Council used its reserves and external borrowing to internally fund both capital expenditure and working capital. The primary objective in funding internally is to use funds efficiently, by eliminating the margin that would be paid through the Council separately investing and borrowing externally.

Internal borrowing arrangements will not be subject to the Interest Rate exposure clause of this policy.

## Debt Repayment

Policy	Compliant
Reserve funds are set aside to repay the loan on maturity, or when conditions are favourable to do so (whichever is the earliest).	☑

## Security

Under the Local Government Rating Act 2002, the Council has the powers to set, access and collect rates to fund local government activities. This allows the Council to provide its rating powers as security for borrowing and risk management purposes in the form of a Debenture Trust Deed.

The Council has the right to enter into a borrowing facility with the Bank of New Zealand (BNZ) and secured by a charge over the Council's rates revenue, or negative pledge if this is appropriate. The Council will not pledge assets as security except where it has received a suspensory loan (as has been given for the housing for the elderly units).

## Debt Repayment

The Council will ensure that loan principal budgeted amounts are set aside in a special fund established to repay specific borrowing, a tabled mortgage is used, or it will repay debt from special reserves or special funds associated with the activity for which the loan has been raised.

## Investments

### *Value and Mix of Council's Investments*

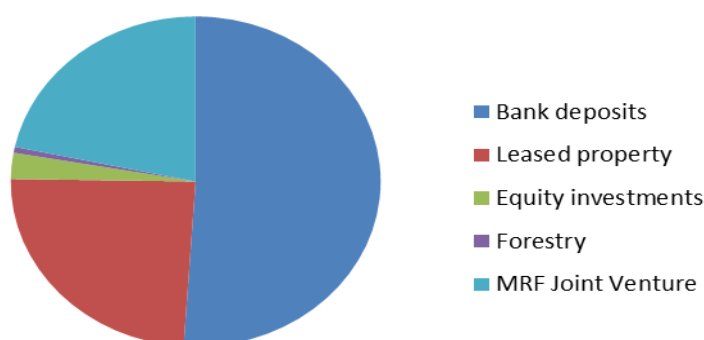
	This Quarter		Last Year	
Bank deposits	6,325,580	51%	2,289,554	24%
Investment property	3,000,000	24%	4,757,505	49%
Equity investments	316,500	3%	191,500	2%
Forestry	71,329	1%	96,393	1%
MRF Joint Venture	2,680,722	22%	2,304,494	24%
	<b>12,394,131</b>	<b>100%</b>	<b>9,639,446</b>	<b>100%</b>

Bank deposits have increased significantly with the receipt of over \$4 million in grants for Wakatu Quay, and the drawing of a \$2 million loan in advance of a loan maturing in April. A term deposit has been made for 180 days at 6.15% interest.

Investment property included the airport and hangar in previous reports, however the airport is only expected to be self-funding as an activity and so doesn't meet the definition of an investment property – hence the decrease in investment property value compared to the prior year.

Equity Investments are the borrowing notes attached to borrowings from LGFA and the loan to our subsidiary.

## Value & Mix of Investments



### Treasury Investments

	Balance	Rate	Term	Interest
On call account	4,322,353	4.75%	On call	49,031
Special funds on call account	3,227	4.75%	On call	30
Term deposit	2,000,000	6.15%	180 days	0
	<b>6,325,580</b>	<b>4.75%</b>		<b>49,061</b>

### Forestry Investments

The Long-Term Plan 2024-2034 confirms there is no annual targeted net return from forestry until 2029.

### Net Rental Yields of Property Investments

Investment properties are limited to Wakatu Quay, with that land yet to be developed therefore the annual target net return is currently NIL. The land has had a fair value gain over last year by \$60k to a total value of \$3 million.

The airport terminal and hangars are not classified as investment properties in the LTP and so have been removed from this report. For completeness, the quarterly suite of reports includes a report on the airport, and this includes rental yields on the land and buildings.

	Asset value	EBIT	Interest	Net	Yield
Wakatu Quay	3,000,000	0	0	0	0

Note EBIT refers to Earnings before Interest and Tax.

### Equity investments

The Council purchased 10,000 shares in Civic Assurance in 2012, with a value of \$9,000.



### Return on Investments

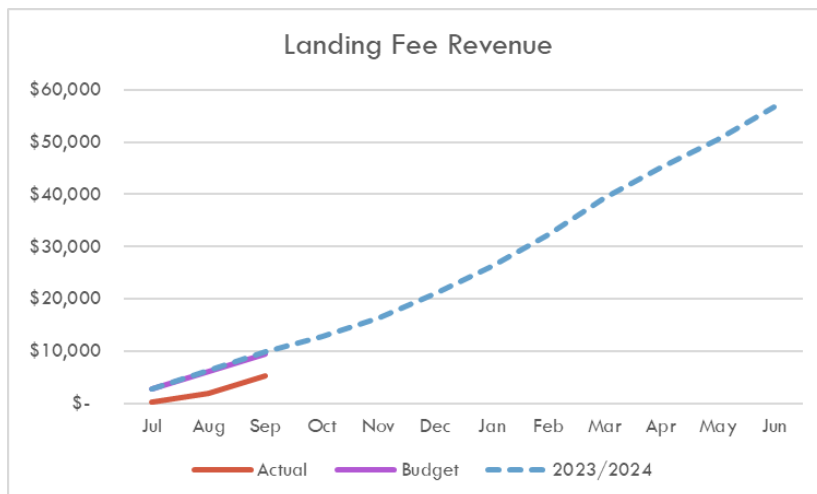
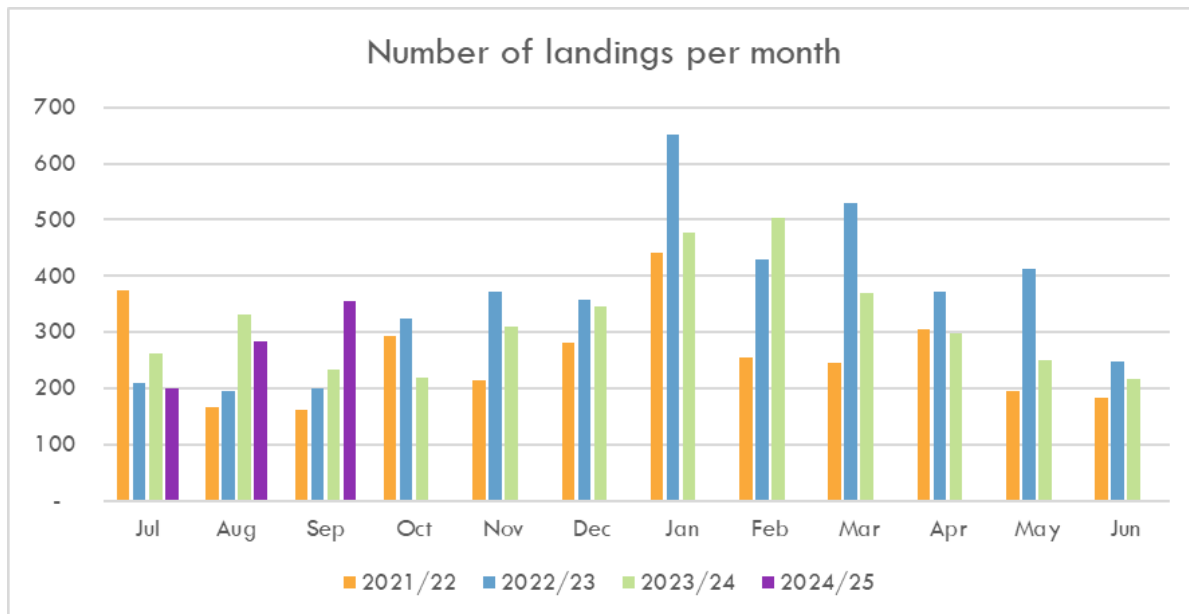
	<b>Value</b>	<b>Return</b>	<b>Yield</b>
Bank deposits	6,325,580	49,061	0.78%
Leased property	3,000,000	0	0.00%
Non-Financial Assets	316,500	540	2.16%
South Bay Forestry	47,513	(21,140)	(29.64)%
Marlborough Forestry	2,680,722	(51,750)	(1.93)%

Bank deposits are currently earning at interest rates from 3.5% to 6.15%, interest is applied monthly to On Call accounts but only quarterly for the term deposit (with no interest applied so far), therefore the actual interest earned appears to be only 0.78%.

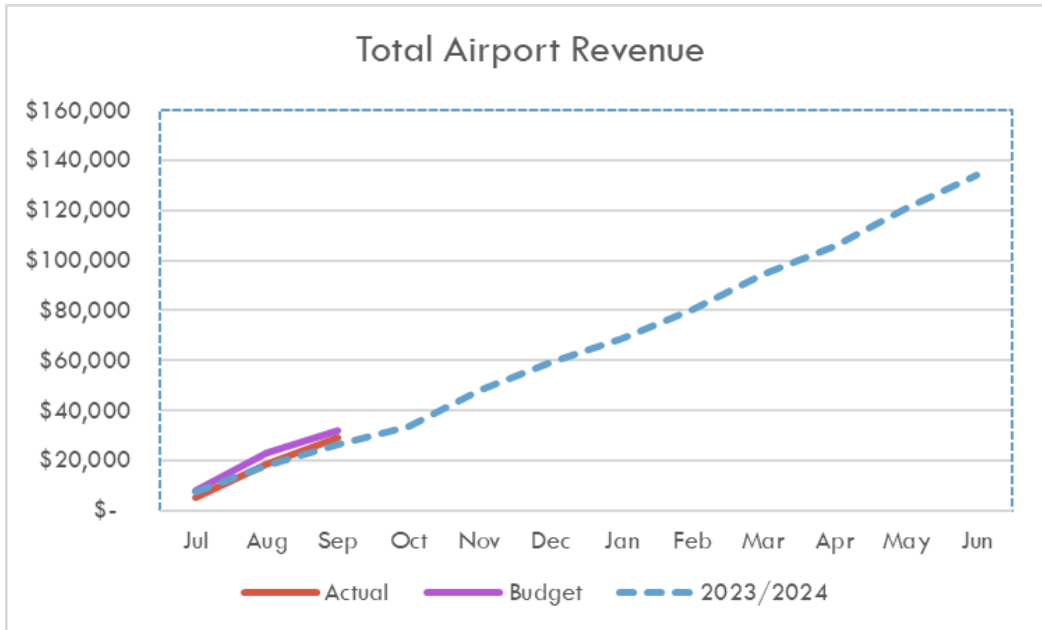
Forestry assets are not expected to generate a return in this financial year.

## AIRPORT QUARTERLY REPORT To 30 SEPTEMBER 2024

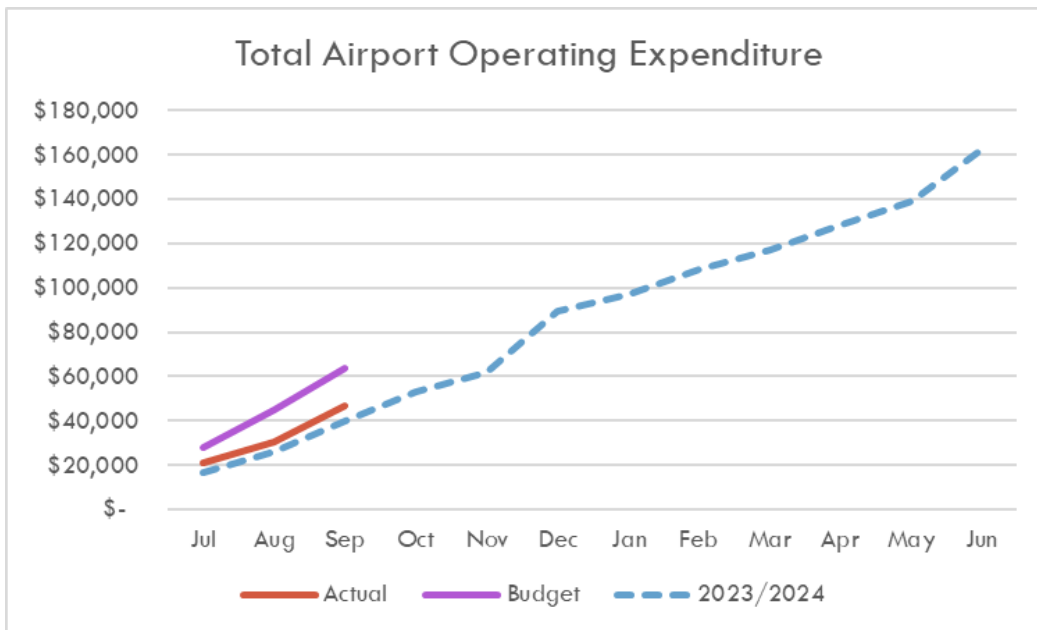
The number of landings at the airport for the three months to September 2024 was 837, which is up slightly on the number of landings for the same period last year of 828. As expected, the number of landings did increase in August and September after the new AIMM recording system was installed, which records the automated transmission from aircraft rather than relying on pilot radio calls.



Landing fee revenue is below budget and below last year for the three months. It is important to note that the number of landings are correct for each month, but that invoicing of unpaid landing fees won't occur until the following month. Therefore, we expect October landing fee revenue will reflect the high number of landings logged in September.

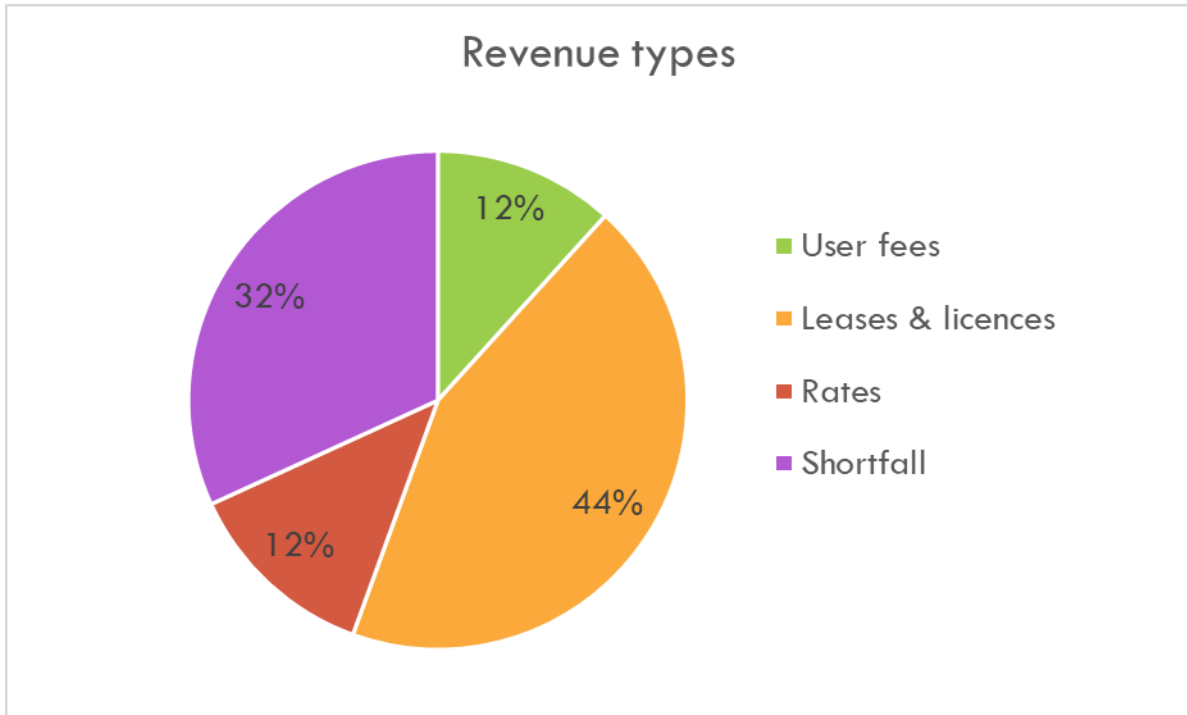


Total airport revenue is slightly below budget but slightly above revenue for the same period last year.



Operating expenditure of \$46,671 is tracking below the budget expenditure of \$63,842, with the main variance relating to depreciation (\$16K).

The graph below shows that the airport is funded through user fees 12%, leases and licences 44% and 12% being rate funded – and currently there is a \$14,857 shortfall which is reflected as 32% in the graph.



In terms of annual net return of the airport terminal and hangar buildings, previously reported in the Investment Policy quarterly report, the net return of the commercial areas within the airport are as follows:

	Asset value	EBIT	Interest	Net	Yield
Airport commercial areas	1,511,914	(4,095)	(6,159)	(10,254)	(0.68)%

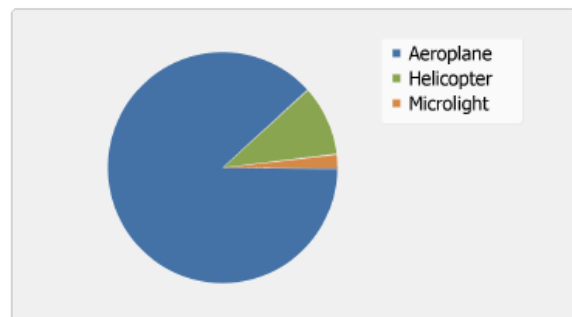
*EBIT refers to Earnings Before Interest & Tax*

In summary the airport commercial areas are running at a small loss, however insurance premiums are a reasonably significant cost and are in lumpy instalments which may distort net yield on a quarterly basis.

The following is an extract from the September 2024 monthly reports we receive from AIMM.

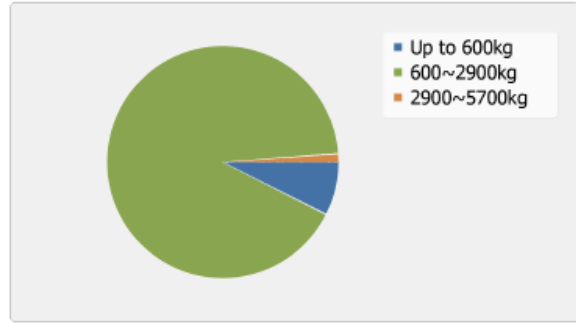
#### Aircraft Type Summary

Type	Movements
Aeroplane	725
Helicopter	80
Microlight	17



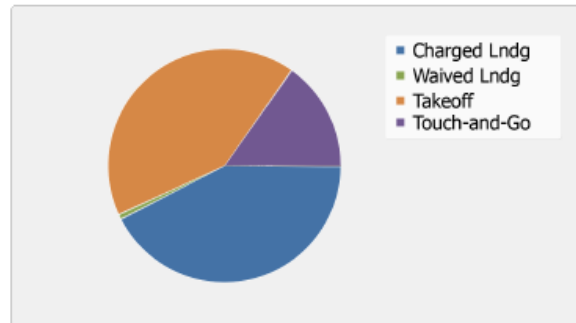
**Aircraft Weight Summary**

Weight	Movements
Up to 600kg	61
600~2900kg	751
2900~5700kg	10



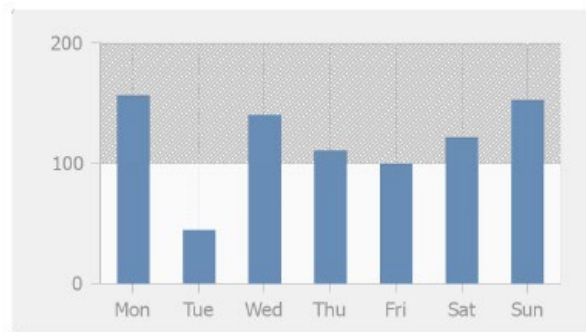
**Charge Summary**

Status	Movements
Charged Lndg	349
Waived Lndg	5
Takeoffs	342
Touch-and-Go	126



**Movements: Days of Week**

Weekday	Movements
Mon	156
Tue	44
Wed	140
Thu	110
Fri	99
Sat	121
Sun	152



**ACTIVITY LEVEL:** During September 2024, the airport had 822 movements\*\*, an increase of 132% from 355 for the same month last year. For the last 12 months, there were 7,381 movements, a decrease of 19% from 9,090 for the same period in the previous year.

**MOVEMENTS Day/Night**

816 during the Day, after MCT.  
6 during the Night, after ECT, (0%).

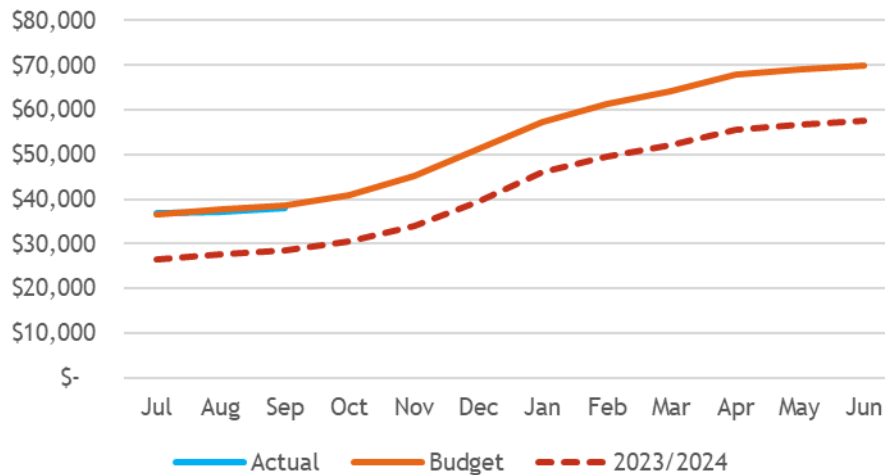
**COMPLIANCE REPORTING**

**Noise Footprint:** The Acoustic LDN counts at NZKI during September 2024 were:  
818 during the 'Acoustic Day', which is set to start at 0700.  
4 during the 'Acoustic Night', set to start at 2200.

## Harbour Quarterly Report To 30 SEPTEMBER 2024

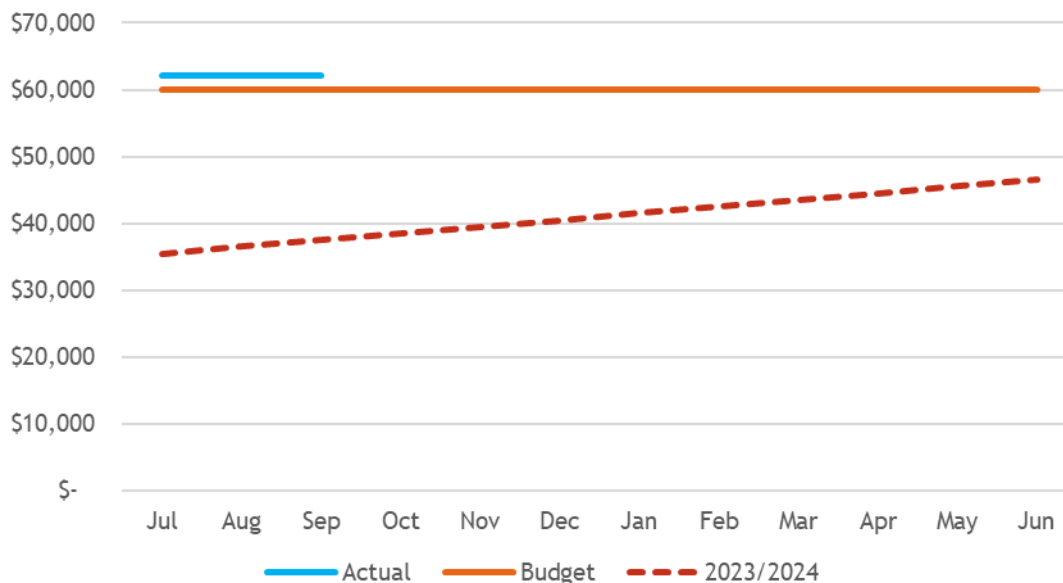
This report serves to highlight harbour operations over the past three months ending 30 September.

### Slipway fee revenue



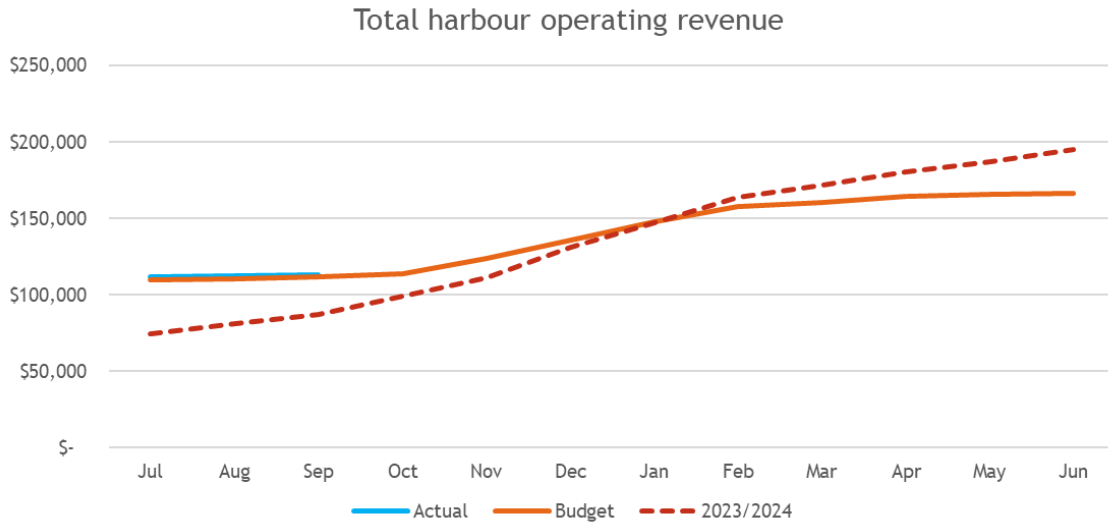
Slipway revenue is tracking on budget, and above last year – predominantly due to the change in how the two main operators are now funding harbour operations, with the former seawall licence now obsolete.

### Boat parking revenue

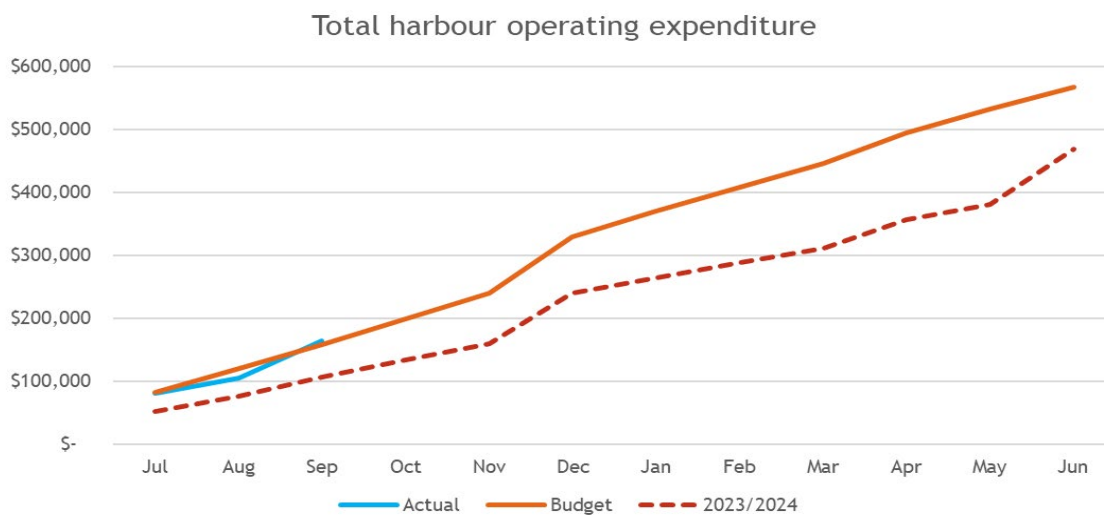


Similar to slipway revenue, boat parks are tracking on budget and higher than last year due to the change in how the harbour activities are funded (and without the former seawall licences).

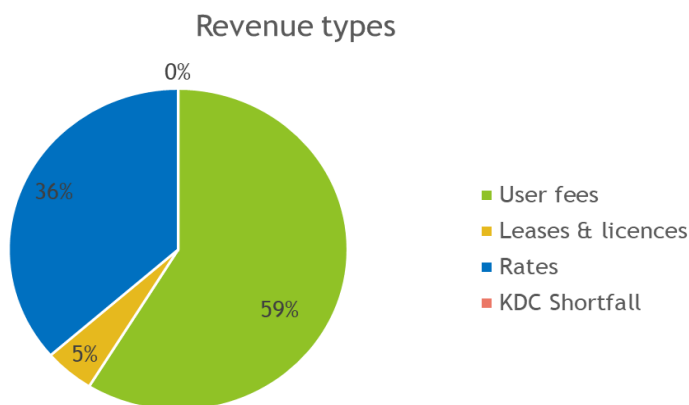
Total harbour operating revenue is \$113K for the year compared to budget of \$112K.



Operating Expenditure is \$165K for the year versus budget of \$158K, with no major variances. The uplift in the expense budget reflects the expected increase in insurance premiums and other cost increases.



For the end of the first quarter, the harbour is operating at a very small surplus of \$13K, however most of the revenue for the year is invoiced in July, so the surplus will diminish as the year goes on.



# RATES & SUNDRY DEBTORS REPORT

## To 30 SEPTEMBER 2024

### 1 SUMMARY:

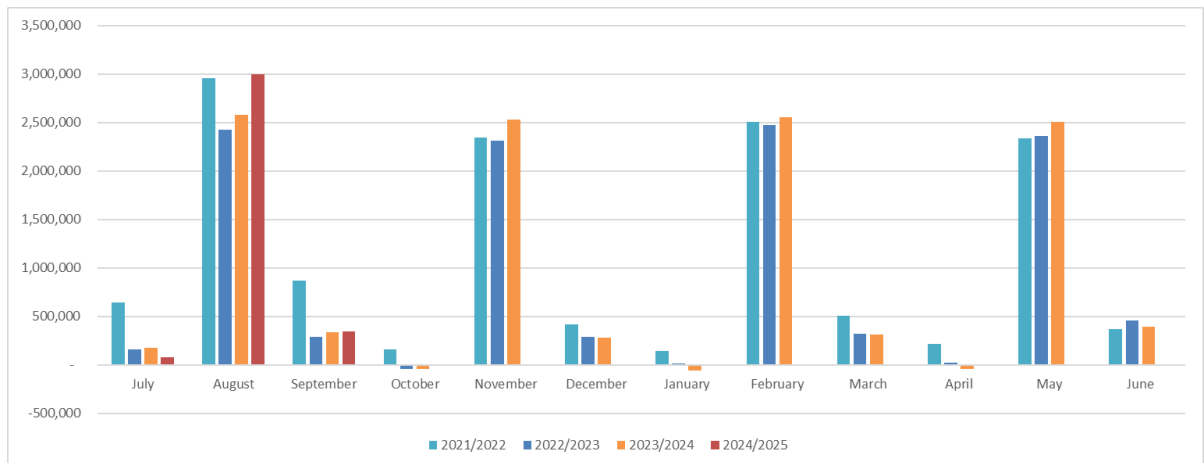
The purpose of this report is to provide an overview of the status of rates and sundry debtor receivables for the quarter ended 30 September 2024.

### 2 DISCUSSION:

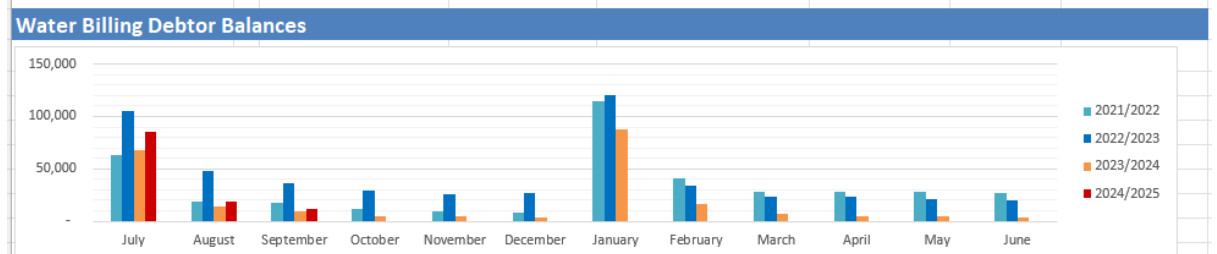
#### 2.1 Analysis of Rates Debtors

At the end of September there was \$345K owing to the Council from rates, very slightly up on the previous year.

For water billing, 59 debtors have not paid their water meter bills that related to January 2024 or older. The values are low (most are only \$25 for the admin fee), but they are being followed up.



Number of Debtors	Rates revenue by type (year to date)					
<b>Rates Debtors</b> 3,608	Rates revenue by type (year to date)	Penalties applied	Write offs & adjustments	Remissions	Water billing	Total
	\$ 2,682,895	\$ 52,811	(\$ 21,272)	(\$ 51,817)	73,103	\$2,735,720
<b>Water billing</b> 59	98.1%	1.9%	-0.8%	-1.9%	2.7%	100.0%





## 2.2 Rates debtors overdue

The following table shows the extent of rates outstanding as at 30 September 2024. A total of \$345K in rates is outstanding, but with many properties with rates in credit (paid in advance) there is \$746K worth of rates from prior years to follow up. Whilst we are actively following up with current year instalments outstanding, this report focusses on those prior year balances.

There are 8 properties which are more than 3 years overdue, of these there are currently 6 ratepayers that have been forwarded on to the debt management company which account for \$69K of rates outstanding, 2 properties are on the market and 1 is abandoned land. We are currently actively monitoring the ratepayers that are not making sufficient payments.

	3 years overdue	2 years overdue	1 year overdue	Current year	Total
<b>Rates debtors</b>					
Value	15,747	78,620	345,779	306,321	746,467
Property count	8	35	409	909	999
<b>Paid in advance</b>					
Value				(401,036)	(401,036)
Property count				591	591
<b>Total</b>					
Value	15,747	78,620	345,779	(94,714)	345,432
Property count	8	35	409	909	999

## 2.3 Analysis of Sundry Debtors

Sundry debtors total is \$1.77 million as at 30 September 2024. The significant balances reported at 30 June 2024 mainly related to grants for Wakatu Quay and others, which were paid in July. There are 151 debtors, the average debtor days is 89 days reflecting the one large debtor with a very overdue balance.

The Finance team now have an additional resource to help with chasing overdues (both rates and sundry debts), with some excellent progress being made on securing payments. There are no particular concerns about the remaining debtors.

The following is an analysis of the range of debtors:

Trade debtors	Number of debtors	Current	1 month	2 months	3 months and over	Total
Building consents	17	1,067	2,390	523	(6,870)	(2,890)
Cemetery	2	3,650	1,650	1,650	-	6,950
Compliance Schedul	2	120	-	120	10	250
LIMs	2	960	-	(30)	-	930
Liquor licensing	3	-	-	-	2	2
Premises licencing	6	-	990	-	2,076	3,066
Property leases	16	10,435	13,009	(35)	2,145	25,554
Resource consents	7	-	-	-	(2,966)	(2,966)
General debtors	96	324,560	12,283	(52)	1,173,339	1,510,131
		340,791	30,322	2,176	1,167,737	1,541,027

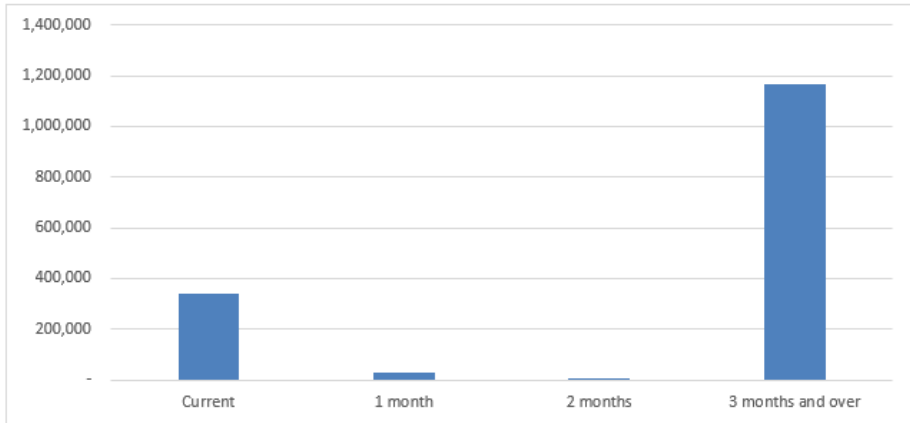
**Average Debtor Days**

89

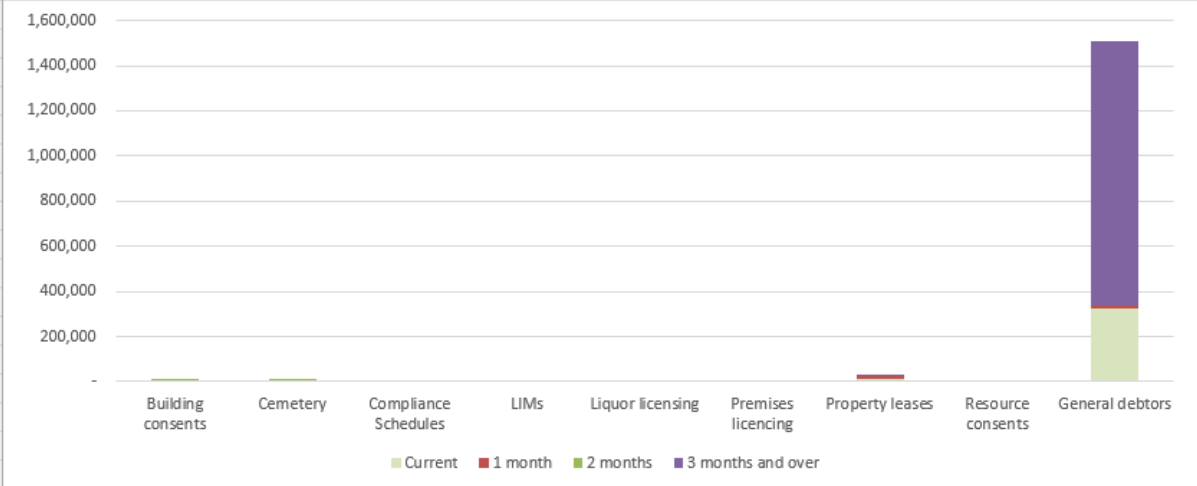
**Total Debtors Due**

\$ 1,768,130

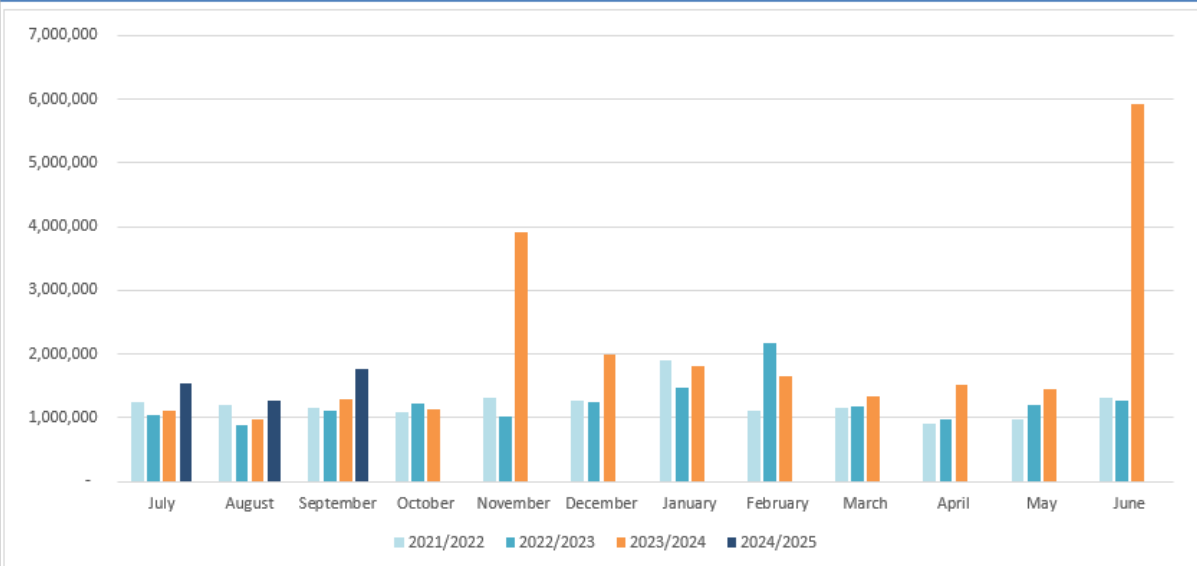
**Age Summary**



**Trade Debtors by Category**



**Debtor Balances**



**Bad Debts written off**

\$ -

**Number of Debtors by Category**

Building consents	Cemetery	LIMs	Licenses Food/Liquor	Property Leases	Resource consents	Sundry Debtors
19	2	2	9	16	7	96

<b>Report to:</b>	<b>Finance, Audit &amp; Risk Committee</b>	
<b>Date:</b>	29 October 2024	
<b>Subject:</b>	Risk Management Report	
<b>Prepared by:</b>	W Doughty – Chief Executive	
<b>Input sought from:</b>	P Kearney – Senior Manager Corporate Services	
<b>Authorised by:</b>	W Doughty – Chief Executive	

## 1. BACKGROUND

This report presents the updated Risk Management Report as at October 2024.

Attachments:

1. Risk Register as at October 2024 – see A3 version.

## 2. RECOMMENDATION

It is recommended that the Committee:

- a) Receives this report
- b) Notes the contents of the Risk Management Report (including Risk Register)
- c) Provides any feedback for staff consideration.

## 3. SUMMARY

Attached to this report is an updated Risk Register. This has been reviewed and updated by the Management Team.

A summary one-page risk report has been added as previously outlined. A full refresh of the risk register will be undertaken before the next FARC meeting with just the usual review of each risk being undertaken for this meeting.

Updates are clearly identified in the attached. Additions are included in bold, italics and underlined, and deletions struck out. Risk level changes are highlighted in yellow.

- Comments of note:
  - The Government has signalled potential changes to building control that will be announced before Christmas 2024 (Risk ID #30).
  - The Waiau Toa Bridge requires landowner approval for access arrangements. A public excluded report was tabled to the September Council meeting around the project costs (Risk ID #25).
  - Although there has been limited governance engagement with the Runanga over the last few months, Council staff do not feel that the relationship is at risk and remains status quo (Risk ID #3).
  - The staff development day this year was structured so that community work was carried out in the morning, such as beach clean ups, pension housing and playground gardening. A sausage sizzle was held with the residents at the pensioner housing. The afternoon was a fun team building event with multiple challenges that incorporated the four pillars (Risk ID #32).
  - The construction at Wakatu Quay is scheduled to start in October 2024. The contract was awarded to a local contractor, LMC Building and Construction at the August Council meeting (Risk ID#28).

Changes of note are:

- **Risk ID: #24:** Contractor performance risk – we have decreased the risk score due to improved reporting.
- **Risk ID #4:** Pace of legislative change – we have increased the risk score as implications on the new RMA reform are not defined.
- **Risk ID #14:** Pandemic Restrictions – although community transmission continues to surge periodically, and we are seeing fewer staff off sick with Covid-19 and the common flu. We have decreased the risk score and maintaining a watching brief should numbers spike.
- **Risk ID #6:** Lack of Project Methodology (roading) – we have decreased the risk score as a good work has been undertaken to establish baseline programmes for all infrastructure work streams that are being reviewed monthly. The Committee may consider closing this risk.

#### 4. FINANCIAL IMPLICATIONS AND RISKS

Most risks have financial implications and risks – these are taken into account in the compilation of the report.

#### 5. COMMUNITY OUTCOMES

The work is in support of all community outcomes.



##### Community

We communicate, engage and inform our community



##### Development

We promote and support the development of our economy



##### Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose



##### Environment

We value and protect our environment



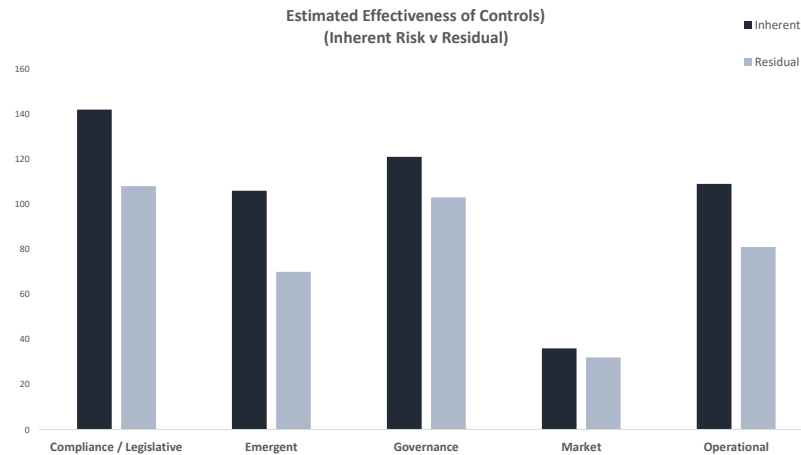
##### Future

We work with our community and our partners to create a better place for future generations

## Kaikoura District Council - Risk Register Summary

Risk Category	High	Med	Low	Total
Compliance / Legislative	2	7	1	10
Governance	2	6	1	9
Market	2	0	0	2
Operational	3	2	3	8
Emergent	0	6	3	9
<b>Total</b>	<b>9</b>	<b>21</b>	<b>8</b>	<b>38</b>

Residual Risks (High)	Risk Treatment	Risk Tolerance	Risk Category	Risk Outcome
Runanga Relationship (General)	Mitigate	Low	Governance	Operational
3 Waters & RMA Reform	Accept	High	Compliance / Legislative	Operational, Political
Runanga Opposition (Bridge)	Mitigate	Low	Operational	Operational
Poor Contract Establishment	Avoid	Low	Operational	Operational
Inflation	Mitigate	Medium	Market	Financial, Operational
Lack of Project Methodology (General)	Mitigate	High	Governance	Operational
Staff Attraction/Retention	Accept	High	Market	Operational
Staff Engagement	Mitigate	Medium	Operational	Operational
3 Waters Reform	Accept	High	Compliance / Legislative	Operational



Residual Risks (Med)	Risk Treatment	Risk Tolerance	Risk Category	Risk Outcome
Climate Change	Mitigate	High	Emergent	Environmental, Financial
Pace of Legislative Change	Accept	Medium	Compliance / Legislative	Operational
Demographic changes increase in +65 age group	Mitigate	High	Emergent	Environmental, Financial
Political Pressure	Accept	High	Governance	Political or Reputational
Lack of timely, relevant and accurate information (Wakatu Quay)	Mitigate	Low	Governance	Financial
Poor record keeping	Mitigate	Medium	Governance	Operational and reputational
Price escalation	Mitigate	Low	Emergent	Financial, Operational
Failure to achieve Statutory Requirements	Avoid	Low	Compliance / Legislative	Operational
Lack of Financial and Staff Capacity for CDEM	Mitigate	High	Governance	Operational
Lack of timely, relevant and accurate information (General)	Avoid	Low	Governance	Financial
Pandemic Restrictions	Mitigate	Low	Emergent	Operational
Lack of decisive decision making	Avoid	Medium	Governance	Political or Reputational
Supply Chain Disruption	Mitigate	Low	Emergent	Operational
Statutory Non-Compliance	Mitigate	Low	Compliance / Legislative	Operational
Ineffective District Plan	Mitigate	Medium	Operational	Environmental
Regulatory Judicial Process	Mitigate	Medium	Compliance / Legislative	Financial, Operational
Lack of Appropriate IT Access Controls	Avoid	Low	Emergent	Political or Reputational
Lack of Appropriate Prioritisation and Capacity	Mitigate	Low	Compliance / Legislative	Political or Reputational
Lack of Water Testing and Responsiveness	Avoid	Low	Compliance / Legislative	Health & safety
ERP Replacement	Mitigate	Low	Operational	Operational, Financial, Reputational
Lack of BCA Process and Procedures	Avoid	Low	Compliance / Legislative	Operational

### Commentary:

Risk is largely unchanged from previous months however, 3 risks have been added to the register which are climate change, demographics (+65years) and the replacement of Ozone. Material risk remains regard political driven changes, LWDW implementation, staffing (key person) and key stakeholder relationships

The Risk tolerance classification is a starting position and is designed to indicate Councils position on dealing with the risk. Councils options regard risk is to:

- transfer the risk (i.e. insurance)
- mitigate the risk i.e. find ways to reduce exposure to the risk
- avoid the risk i.e. as much as possible should be done to reduce any exposure to this risk and,
- accept the risk i.e. council is willing to accept the risk of the risk event taking place

High, medium and low classifications are based on the risk register residual score where:

High = 13 - 20

Med = 8 - 12

Low = 0-7

Risk Id	Risk quadrant	Risk Category	Treatment of Risk	Department	Activity	Risk	Risk Description	Risk owner	Control owner	Risk Impact Outcome	Tolerance	Likelihood	Impact	Inherent Risk	Controls in place	Likelihood	Impact	Residual Risk	Control plan
Unique code for easy identification	Select either Council Risk or District Risk	What is the risk aligned to e.g. Operational, Strategic, Governance, Compliance, Legislative, Market or Emergent	How do we wish to treat this risk e.g. Accept, Mitigate, Transfer, Avoid	Department	Council activity (e.g. water supplies)	What is the cause of the Risk	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Person accountable for ensuring the risk is monitored and controlled, and where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Select either: (1) Health & Safety (2) Operational (3) Political (4) Regulatory (5) Financial (6) Environmental or (7) Personnel	What is the Council's tolerance for this Risk (low = must be avoided or transferred; high = risk can be accepted or mitigated)	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Total level of unmitigated risk	Description of existing controls	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner
30	Council and District Risk	Compliance / Legislative	Accept	Enterprise	All	3 Waters & RMA Reform	Substantial changes to the role of Councils arising from 3 waters and RMA planning reforms, purpose of local government review threaten the viability of KDC as a stand-alone entity and with its local democracy. Associated shorter term risks in respect of maintaining staff morale and retaining capability	Chief Executive	Chief Executive	Operational, Political	High	4	5	20	Proposed Three Waters, RMA and Local Government Reforms and changes largely outside of control of KDC.  Involvement in submission processes and C4LD where ever opportunity arises  RE: Staff morale, retention and recruitment - a number of actions being taken (refer risks 3, 4, 10, 32).	4	5	20	Develop plan for retention of local government influence in Kaikoura post reform, and for progressive structural change towards that provides some reassurance to staff  Opportunistic actions RE: staff retention and recruitment when opportunities arise  Keep teams informed of Reforms.  Proactive North Canterbury Waters project progressing. <b>Recent new BCA potential changes announced. More information before Christmas.</b>
25	Council Risk	Operational	Mitigate	Works & Services	Upper Waiou Toa Bridge - land access	Runanga Opposition (Bridge)	Rūnanga remain opposed to new bridge, with potential associated difficult / delay in resource consenting that may create regulatory or financial barriers if NZTA does not support fully. Failure to deliver project poses risks of legal action from landowners.	SMO: Senior Manager Operations	Chief Executive	Operational	Low	5	4	20	Council Resolution 29/09/2021 supportive of progressing preferred option but incorporating more reactive response to erosion control to address concerns expressed by Runanga. Requests made to NZTA to extend financial support. Engagement continuing with Runanga to explore best way of managing different views.  Ongoing discussion with Runanga for them to provide sufficient comfort to Waka Kotahi (NZTA) to enable project to continue.  Procurement process for bridge to incorporate sufficient flexibility to accommodate possible budgetary challenges.  Resource consent to be submitted in August, however continued delays in consent processing. Waka Kotahi board decision to extend funding to 30th June 2025 and increased budget to \$13.7m. Joint hui with ECAN/TROK held. Joint TROK and Residents hui held to understand joint concerns. Resource consent issues and Runanga opposition jeopardise project  Key decision report in November 2023	5	4	20	Runanga support of old bridge site. High level investigations being undertaken on viability of access. NZTA Funding discussion required together with funding sunset clause. <b>Land owner approval required for access arrangements.</b>
16	Council Risk	Governance	Mitigate	Enterprise	All	Runanga Relationship (General)	Lack of progress following both senior management and operational interactions with Runanga result in delays in projects and BAU	Chief Executive	Executive team	Operational	Low	5	4	20	Regular meetings with Te Runanga and Mana to Mana Hui held, and some issues discussed  In addition specific project meetings held for key capital projects in particular.  Continued Governance hui's to discuss key issues. These to include further highlighting of difficulties for Council projects and operations.  MOU and SLA to be developed. Cultural awareness activities to be undertaken.  Controls being worked on but little progress to date in terms of physical agreements  <b>Currently significant engagement issues impacting delivery of key projects. Priorities list shared with TROK.</b>	5	4	20	Development a formal partnership agreement to establish framework for relationship.  Currently significant engagement issues impacting delivery of key projects. Priorities list shared with TROK.  Movement on several key projects but no change in overall approach  Taking the approach to keep them informed of issues.  <b>Limited Governance engagement over the last few months.</b>
3	Council Risk	Market	Accept	Enterprise	HR	Staff Attraction/Retention	Depth of staffing - one tier deep - loss of key people, loss of institutional knowledge, difficult to recruit, lack of backup support, very limited opportunity for succession planning.	Chief Executive	Management team	Operational	High	5	4	20	Fair remuneration and staff benefits e.g. medical insurance. Regular team building exercises and training opportunities. Staff culture improved.  Use of shared BA resource to help document process and procedures.  Develop standard operating procedures: documented and agreed policies, and complete workflows, implementation of records management project. Team leader training. Develop a whole of team approach and encourage cross-department support. Keep job descriptions up to date.  1 current vacancy in key management position.  Increased use of external contractor resource. Contracted Building Control Manager appointed.  Building control manager recruited 1 July start  <b>Consideration of shared BCA arrangements for longer term.</b>	4	4	16	Consideration of shared BCA arrangements for longer term.  As one option for consideration: closer collaboration with neighbouring Councils. Work underway at both Canterbury and North Canterbury level.  Consider succession plans for key roles where we can.  Recruitment of Senior Management Operations role, ideally for new candidate to start in January 2025.  Strategic Advisor to provide some support.

32	Council Risk	Operational	Mitigate	Enterprise	HR	Staff Engagement	Team morale and impacts of workloads, Covid-19, reforms uncertainty staff shortages, and cost of living	Chief Executive	Management team	Operational	Medium	5	4	20	Workplace Support is in place for staff. Included in PDW process and focus from Management.  Wellbeing action plan in place. Flexible Working Policy implemented.  Report being prepared on financial implications of 3Waters Reforms for the organisation. Regular communication around reform agenda.	4	4	16	Management Team to provide support to their teams. Internal Strategy roll out.  Staff working group action plan.  <u>Leadership training undertaken.</u> <u>Successful staff development day for team building.</u>
7	Council Risk	Compliance / Legislative	Accept	Works & Services	Three-waters	3 Waters Reform	Three-water reform, loss of critical mass and financial consequences, diminished ability to retain suitably qualified and experienced personnel	SMO: Senior Manager Operations	Chief Executive	Operational	High	4	5	20	With government making reforms mandatory now little prospect of significantly influencing outcome. Continued involvement in both the C4LD campaign and also DIA and LGNZ process.  Restructure of current roles following the departure of the Works & Services Manager and to future proof for the Three Waters Reform.  Need to envisage possible post-water reform structure of KDC to reduce potential capability loss Concerns now also apply to IWK as our CCO  <u>3 waters included in LTP. Details of new reform proposal still required ongoing service delivery conversations at regional and sub regional levels</u>	4	4	16	Greater uncertainty in immediate reform with a change in Government.  <u>3 waters included in LTP. Details of new reform proposal still required ongoing service delivery conversations at regional and sub regional levels</u>  North Canterbury Waters project underway.  <u>Baseline work to be completed by Christmas.</u> <u>Options to be presented in Q1 2025</u>
35	Council Risk	Governance	Mitigate	Enterprise	Capital Delivery	Lack of Project Methodology (General)	Lack of internal capacity and capability impacts on ability to deliver capital programme	Chief Executive	Executive team	Operational	High	4	4	16	Monthly reporting to management team on critical projects covering financials, status, risks and progress issues. Pace of change impacted by project reporting methodology, systems and capacity	4	4	16	Development of project management process. Increased focus on all aspects of delivery by ELT.  Project coordination role included in draft LTP. Monthly reporting remains a work in progress.
34	Council Risk	Market	Mitigate	Enterprise	HR	Inflation	Cost of living crisis - inflation, loss of staff, communities ability to pay rates	Chief Executive	Executive team	Financial, Operational	Medium	4	4	16	Rates rebate for lower-income families  Annual review of salaries against Strategic Pay benchmark and consideration of inflation/ rates budget	4	4	16	Consider becoming a living wage organisation.  Job sizing exercise to be undertaken over the next two years. Remuneration process to be reviewed.
4	Council Risk	Compliance / Legislative	Accept	Strategy & policy	District planning	Pace of Legislative Change	National legislative changes are too rapid, too complex, and/or too constant - challenging capacity within staff to keep up	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Operational	Medium	4	3	12	Active member of Regional Planning Network, access work from other Councils, use consultants if required  Canterbury region sharing resource to enable combined assessments and submissions  Stay abreast of changes, support sector submissions (KDC has a very low level of influence), created roadmap for district plan and legislative changes.  The National Policy Statement re Biodiversity may be repealed.  Impacts of RMA reforms and change in Government are	4	4	16	<del>We are understanding other Council's positions and waiting on the outcome of the new Government's 100-day plan.</del>  <del>RMA reform agenda has seen repealed by new Government within their first 100 days in office - RMA 2.0 laws.</del>  <del>Clarity on new approach required from Central Government.</del>  <del>Fast Track consenting bill progressing.</del>  <u>Clarity now provided on RMA reform timelines.</u> <u>Implications not understood at this stage.</u>
31	Council Risk	Emergent	Mitigate	Enterprise	All	Price escalation	Rapid cost escalation (e.g. oil/Ukraine) and inflation effects on capital delivery and BAU costs and possible rates increases	Chief Executive	Executive team	Financial, Operational	Low	5	4	20	Internal monthly reporting of capital projects and operational results within Management meetings  Some inflationary effects factored into 2023/2024 Annual Plan. Watching brief with -PWC RE: effect on future borrowings	3	4	12	Cost escalation on materials experienced  Ongoing effects monitored to assess effects on current LTP forecasts  Review of capital programme procurement and delivery  Increased cost of delivery factored into LTP.  Easing of price indices.
24	Council Risk	Operational	Avoid	Enterprise	Contractor performance risk	Poor Contract Establishment	Sub-optimal or poor contractor performance (including health & safety) and/or additional costs	SMO: Senior Manager Operations	Management team	Operational	Low	4	4	16	Experienced and full compliment of current works and services team, exercising better oversight of activities under improved contract documents that more clearly specify required outcomes. Increasing focus on health & safety documentation. Priorities for major contractor works being clarified in LTP.  Contractor reports are received monthly from the Roading Contractor, contains H&S reporting.	3	4	12	Ensuring the contractor understands the contract obligations. Continually improving procurement processes and contracts for quality outcomes and to include better health & safety requirements  Focus on KPI reporting with 3 Waters contractor Improve contract management focus. Included in LOE + SOI for IWK Contract checklist in place.

28	Council Risk	Governance	Mitigate	Enterprise	Wakatu Quay Development	Lack of timely, relevant and accurate information (Wakatu Quay)	Project does not deliver desired outcomes including positive financial result - financial implications to Council and community	Chief Executive	Chief Executive	Financial	Low	4	4	16	Regular attendance by Elected Members and CEO at Governance Group with regular reporting to Council CE has close interface with Governance Group, Elected Members and Runanga. Development of alternative actions. Development of non-negotiables KDC has reconfirmed commitment to Konoa. Council decision made to include \$800k financial commitment in LTP. Ongoing external investment conversations <b><u>Detail design underway and on track.</u></b>	4	3	12	<del>Detail design underway and on track.</del> Council decision to award construction contract in August October. Tenancy search continues. Use of contingency could impact stage 2. <b><u>Construction starting in October.</u></b>
26	Council Risk	Governance	Accept	Enterprise	RMA consent compliance monitoring and enforcement	Political Pressure	Continuation of KDC historic practice of reactive rather than proactive monitoring and enforcement of consent conditions will result in material breaches	Senior Manager Operations & Senior Manager Corporate Services	Chief Executive	Political or Reputational	High	4	3	12	Historic approach and resource levels restrict the ability to proactively monitor compliance Resource Management Officer on 0.2 full-time equivalent through secondment from Environment Canterbury. In addition part of a Regulatory Officer has been allocated, where available to monitoring. A draft plan has been created for priorities bearing in mind the small FTE Further proactive monitoring compliance will require additional resource.	4	3	12	Non compliances being identified. Additional regulatory resource would be required for pro-active compliance. Increased focus for Regulatory Team but may require additional resource and budget. Good progress being made on identification of issues.
21	Council Risk	Governance	Mitigate	Finance & IT	Information & Records Management	Poor record keeping	Records and documents can't be accessed reasonably or found, due to lack of information management processes across the organisation	SMC: Senior Manager Corporate Services	Community Services Manager	Operational and reputational	Medium	5	3	15	Laserfiche procured and operational. All Staff now using Laserfiche but uptake across organisation is slow. Evidence of IT audit January 2023 shows high number of files being kept on desktops. Project Manager in place shared with Hurunui District Council. Local Information Management Officer in place. Dedicated time factored into weekly schedule. Files scanned and inputted in Laserfiche as created or requested internally or externally. Retention and disposal plan under development. R:Drive locked, readable only and being transferred into Laserfiche	4	3	12	Continued monitoring and training to ensure 100% uptake of staff using Laserfiche. Likely to require significant time and cost. Review of H:Drives and Desktops 2nd phase of back scanning project commenced in July using transition funding. Additional budget included in LTP.
36	Council Risk	Emergent	Mitigate	Enterprise	All	Climate Change	More frequent and severe weather events (rainfall, wind, fire) that increase risk of slips, road/bridge damage and increase risk of property damage Ocean Warming sees marine life change e.g. Whale migration and Whale/dolphin tourism decreases	Chief Executive	Executive team	Environmental, Financial	High	3	4	12	Data driven investment in stormwater drainage and increased roading resilience requirements.	4	3	12	Other controls required include facilitating/promoting marine research and diversifying tourism opportunity <b><u>Canterbury climate change action plan.</u></b>
37	Council Risk	Emergent	Mitigate	Enterprise	Financial Management	Demographic changes increase in +65 age group	Higher proportion of +65 aged population will place more stress on ability to absorb rates increases. The types of services required will need to be more care based which we currently don't have. Being seen as a retirement town may be restrictive on ability to grow per aspirations	Chief Executive	Executive team	Environmental, Financial	High	3	4	12	Watching brief	3	4	12	Watching brief



11	Council Risk	Governance	Avoid	Enterprise	Financial management	Lack of timely, relevant and accurate information (General)	Unplanned costs, overspends, loss of revenue streams	Chief Executive	Management team	Financial	Low	3	3	9	Financial delegation limits, budget supervision, monthly reporting of variances Robust LTP and Annual Plan processes Budget variances closely monitored. Monthly Management meetings reviewing capital and operational expenditure. Deployed greater accountability for budget overruns, financial reporting brought to management teams, whole of team approach to budgets Risks remain for any contracts or commitments that exceed budget provisions - the financial reporting only brings these to attention after the commitment has been made. Mitigated by involvement of Senior Managers and CEO and regular management meetings regarding operational and capital expenditure	3	3	9	No surprises reporting to elected members. Increased costs of audit & insurance included in LTP. Recruitment costs for Senior Management Operations role. Increased legal costs for harbour. Resource Management Plans are unbudgeted.
29	Council Risk	Emergent	Mitigate	Enterprise	Capital Delivery	Supply Chain Disruption	Pandemic related and worldwide supply delays to major projects impacts on ability to deliver capital programme. Supply Chain risk on delay of materials	Chief Executive	Executive team	Operational	Low	4	4	16	Monthly reporting of all projects. Early identification of issues and contingency plans provided from Management meetings Some delay in sourcing supplies emerging / no major impact to date but risk remains.	3	3	9	Watching brief for further materials delays Clearly signal capital carry forwards Procurement plans for key projects.
15	Council Risk	Compliance / Legislative	Mitigate	Strategy & policy	District planning	Statutory Non-Compliance	Statutory non-compliance (planning decision subject to challenge)	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Operational	Low	4	3	12	Staff are adequately trained, adherence to current district plan, use of qualified consultants as required. Additional pressures are being placed on Stat timeframes with outsourcing but still manageable at this time. Aware of national shortage of planners with many councils and central government departments recruiting. In addition some external contractors are declining work due to workload. Consent timeframes excluded due to "special circumstances" where necessary New Government's 100 day plan seek to fast track resource consents. This may require additional resourcing. New policy planner in place.	3	3	9	Weekly consent timeframes are being prepared to assist with tracking consents. Involve legal advisor if required at an early stage.
13	Council Risk	Governance	Avoid	Enterprise	Council	Lack of decisive decision making	Not robust decision-making from elected members	Chief Executive	Executive team	Political or Reputational	Medium	3	4	12	Reports to Council are well-researched and presented, staff give competent advice, elected members receive induction training. Independent committee member appointed for FARC. Difficult or contentious issues are workshopped to enable full understanding prior to a decision being required at a Council meeting. No surprises New council induction held and training programme in place. Emergency Management overview held with Elected Members. Governance Training completed and mid-term review held in 2024.	3	3	9	Elected members receive ongoing training, including on legislative matters, Chairs Training Akona Platform available for members.
10	Council Risk	Compliance / Legislative	Avoid	Building & Regulatory	Building control and other regulatory	Failure to achieve Statutory Requirements	Statutory non-compliance (e.g. failure to conduct BWOFs, enforcement activities)	Team Leader Community Facilities & Regulation	Senior Manager Operations	Operational	Low	4	3	12	Ongoing investment in staff, resources and training Some re-focussing of duties within operations team to enhance efficiency of monitoring and enforcement. Restructure of regulatory team following departure of regulatory officers; introduction of new Regulatory Services Team Leader and casual parking/freedom camping officers. These roles were filled & commenced employment early April.	3	3	9	External resources to assist with TA functions Regulatory Team Leader in place focusing on TA functions Good work being undertaken by Regulatory Team now in this area. IANZ accreditation audit completed in March 2024. Low risk status achieved. <b>Support being provided to Hurunui</b>
9	District Risk	Operational	Mitigate	Strategy & policy	District planning	Ineffective District Plan	District Plan is sub-optimal, there is both permissive and restrictive land use, that may have undesirable effects. In addition RMA reforms suggest regional plans going forward which would include Kaikoura's sub-optimal plan	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Environmental	Medium	4	3	12	Roadmap for revised District Plan produced. Presented to council. Included in LTP Delivery plan developed. External advisors in place with Year 1 project plan in place November 2021 External resources contracted for 2021/2022 work. Natural Hazards Chapter complete. National planning standards re-housing complete. Looking to advance Year 2 planning including Runanga involvement and spatial planning. Spatial plan work underway. Successful community workshops. Discussions are occurring with the Runanga.	3	3	9	Expect to have Draft Spatial Plan by August-December 2024. Rolling review needs to progress in 2024/2025

22	Council Risk	Governance	Mitigate	Community Services	Emergency Management	Lack of Financial and Staff Capacity for CDEM	Other priorities resulting in failure to adequately train for emergency event	SMC: Senior Manager Corporate Services	Community Services Manager	Operational	High	3	3	9	Regular meetings and significant EOC specific training  Enhanced relationships and training with other local first responders. Excellent relationship with Canterbury Group EM  Clear understanding of who does what in the event of a disaster. New staff trained as they arrive  Controller refresher training held for 2024  New EMO in place on permanent part time contract and training underway.	3	3	9	Developing clearer operating procedures for all function managers. Will always need external resource for significant local event.  New EMO now in place. Several group and national exercises planned for 2024 and 2025 - AF 8 Training and Exercise Pandora in November 2024  <u>CIO EMO training.</u>
33	Council Risk	Compliance / Legislative	Mitigate	Enterprise	Financial management, HR	Regulatory Judicial Process	District Licensing Committee hearings impacts on resourcing and budget	Chief Executive	Chief Executive	Financial, Operational	Medium	4	3	12	Regulatory Team Leader on board  Consideration of fees and charges in the LTP and resourcing in the Regulatory Team. Consider further educational awareness initiatives. Section 17a sample review	4	2	8	Completed and updated contract in place. DLC Commissioner approved.
19	Council Risk	Compliance / Legislative	Mitigate	Enterprise	Leadership	Lack of Appropriate Prioritisation and Capacity	Qualified annual report for 2023 - 2024	Chief Executive	Management team	Political or Reputational	Low	5	2	10	Suitably qualified and experienced staff complete the annual report. Currently inadequate systems in place for service performance reporting.  Improved capture of performance reporting in place - year end review will assess whether qualification can be avoided.	4	2	8	Potential for qualifications for 2023/2024.  <u>On Council Agenda for October meeting.</u>
18	Council Risk	Emergent	Avoid	Enterprise	IT services	Lack of Appropriate IT Access Controls	Data privacy breach - Individual information or contact database is accessed without authorisation	SMC: Senior Manager Corporate Services	Finance Manager	Political or Reputational	Low	3	4	12	Firewalls are in place, laptops and devices are password protected.  Increased focus on cyber security. Mimecast security training has been rolled out for staff by IT. Free Privacy Act training modules available for staff to gain an understanding.  Personal devices owned by staff and elected members don't have the same protection protocols in place. Would require IT to enforce 6-digit pin numbers and other protection measures.  Data regularly exported (e.g. to Quotable Value and Environment Canterbury) could be encrypted - IT to advise.	2	4	8	Have installed new firewalls with greatly improved security capabilities. Upgrade to Microsoft E3 also gives a larger suite of security products
12	District Risk	Compliance / Legislative	Avoid	Works & Services	Water supplies	Lack of Water Testing and Responsiveness	Drinking water transgression, people get sick or die	SMO: Senior Manager Operations	Works & Services Manager	Health & safety	Low	3	5	15	Water treatment facilities are in place, are well maintained, and data collection water testing regimes are followed. Drinking Water Safety Plans are in place  Boiled water notice lifted for Fernleigh. Water safety plans in place.	2	4	8	Regular interface with regulator. Source water risks understood and managed  UV disinfection in place- for all schemes.  Chlorination in place for all but airport (as very small)  Annual Review by independent assessor.
2	Council Risk	Compliance / Legislative	Avoid	Building & Regulatory	Building control	Lack of BCA Process and Procedures	Loss of BCA accreditation	SMO: Senior Manager Operations	Building Control Manager	Operational	Low	5	4	20	Ongoing investment in staff, resources and training, monitoring BCA audit outcomes  Accreditation achieved March/April. 2 Year low risk  Loss of Building Control Manager. Recruitment underway and interim arrangements in place. Longer term arrangements are being considered. Interim IANZ review identified us as low risk.	2	4	8	IANZ accreditation completed in March 2024. Low risk until March 2026
38	Council Risk	Operational	Mitigate	Enterprise	All	ERP Replacement	ERP fails to work as expected or certain modules do not provide the expected service causing service or financial implications	Senior Manager Corporate Services	Management team	Operational, Financial, Reputational	Low	3	4	12	Joint procurement with Hurunui IT team. Involvement in staff in module reviews Budget for training in LTP Implementation project plan to be developed in detail once preferred supplier chosen	2	4	8	Implementation and training will be in conjunction with Hurunui IT team. Staff kept informed to progress with feedback opportunity Testing and training to be incorporated

14	Council	Emergent	Mitigate	Enterprise	All	Pandemic Restrictions	Covid-19, or similar, related loss of business continuity	Chief Executive	Chief Executive	Operational	Low	4	4	16	Business continuity plans in place.  Consideration of trigger levels that Look to rotation of staff working from home vs in the office to reduce spread throughout the workforce at once. Identification of critical workers for essential services.  Ongoing management of staff and close contact cases and impact on service delivery.  The staff vaccination policy has been removed in line with national policy. Impacts continue to be monitored and business continuity measures implemented as required.  Appear to be through the storm. Fewer staff infections. The Government have removed all Covid-19 requirements effective from 15 August - this includes 7 day mandatory isolation period 2023.	2	3	6	Maintain an watching brief
27	Council Risk	Operational	Mitigate	Communications	Council website software not supported	Lack of Website replacement planning	Potential failure of the Council website may not able to be rectified and potential for full website to be inoperative	Senior Manager Corporate Services	Chief Executive	Operational	High	3	3	9	Procurement completed for new website supplier. Timeline for programme developed. New Communications Officer in place and engaged.  Communications Officer allocated additional time to focus on new website content and migration plan. Customer Services Officer has been allocated time to assist with the new website migration. New website successfully launched in May 2023	2	3	6	Continuous improvement plan being drafted with new pages being added. Eg. Have your say, LGOIMA. Councillor Bios
20	Council Risk	Compliance / Legislative	Avoid	Enterprise	Financial management	Lack of Appropriate Fraud Controls	Fraud - whether misappropriation of cash, theft of assets or cash, or some other fraud/corruption	Executive team	Management team	Financial	Low	3	3	9	Segregation of duties within finance team, daily checking of banking and cash handling, regular financial reporting, financial delegations enforced.  Cash Handling Policy has been updated and endorsed by the Finance, Audit & Risk Committee in August 2021. Monthly internal reconciliation process. Safe purchased.	3	2	6	Increased internal auditing and deep dives
17	Council Risk	Operational	Avoid	Enterprise	IT services	Failure to maintain/replace IT Hardware	IT hardware failure	SMC: Senior Manager Corporate Services	Finance Manager	Operational	Low	2	4	8	Backups are undertaken 3 times daily, stored offsite. Backups kept for daily, monthly and yearly iterations.  Document management system now up and running, the document management system does not have cloud-based storage (its on one of our new onsite servers). This risk is mitigated by the backups described as above.  Core servers - all now replaced, new laptops arrived or ordered to replace PC's (Covid delivery delays)	2	3	6	<b>No hardware issues to report.</b>
23	Council Risk	Emergent	Accept	Enterprise	Leadership	Natural Disaster	Natural disaster - effect on community: earthquake, tsunami, major flood event	Chief Executive	Executive team	Operational	High	1	5	5	Emergency Management Officer and Function Managers are up to date with CIMS training, whole of KDC participation in regional exercises, liaison with regional civil defence agencies, regular catchups with local responders (police, fire, hospital, Red Cross etc)  EMO now on a permanent contract due to CDEM restructure delay  Develop clear operating procedures for all function managers with a clear understanding of who does what in the event of a disaster. Ensure CEO support to to EMO for implementing controls.  Operation Pandora Emergency Planning Exercise held 18th October 2023.	1	5	5	Will always need external resource for significant local event  EMO linkages with North Canterbury EMOs. Review of Canterbury group undertaken and implementation plan being developed

6	Council Risk	Operational	Avoid	Works & Services	Roading	Lack of Project Methodology (Rooding)	Poor network resilience and a backlog of work resulting in poor roads and financial burden, and community impact	SMO: Senior Manager Operations	Works & Services Manager	Operational	Low	3	4	12	Adoption of the LTP with the investments included will enable reseal backlog to be dealt with over the programmed six years. Final Waka Kotahi funding has increased and is being applied to additional capital works in order to accelerate the programme to eliminate the backlog. RAMM (Road Asset Maintenance Management) validation completed and improvement plan being developed. NCTIR Haul Roads completed within budget. Year 1 delivery successful (although Ludstone Road delayed to Year 2 to align with IAF projects). This year's activities will focus on delivery of the budgeted programme for year 3.  Area wide treatments completed. Detailed delivery programme developed for 2024/2025 financial year  Sealing works scheduled for Q2 of financial year (within sealing season).  Focus for next 3 years programme. Greater uncertainty in immediate reform with a change in Government. 3 waters included in LTP. Details of new reform proposal still required. Ongoing service	2	2	4	Clear work programme defined. Rooding and footpaths remain a priority investment in LTP.  <u>Committee directions on whether to close out this risk.</u>
5	Council Risk	Governance	Mitigate	Works & Services	Asset management	Lack of Process and Systems	Lack of knowledge about KDC assets, especially critical infrastructure	SMO: Senior Manager Operations	Works & Services Manager	Operational	High	3	4	12	Significant progress made on improving asset knowledge and preparing Infrastructure Strategy and AMP's to support LTP. ADAPT asset management system in place and being used for waters assets.  Continuing focus for Works & Services Team.	2	2	4	Further work required with ADAPT Working alongside Hurunui District Council and Waimak Council on ADAPT
8	Council Risk	Emergent	Accept	Enterprise	HR	Catastrophic Event / Black Swan	Major disaster - business continuity severely impacted	Executive team	Team leaders	Operational	High	1	5	5	Regular EOC function manager training, documented processes, EOC cupboards stocked, participate in Exercise Pandora, IT backups and disaster recovery plans in place  Policy and procedures review and update commenced. BCP plans in place for Covid.	1	3	3	Develop clear operating procedures for all function managers with a clear understanding of who does what in the event of a disaster
1	Council Risk	Emergent	Mitigate	Enterprise	Financial management	Lack of Financial Buffer	Long-term financial position: Major unforeseen projects or disaster events raise our debt levels too high	Chief Executive	Executive team	Financial	High	2	4	8	Financial delegation limits, budget supervision, monthly reporting of variances, asset management planning, and inputs to Long Term Plan. LTP approved. Headroom remains Current debt levels leave headroom.	1	3	3	Would require very major event as borrowing headroom significant

<b>Report to:</b>	<b>Finance, Audit &amp; Risk Committee</b>
<b>Date:</b>	29 October 2024
<b>Subject:</b>	Annual Report to 30 June 2024
<b>Prepared by:</b>	S Poulsen - Finance Manager
<b>Input sought from:</b>	C Kaa - Management Accountant
<b>Authorised by:</b>	P Kearney - Senior Manager Corporate Services

## 1. PURPOSE OF THIS REPORT

The Annual Report for the financial year ended 30 June 2024 (“the Report”) is to be adopted by the Council no later than 31 October 2024 in accordance with the Local Government Act 2002.

The Annual Report is currently in four parts, because the Financial Information has been generated using the PWC Value Financials tool.

### Attachments:

- i. Annual Report Part One – Council Activities
- ii. Annual Report Part Two – Financial Information
- iii. Annual Report Part Three – Other Information
- iv. Annual Report Appendix - Annual Report Disclosure Statement

## 2. RECOMMENDATION

It is recommended that the Committee recommends that the Council:

- a) Receives this report for information.
- b) Adopts the Annual Report to 30 June 2024.

## 3. BACKGROUND

For the last eight years the Annual Reports have received a qualified<sup>1</sup> audit opinion from Audit NZ for our failure to report on the mandatory performance benchmarks relating to three waters response times and number of complaints. Significant work has been undertaken to improve our recording systems, and Audit NZ have confirmed that they accept our benchmark information for the 2024 year. A qualification remains on the prior year comparatives, which were either incomplete or unavailable last year.

A summary of any further changes made, and the audit opinion, will be presented on the day.

## 4. SUMMARY OF THE YEAR TO 30 JUNE 2024

### 4.1 Financial performance and position

The net surplus for the year was \$2.4 million compared to a budget surplus of \$12.7 million. The significant difference is due to the grants & subsidies for the Glen Alton bridge, Wakatu Quay, and the IAF project, with all three major projects suffering significant delays and therefore the associated grants were not received (or, in the case of the Wakatu Quay project, were transferred to revenue in advance). Total revenue was \$20.67 million, and all other revenue types finished the year better than budget, with the exception of development contributions (with fewer subdivisions completed during the year than forecast).

<sup>1</sup> A modified (or qualified) audit opinion means that the auditor has concluded that there is a matter of non-compliance with legislation, or with accounting standards, that needs to be brought to the reader’s attention. In general terms, it means the audit has found that the Annual Report gives a fair representation of the Council’s financial position, operations and cash flows, except for the matters identified in the audit opinion.

In terms of expenditure, totalling \$18.22 million, all expense types were less than budgeted, except for fair value losses of \$619k which are unbudgeted.

Borrowings were kept at \$7.3 million instead of the forecast \$8.3m. A revaluation of three-waters assets resulted in an increase in those asset values of \$10.2 million.

#### **4.2 2023/2024 Highlights, challenges, and achievements**

##### ***Improving our infrastructure and facilities***

Despite slower-than-planned progress on the Wakatu Quay project, replacing the Glen Alton bridge, and the IAF Ocean Ridge extension, the Council has made significant improvements to infrastructure, including:

- Footpath improvements for the Esplanade, Killarney St, Churchill St, Beach Rd, and Whitby Place,
- The Link Pathway development is well underway with just a few sections to go before the beautification and landscaping can be done to complete the project,
- Over 20% of unsealed roads have been resurfaced, using locally sourced gravels (a significant cost saving),
- The IAF shared pathway on Ludstone Rd to Green Lane is complete,
- The refuse transfer station and reconfiguration of recycling and reuse facilities was completed, and the landfill closed.

##### ***Becoming more efficient and effective***

- We introduced a new dog registration service, Doggone, which provides sustainable, recyclable dog registration tags suitable for both life-of-dog and annual dog registration, along with a unique service to reunite lost dogs with their owners,
- Our property file information has been almost completely digitized and the original files are now held offsite, and while the quality assurance process is ongoing, this project means property information is more readily available, enabling our teams to work more efficiently on resource and building consents.
- We have improved our CSR recording systems, and along with Innovative Waste Kaikōura, can now report on the mandatory performance measures such as response times to water services issues.

##### ***Enhancing our community's perception of the Council and our services***

Overall satisfaction with the Council continued to be moderately high (65%), with no significant differences in the past four years; remaining above the national average (58%). Footpaths showed the most improvement in satisfaction, at 51% vs. 41% last year. Other areas with good improvement include food and alcohol regulation (83% vs. 73%), roads (56% vs. 49%), consultations on important issues (59% vs. 52%), and customer services (85% vs. 79%). The top performing areas, with very high satisfaction levels, including the library (98%), and Memorial Hall, Scout Hall, and Op Shop building (collectively 92%).

##### ***Challenges we face***

- Delays on the Wakatu Quay project and the Glen Alton bridge replacement have been ongoing.
- Abatement notices have been issued by Environment Canterbury for the Council's wastewater treatment plant, and the landfill site. The Council is working through those issues and expects a satisfactory outcome.
- Recruitment has been an important issue for the last few years, particularly in the building and planning departments, forcing reliance on external resources which come at the higher cost.

### ***New projects***

- The Council has adopted the Kaikōura Dark Skies plan change application and has been making good progress towards changing the lighting standards in the Kaikōura District Plan, with the ultimate goal to attain international Dark Skies accreditation.
- Reserves Management Plans are being developed for five Council-owned reserve areas (Gooches Beach and the Lions Pool area, the South Bay Forest, South Bay racecourse, the Top 10 Holiday Park, and Takahanga Domain).
- We are also developing a Spatial Plan, which will play a crucial role in shaping future land use patterns and guiding decisions relating to new zoning within the Kaikōura District Plan.

### **5. OPTIONS IF APPLICABLE**

There is no ability for the Council to change any of the content of the Annual Report after the audit has been completed, other than to correct spelling errors or formatting issues prior to publication.

### **6. FINANCIAL IMPLICATIONS AND RISKS**

The financial implications of adopting the Report are relatively minor; although there are risks to Council if it does not adopt the Report.

### ***Community Implications***

The Annual Report is a key accountability document to the community. It enables the reader to compare the actual activities and the actual performance of the local authority in the 2024 financial year with the intended activities and the intended level of performance as set out in respect of that year in the Long-Term Plan and Annual Plan.

### ***Financial Risks***

The Annual Report is also an accountability document to Council's funders, including lenders (the banks and/or the Local Government Funding Agency), the Crown, the NZ Transport Agency, and potential future funders who require an audited annual report to accompany grant applications.

### **7. SIGNIFICANCE OF DECISION**

This decision is not considered significant in terms of Council's Significance and Engagement Policy.

### ***Delegations***

Under the Local Government Act 2002, only the Council is delegated to adopt the Annual Report.

### **8. RELEVANT LEGISLATION**

#### ***Local Government Act (2002), sections 98 and 99***

These sections of the Act require the Council to prepare and adopt an Annual Report, specify the information that must be contained in the Report, set the statutory deadline for the report to be adopted, require a summary of the Annual Report to be prepared and audited, and require that the Annual Report contain the Auditor-General's report (the audit opinion).

### **9. COMMUNITY OUTCOMES SUPPORTED**

The work is in support of all community outcomes.



#### **Community**

We communicate, engage and inform our community



#### **Environment**

We value and protect our environment



### **Development**

We promote and support the development of our economy



### **Services**

Our services and infrastructure are cost effective, efficient and fit-for-purpose



### **Future**

**we** work with our community and our partners to create a better place for future generations



Cover Page

# Contents

<b>GENERAL INFORMATION</b> .....	<b>3</b>
KAIKŌURA: A GREAT PLACE TO LIVE.....	5
2022/2023 HIGHLIGHTS, CHALLENGES, AND ACHIEVEMENTS.....	6
FROM THE CHIEF EXECUTIVE.....	7
STATEMENT OF COMPLIANCE.....	8
<b>COUNCIL ACTIVITIES</b> .....	<b>9</b>
WHAT WE DO: OUR GROUPS OF ACTIVITIES.....	11
ROADING.....	13
WATER SUPPLIES.....	19
WASTEWATER.....	27
STORMWATER.....	32
REFUSE & RECYCLING.....	36
FACILITIES.....	42
LEADERSHIP & GOVERNANCE.....	50
BUILDING & REGULATORY.....	54
COMMUNITY SERVICES.....	62
DISTRICT DEVELOPMENT.....	72
<b>FINANCIAL INFORMATION</b> .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
FINANCIAL OVERVIEW.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
STATEMENT OF CHANGES IN EQUITY.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
STATEMENT OF FINANCIAL POSITION.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
STATEMENT OF CASH FLOWS.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
STATEMENT OF ACCOUNTING POLICIES.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
NOTES TO THE FINANCIAL STATEMENTS.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
ANNUAL REPORT DISCLOSURE STATEMENT.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
FUNDING IMPACT STATEMENT.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
<b>OTHER INFORMATION</b> .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
KAIKŌURA ENHANCEMENT TRUST.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
INNOVATIVE WASTE KAIKŌURA LTD.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
MĀORI PARTICIPATION IN DECISION MAKING.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
AUDITOR'S REPORT.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>

*Cover image;*

# General Information



## Kaikōura: a great place to live

The Kaikōura district spans from the Haumuri Bluffs in the south to North of the Kēkerengū valley in the north, covering 2,048 square kilometres of diverse landscape. The inland boundary of our district is the Inland Kaikōura Range, climbing 2,885 metres and snow covered for much of the year.

Historically the district has thrived in the fishing, farming and dairy industries. More recently Kaikōura has positioned itself as a world-class tourism destination, attracting one million visitors each year. We enjoy award-winning eateries and locally made products, as well as internationally renowned whale watching, swimming with dolphins and seals, surfing, golf and much more.

Our spectacular coastline provides excellent fishing, sporting, and recreation. The Kaikōura Canyon, at around 1,300 metres deep, provides the natural habitat for southern right and sperm whales, orca, and dusky dolphin, and is also host to over 200 species of marine life.

The township is situated on a peninsula protruding from this rugged coastline. Mori legend tells that it was from this peninsula that Maui braced his foot to fish up the North Island from the ocean. Kaikōura has a rich history with strong connections to Māori and European culture, and there is evidence of Māori settlement in the area up to 1,000 years ago. The area was first named by explorer Tama ki Te Rangī, who found the area abundant with crayfish. He named the area “Te Ahi Kaikōura a Tama ki Te Rangī” – the fire that cooked the meal of crayfish for Tama ki Te Rangī. This was shortened to Kaikōura, kai meaning food and koura meaning crayfish.

Our District*	
Population (Census 2018)	3,912
Rateable properties	
Total rating units (includes non-rateable properties)	
Total capital value of district	
Total land value of district	

\*On 30 June 2023

Our Council~	
Represented by	1 Mayor & 7 elected representatives
Total equity	
Total assets	
Number of staff	
Utilities & services	1 Landfill 7 Public water supplies 1 Sewerage system

~on 30 June 2024

# 2023/2024 Highlights, challenges, and achievements

## Improving our infrastructure and facilities

Despite slower-than-planned progress on the Wakatu Quay project, replacing the Glen Alton bridge, and the IAF Ocean Ridge extension, the Council has made significant improvements to infrastructure, including:

- Footpath improvements for the Esplanade, Killarney St, Churchill St, Beach Rd, and Whitby Place,
- The Link Pathway development is well underway with just a few sections to go before the beautification and landscaping can be done to complete the project,
- Over 20% of unsealed roads have been resurfaced, using locally sourced gravels (a significant cost saving),
- The IAF shared pathway on Ludstone Rd to Green Lane is complete,
- The refuse transfer station and reconfiguration of recycling and reuse facilities was completed, and the landfill closed.

## Becoming more efficient and effective

- We introduced a new dog registration service, Doggone, which provides sustainable, recyclable dog registration tags suitable for both life-of-dog and annual dog registration, along with a unique service to reunite lost dogs with their owners,
- Our property file information has been almost completely digitized and the original files are now held offsite, and while the quality assurance process is ongoing, this project means property information is more readily available, enabling our teams to work more efficiently on resource and building consents.
- We have improved our CSR recording systems, and along with Innovative Waste Kaikōura, can now report on the mandatory performance measures such as response times to water services issues.

## Enhancing our community's perception of the Council and our services

Overall satisfaction with the Council continued to be moderately high (65%), with no significant differences in the past four years; remaining above the national average (58%). Footpaths showed the most improvement in satisfaction, at 51% vs. 41% last year. Other areas with good improvement include food and alcohol regulation (83% vs. 73%), roads (56% vs. 49%), consultations on important issues (59% vs. 52%), and customer services (85% vs. 79%). The top performing areas, with very high satisfaction levels, including the library (98%), and Memorial Hall, Scout Hall, and Op Shop building (collectively 92%).

## Challenges we face

- Delays on the Wakatu Quay project and the Glen Alton bridge replacement have been ongoing.
- Abatement notices have been issued by Environment Canterbury for the Council's wastewater treatment plant, and the landfill site. The Council is working through those issues and expects a satisfactory outcome.
- Recruitment has been an important issue for the last few years, particularly in the building and planning departments, forcing reliance on external resources which come at the higher cost.

## New projects

- The Council has adopted the Kaikōura Dark Skies plan change application and has been making good progress towards changing the lighting standards in the Kaikōura District Plan, with the ultimate goal to attain international Dark Skies accreditation.
- Reserves Management Plans are being developed for five Council-owned reserve areas (Gooches Beach and the Lions Pool area, the South Bay forest, South Bay racecourse, the Top 10 Holiday Park, and Takahanga Domain).
- We are also developing a Spatial Plan, which will play a crucial role in shaping future land use patterns and guiding decisions relating to new zoning within the Kaikōura District Plan.

## From the Chief Executive

The 2023/2024 year was another busy one for Council. On top of delivering on our extensive annual work commitments we also completed our ten-year long-term plan for 2024-2034. This LTP stuck with the same core themes from the 2021-2031 LTP of finishing what we have started in the core infrastructure space. We adopted the LTP by the statutory deadline of 30<sup>th</sup> June 2024 with good community engagement in terms of submissions through the process. The community also showed extensive support for the preferred options of the four main areas we sought feedback on. This included financial support for the Whale Trail walking and cycle trail, increasing the investment in footpath renewal programme, dropping the rural rate differential to 0.8 and maintaining rural recycling services in key areas. A core piece of work to support the LTP was our comprehensive funding and financing policy review work which included a review of our rates. This was a commitment made in the last LTP and saw a stronger move towards a user pays principle where appropriate. The reset on the rural rate differential also came from that work.

During the year we also saw a change in central government which resulted in a factory reset of a number of previous governments reform agendas. The first step of the new government was to repeal much of the previous legislation and then develop and put in new policy in place. This required all Councils across the country to be agile in response and change course on a number of work streams. It was pleasing to note that the new government has taken a more local first approach towards water service delivery reform to ensure local voice and decision making is maintained. We have been actively working with the DIA, Minister for Local Government and our neighbouring North Canterbury Councils of Hurunui and Waimakariri to look at long term options for water service delivery under the Local Water Done Well policy. Further changes in the RMA reform and Building Control reform have also been signalled and are underway.

Our planning team has progressed our draft spatial plan which outlines a 30 year vision for how the core township area may develop. Once adopted this will help shape the update to our District Plan which is occurring over the next ten years. We also initiated a process for developing reserve management plans for our Council owned reserves, with a priority focus on our top 5 reserves. Several private plan changes have advanced including the Light Industrial Business Park which was a long time in the making and also the Dark Sky Lighting plan change which supports the Dark Sky accreditation initiative and aims to focus on responsible lighting. In terms of our resource consent processing, 70% of consents received were processed within statutory timeframes. In the Building Control space 100% of building consents were processed within statutory timeframes.

In terms of our core infrastructure our footpath renewal programme progressed well and received very good feedback through our annual customer satisfaction survey. The Link pathway project is also nearly completed and has received incredible feedback and use from both locals and visitors alike. It is a real game changer along the Esplanade. 2024/25 will see some finishing touches put to the pathway. Significant progress has also been made on our road resealing and renewal programme and our unsealed road network. Through the IAF project a shared footpath and cycle connection has been completed from the end of Ludstone rd to the proposed Vicarage Views subdivision. 2024/25 is expected to see further progress on the IAF related infrastructure projects and the subdivision itself as well as a private plan change being developed for Ocean Ridge. Several of our large projects have seen some good progress, but not as much as initially planned. A revised bridge option is being considered for the Glen Alton Bridge replacement whilst detailed design for Stage 1 development of Wakatu Quay has been completed and construction will start in Q2 of 2024/25.

The post Covid economic climate has continued to see high inflation and a steep rise in the cost of living, which is still being felt across the country. This had a major impact on our community, but also increased costs of our operations in terms of capital works, maintenance contracts, insurance and audit fees. The cost of doing the basics has significantly increased. Having said that Kaikōura had a very strong summer in terms of visitor numbers and spend within the District and there are positive signs that the economy will recover into Q3 of 2024/25.

In terms of our financial result, the net surplus for the year was \$2.4 million compared to a budget surplus of \$12.717 million. Borrowings were kept to \$7.3 million instead of the forecast \$8.3m. Total revenue for the year was \$20.7 million, with operating expenditure at \$18.22 million. We saw a further increase in the revaluation of our asset base which will have a knock-on effect on insurance costs going forward. We remain in a strong financial position as a small rural Council and continue to punch well above our weight whilst we focus on the basics. However, as

highlighted in our LTP, the overall funding model for local government requires change for long term sustainability. In the meantime, we will continue to look at more efficient and effective ways to deliver best value for our community.

My thanks once again to both the Council team and elected members for all their hard work through the year. We have managed to achieve great outcomes with our small and dedicated Council team. A heartfelt thank you must also go to all of the community groups, volunteers and our partner organisations who year on year tirelessly contribute to making Kaikōura a very special place. There are some really exciting times and exciting new projects ahead for Kaikōura and we look forward to continuing to deliver on our commitments and support the community over the year ahead.



Will Doughty  
Chief Executive Officer

---

## Statement of Compliance

The Council and management of Kaikōura District Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in Section 98 and Part 3 of Schedule 10 of the Local Government Act 2002, have been complied with.

The Statement of Service Performance has been prepared in accordance with the requirements of Part 3 of Schedule 10 of the Local Government Act 2002, including the requirement from Section 111 of the Local Government Act to prepare all information in accordance with NZ generally accepted accounting practice (NZ GAAP).

The Council and management of Kaikōura District Council accept responsibility for the preparation of the annual financial statements and service performance reports, and the judgements used in them.

The Council and management of Kaikōura District Council accept responsibility for establishing and maintaining a system of internal control designed to provide assurance as to the integrity and reliability of financial and service performance reporting.

In the opinion of the Council and management of the Kaikōura District Council, the annual financial statements and statements of service performance for the year ended 30 June 2024 fairly reflect the financial position and operations of the Kaikōura District Council.

The annual report was adopted on 30 October 2024.

Will Doughty  
Chief Executive

Craig Mackle  
Mayor

# Council Activities



The Council delivers a range of services on behalf of the community. This section reports on those services, what we planned to do, what we did and our key projects.

## Contextual information

### Why we exist

---

The Kaikōura District Council is a territorial authority in the Canterbury region, established in 1989 having formerly been the Kaikōura County Council. We are responsible for a wide range of local services including roads, water treatment and reticulation, sewerage and refuse collection, libraries, parks, recreation services, local regulations, community and economic development, emergency management, environmental health, and town planning.

One of our strengths is the opportunity we allow, as a local government authority, for our community to be directly engaged in the process of governing their own town and district. This practice of self-governance enhances our sense of place-shaping, while ensuring our services are responsive to the needs of our communities.

### What we intend to achieve in the future

---

The Council's Long-Term Plan 2021-2031 (the LTP) sets out the direction for Council and the Kaikōura community. The LTP includes a meaningful performance framework which shows the community outcomes each group of activities affects, how our activities contribute to achieving the outcomes, and what we need to do to achieve this. That performance framework then clarifies our levels of service, and the performance measures and targets we will use to determine whether we are succeeding in providing those services at the agreed standard.

The LTP identified five community outcomes:

- **Community** – we communicate, engage with, and inform our community
- **Development** – we promote and support the development of our economy
- **Services** – our services and infrastructure are cost effective, efficient and fit for purpose
- **Environment** – we value and protect our environment
- **Future** – we work with our community and our partners to create a better place for future generations

The LTP also identified several big issues the Council wishes to address in the ten-year period, such as dealing with a backlog of roading maintenance, sublayer rehabilitation, and reseals. The Council also committed to improving footpaths, reviewing the District Plan, and implementing a rubbish collection service in the urban area.

### How we will do it

---

The LTP explains, for every activity, how we aim to achieve our community outcomes and level of service goals.

By way of example, in the Roding group of activities, the LTP performance framework shows that roads and bridges contribute to the Services outcome (that our services and infrastructure are cost effective, efficient and fit for purpose). We will achieve that outcome through our renewal, repair and improvement programmes, which ensure the condition of roads are safe and not deteriorating. We state the level of service should therefore be that road surfaces are renewed not less than every sixteen years, with high-use roads resealed more often than this. We measure our performance against this level of service by requiring the percentage of the sealed road network that is resealed per year to be greater than 7% in the years 2022-2026 (to deal with the backlog of maintenance), and greater than 6% thereafter.

We recommend readers of this Annual Report also refer to the LTP for further information on the performance framework and service performance information.

### What we do

---

The Council delivers core services as required by the Local Government Act 2002. It also delivers services that support the wellbeing of the community and undertaken with the support of residents and ratepayers. Our services are classified into 10 groups of activities.

## Council Surveys

The Council conducts annual resident satisfaction surveys to gather information to report against satisfaction performance measures for the Annual Report, and to support planning and decision making.

The surveys are conducted by SIL Research, using a survey questionnaire that has been consistently used since 2018. Research for 2023/2024 was conducted between 18 December 2023 and 19 February 2024 (which was slightly later than the year before, and closer to the Christmas holidays).

SIL Research used a mixed methods approach to collect surveys across Kaikōura District Community members. A mixed-method approach included:

- 1) Postal survey. Using a ratepayer database, a hard copy of the survey was sent to 1,500 Kaikōura property owners and district residents. All postal surveys also included an online link to complete the survey.
- 2) Online. The survey was provided online via Council's Facebook page, to increase survey awareness and allow both residents and community members to have their say.
- 3) Telephone survey. Respondents were randomly selected from the publicly available telephone directories within Kaikōura District.
- 4) Social media. The invitation advertisement was randomly promoted to Kaikōura District residents (available via SIL Research social media platforms, such as Facebook).

The mixed-method approach produced a balanced proportion of paper-based and online submissions, with some top-ups via telephone. However, fewer postal forms, and responses from Council channels, were returned in 2023-24, which required an increase in other data collection channels.

### Performance achievement

Across these groups this year, the Council achieved 64 out of 87 performance measures (overall achievement 74%), up from 69% last year. Significant improvement in our data collection has resulted in no measures unavailable or incomplete for the 2023/2024 year.

Year	Number of measures		
	2021/2022	2022/2023	2023/2024
Actual performance measure reported	62	64	85
Incomplete performance measure reported	12	10	-
Result not available	11	12	-
Not applicable	2	1	2
<b>Total performance measures</b>	<b>87</b>	<b>87</b>	<b>87</b>
<b>Performance measures accurately reported on</b>	<b>71%</b>	<b>73%</b>	<b>74%</b>

In the table of performance indicators above, incomplete, not available, and not applicable are defined as follows:

**Incomplete** – Customer service request (CSR) results reported are based on data derived from the service request system. However not all service requests were recorded in the system for the financial year, and therefore the results are incomplete.

**Not available** (Only on CSR measures) – Call out response times have not been recorded or not accurately captured in the service request system for the financial year, and therefore results are not available.

**Not applicable** – where a performance measure is taken from a survey or some other source that is only supplied once every two years or more, then the performance measure is not applicable in the intervening years.

## Roading

Our Goal: to provide a transport network for the safe and reliable movement of people and goods throughout the district, connecting communities and accessing property.

### What we do

The Roothing group of activities includes;

- Roads & bridges
- Footpaths & cycleways
- Streetlights

The Council maintains 208km of local roads and 40 bridges in our district. Approximately half of our roads are sealed. Of the bridges, 32 are single lane and 6 apply weight restrictions. Waka Kotahi (NZTA) owns and maintains State Highway One, which includes Churchill Street and Beach Road (within the township). The Council also maintains approximately 46km of footpaths and over 400 streetlights.

### Key issues in the year to 30 June 2024

In addition to the normal ongoing routine road operational and maintenance activities key areas of focus during the year were continuing to address the backlog of road pavement rehabilitation and reseals and undertaking further footpath renewals and improvements in Kaikoura.

### What we did

Substantial reseals and road rehabilitation was completed on Bullens Road, Fyffe Avenue, Fyffe Quay, Kaka Road, Kea Road, Kotuku Road, Ludstone Road, Makura Road, Rakanui Road, South Bay Parade Ellerton Valhalla Road and Hawthorn Road West resulting in 54,831 square metres - equivalent to 6.7% of the sealed road network - being resurfaced this year.

Some of the key maintenance statistics are:

- 152km of unsealed road graded,
- 361 potholes repaired,
- 1467m<sup>2</sup> of stabilisation repaired,
- 3352 m<sup>2</sup> of crack sealing completed

There was a significant amount of footpath renewals completed on Beach Road, Churchill Steet, Esplanade, Killarney St Upper, Ludstone

Road and Whitby Place. These where a mixture of concrete and asphalt renewals. Some of these works were financially supported by the government's Infrastructure Acceleration Fund.

There was also a large amount of unsealed road surface renewals on Blunts Road, Diary Farm Road, Scott's Road, East Lane, Ellerton Valhalla Road, Kekerengu Valley Road, Sunshine Place and Wiffen's Road. This resulted in over 7000 tonnes of new surface material being placed over these roads in addition to drainage improvements.

The two large dropouts on Puhī Puhī Road and Blue Duck Valley Road were repaired, with a budget of \$800,000 allocated for these works.

During a round of structural bridge inspections, it was found that Jordan Stream bridge on Puhī Puhī Road was unsafe for use. This resulted in the bridge being immediately removed, with a bailey bridge put in place as a temporary measure until a permanent solution can be found.

### What we planned to do but didn't

Work towards the restoration of access to the upper Waiau-Toa/Clarence Valley following the loss of the Glen Alton bridge has continued following delays to the project caused by the opposition of Te Rūnanga o Kaikōura to the form of the proposed solution.

Works have been undertaken to determine a new route over the hill side towards the old bridge abutments.

Waka Kotahi continued to indicate a willingness to fund 95% of the project cost up to a maximum of \$13.6 million, but it has not yet been determined what the cost of the alternative new road and bridge will be.

## Effects on community wellbeing


	Positive effects	Negative effects
Social	Significant renewal of roads has improved vehicle travel and safety. New footpaths also improve pedestrian connectivity and safety.	Disruption of vehicle movements while roadworks are in place, nuisance of noise, and dust on unsealed roads
Cultural	No effects have been identified	No effects have been identified
Economic	Better condition of roads enables the efficient delivery/dispatch of goods.	No effects have been identified
Environmental	Improved condition of roads reduces operating and maintenance requirements of vehicles and improves freight connections. The conversion of streetlights to LED has reduced light pollution and helped mitigate fallout of the Hutton's Shearwater.	Roads, bridges, kerbs, and channels disrupt natural drainage patterns

## Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrades to meet additional demand:			
IAF Project – Cycleway		8	The Infrastructure Acceleration Fund (IAF) has approved a grant totalling \$7.88 million to enable further residential development through the Ludstone Road, Mt Fyffe Road, Green Lane and through to Ocean Ridge area. Only the shared pathway was completed during the year.
IAF Project – Green Lane extension		32	
IAF Project – Mt Fyffe widening		261	
IAF Project – Rail crossing		72	
IAF Project – Shared pathway		1,080	
	6,995	1,453	
Upgrades to improve level of service:			
Low cost/low risk safety improvement	300	396	Torquay / Esplanade intersection upgrade, Killarney St Upper footpath and various safety improvements
Footpath improvements	100	431	Esplanade, Beach Road, Churchill St and Whitby Place. Extra funding granted from NZTA
	400	827	
Renewal/replacement of existing assets			
Glen Alton (Clarence River) Bridge	4,987	348	Project delayed due to Runanga concerns
NCTIR haul roads renewal	443	570	Haul road programme completed on Ludstone Road
Sealed surface renewals	552	549	Completed 5.8% of the sealed network in resealing (based on lane km). Resealing from pavement rehabs not included
Sublayer rehabilitation	460	387	Ludstone, Ellerton Valhalla and Hawthorne Road West.
Unsealed surface renewals	198	291	Large amount of works completed due to using locally sourced materials over 20% of network resurfaced
Drainage kerb & channel	72	229	
Traffic services	66	22	


Blue Duck & Puhi Puhi Valley work	800	648	Works completed
Pensioner Units sealing common areas	-	2	Funded by the DIA Better Off Projects
Jordan Stream Bridge	-	17	Removal of bridge on Puhi Puhi Valley Rd
	7,578	3,063	
Total capital projects	14,973	5,343	

## Performance indicators


Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Development</b> We promote and support the development of our economy</p>	Good quality roads support economic activity by providing for the efficient delivery of goods and services throughout the district so that the economy can function.	Our roads and bridges must be well-managed to ensure that annual renewal and maintenance programmes are optimised.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The average quality of ride on the sealed local road network, measured by smooth travel exposure	Not available		92%	93%	Yes
The average quality of ride on the sealed road network measured by NAASRA roughness <sup>2</sup>	Not available		95	101	No

Smooth travel exposure means a measure of the percentage of vehicle kilometres travelled on roads that occurs above the targeted conditions for those roads. The Council sets its targeted conditions based on NAASRA counts. The rougher the road, the higher the NAASRA counts per km. A NAASRA count of greater than 150 typically indicates a road that is becoming a concern in terms of its roughness.


The most recent HSD survey was completed in November 2023.

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Services</b> Our services and infrastructure are cost-effective, efficient and fit for purpose.</p>	Roading is one of the main activities of the Council, with roads and bridges costing around 20% of total costs annually. It is essential therefore that roads are well-managed and that the roading network is safe and resilient for all road users.	Renewal, repair and minor improvement programmes should ensure that the condition of roads and footpath are safe and not deteriorating. A new reseal programme has been introduced with this LTP to address a backlog of surface renewal.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The percentage of the sealed network that is resurfaced per annum		8.5%	> 7%	8.1%	Yes


This measure is based on area sealed, not length of road (kilometres) sealed, as it provides a more realistic measure of network cover.

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Services</b> Our services and infrastructure are cost-effective, efficient and fit for purpose</p>	The Council and our contractors are adequately resourced and available to respond to reports of roading faults	Our customer request systems need to record and report on our responses to requests, so that we can manage our contractors to ensure that requests relating to roading faults are responded to, and addressed, in an appropriate timeframe.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The percentage of customer service requests relating to roading, footpath and associated faults responded to within timeframes: Urgent – 1 day Other – 1 week		Not available	> 90%	87%	No

The result for this measure was not available for the 2023 year – response times had not been recorded or not accurately captured in the service request system for the financial year, and therefore results were not available.

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Future</b> We work with our community and our partners to create a better place for future generations</p>	It is essential that the roading network is safe and resilient for all road users.	It is the Council's role to ensure that high risk areas such as intersections, school zones, pedestrian crossings and high speed-limit areas have good visibility, road works are marked clearly, and road surfaces are kept clean and clear of hazards.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The change from the previous year in the number of fatalities and serious injury crashes on the local road network expressed as a number		3	2	0 <sup>1</sup>	No
The percentage of regulatory road signs incorrect or missing during an audit of the road network (whether a full or partial audit is completed)		0.0%	< 0.5%	2.1%	No


<sup>1</sup> There were three serious injuries caused by crashes on the Inland Route, Moa Road and Old Beach Road. One was due to suspected alcohol; one was due to suspected drugs and the other was by ignoring a give way sign. There were also three serious injury crashes in the 2023 year and so the change from the previous year is zero (this performance measures aims to show whether the number of crashes is reducing or increasing). The target is for the number of serious crashes in the previous year to reduce by at least one until zero is achieved, and therefore the target is two.

Community Outcome	How do Footpaths & Cycleways contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Services</b> Our services and infrastructure are cost-effective, efficient and fit for purpose</p>	Footpaths provide a healthy alternative for people to access the town services and recreational areas, and so it is important to ensure our footpaths are mobility friendly, smooth and free of trip hazards.	The quality of footpaths throughout the township is very irregular, with a mixture of very new concrete walkways through to very old chip-seal paths. A consistent walking experience, by an ongoing programme of surface renewals, would go a long way to improve pedestrian satisfaction.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The percentage of footpaths that are poor condition (grade 4 or 5)		Not available*	< 5%	14%	No
Resident satisfaction with footpaths		41%	49%	51%	Yes

**\*Not available** – an inspection of the footpaths was not performed in the 2023 financial year, and therefore results were not available.

An internal inspection of the footpaths was undertaken and used for the condition scoring. The target of less than 5% in the poor or very poor was based off an older footpath rating survey which was deemed too optimistic. The updated conditional rating is deemed to be more realistic and a good starting point for improvement.

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.

Community Outcome	How do Streetlights contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Environment</b> We value and protect our environment</p>	Streetlights are necessary for visibility for road users, but we should be mindful of the impact of lighting on the environment, particularly the Hutton's Shearwater ( <i>Titi</i> ), and also to night sky enthusiasts.	We need to find a balance between road user safety, and light pollution impacts on the Hutton's Shearwater ( <i>Titi</i> ), which are disoriented by lights when they fledge, and can fall to the ground and be injured.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
<b>Streetlights</b>					
The percentage of streetlights not functioning during an audit of any part of the network		0%	< 1%	0%	Yes

KDC has such a small streetlight network we don't have a formal audit process with our MainPower contractor, and any outages are reported to MainPower within a day and resolved within a week, therefore 0%.

## Funding Impact Statement: Roading

For the year ended 30 June 2024

	2022/2023 Long-Term Plan \$000	2023/2024 Long-Term Plan \$000	2023/2024 Actual \$000
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,315	1,387	1,477
Subsidies & grants for operating purposes	514	528	656
Fees and charges	-	-	143
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	39	40	41
<b>Total operating funding (A)</b>	<b>1,867</b>	<b>1,955</b>	<b>2,317</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,186	1,221	1,141
Finance costs	44	81	125
Internal charges and overheads applied	132	138	390
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,362</b>	<b>1,441</b>	<b>1,656</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>505</b>	<b>514</b>	<b>661</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	5,308	5,457	3,535
Development and financial contributions	6	6	-
Increase/(decrease) in debt	651	772	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,966</b>	<b>6,235</b>	<b>3,535</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	1,849
- To improve the level of service	257	264	-
- To replace existing assets	6,214	6,485	3,494
Increase/(decrease) in reserves	-	-	(1,147)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,471</b>	<b>6,750</b>	<b>4,196</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(505)</b>	<b>(514)</b>	<b>(661)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total application of operating funding (B)</b>			<b>1,656</b>
Plus depreciation			2,004
<b>Expenditure as per Note 4</b>			<b>3,660</b>



# Water supplies

Our Goal: to provide clean, potable water for our communities in the district.

## What we do

The Council owns and manages eight water supplies. In order from north to south they are:

- East Coast
- Kincaid
- Kaikōura Urban
- Ocean Ridge
- Airport
- Peketa
- Fernleigh
- Oaro

The Council has a responsibility to ensure that water supplied to consumers is safe to drink. We also have to ensure continuous supply of water for people, and for livestock on rural properties. We aim for minimal interruptions, timely responses to service requests, and good consumer satisfaction with water pressure, taste, odour, and clarity of drinking water.

## Key issues in the year to 30 June 2024

At a strategic level the key issue has been consideration and preparation for potential changes to the form of delivery for water supplies, initially under the 3-waters reforms proposed by the Labour government, and more recently under the National government’s ‘Local Waters Done Well’ program.

These initiatives and the changes to them consumed significant amounts of staff time and created ongoing uncertainty.

At an operational level the focus has been on making further improvements to data collection and analysis for reporting.

## What we did

Maintained consistent supplies of safe water on all schemes meeting existing levels of demand.

Made progressive improvements in respect of the collection and management of quality and performance data.

Undertook various minor asset renewals or improvements, the most significant being replacement of a temporary partially buried watermain on Beach Road that was installed following the 2016 earthquake.

## What we planned to do but didn’t

Planned upgrading works to the water treatment plant of the Kincaid rural water supply were not undertaken because of uncertainties regarding water reforms. Planned repairs to the Kincaid intake were held over to late spring 2024 to avoid winter high river flows.

Planned renewal of pipework in the water treatment plant at Ocean Ridge was not completed because of delay associated with investigation of whether it was necessary. The work will now be completed in the 2024/25 year.

## Effects on community wellbeing

	Positive effects	Negative effects
Social	Clean, potable water is fundamental to the health of all residents and visitors	Chlorination, required to meet drinking water standards, can affect water taste and smell
Cultural	No specific effects have been identified	No effects have been identified
Economic	Clean water on demand is essential for many businesses to function (including visitor accommodation, commercial activities, and primary industries)	Low pressure, pipe breaks, and other faults can disrupt economic activity.
Environmental	Water is used for irrigation, replenishing the land and flora, as well as amenity values.	Over-use can create water shortages and require water restrictions

## Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrades to meet additional demand:			
IAF Project – Flood protection	-	69	Kowhai River modelling, funded by developer
	-	<b>69</b>	
Upgrades to improve level of service:			
Kaikōura Urban electrical improvements	45	-	
Kincaid Upgrade UV unit	80	-	
Kincaid Turbidimeter	15	14	
	<b>140</b>	<b>14</b>	
Renewal/replacement of existing assets:			
Kaikōura Urban pipe renewals	-	85	Beach Road water main renewal
Kaikōura Urban facilities renewals	20	1	
Kaikōura Urban variable speed drives	30	13	
Ocean Ridge renewals	30	5	
East Coast renewals	61	66	Water pipe renewals & replace booster pump
Kincaid stabilise intake	40	6	
Kincaid reconfigure raw water tanks	10	-	
Fernleigh renewals	15	19	
Peketa renewals	-	-	
Oaro renewals	-	-	
	<b>206</b>	<b>195</b>	
<b>Total major projects</b>	<b>346</b>	<b>278</b>	

## Performance indicators

The performance measures have been updated to provide reporting on the extent to which Council's drinking water supplies complies with the Drinking Water Quality Assurance Rules set by the regulatory agency (Taumata Arowai) as explained in more detail below. Compliance is based on provision of data in compliance periods. One 15-minute instance of missing or deficient data will result in compliance failure for at least a day and, for many of KDC's supplies, for a whole month.


Compliance was independently assessed and verified by Matt Molloy Consulting Ltd.

The overall compliance percentages in the table below were based on population weightings of information on individual water schemes taken from the following table.

## NZ Drinking Water Quality Assurance Rules

New Drinking Water Quality Assurance Rules (DWQAR) were introduced by Taumata Arowai in January 2023. These requirements measure compliance against the following criteria: bacterial, protozoal, chemicals and cyanotoxins for treatment plants; and microbiological, residual disinfection, disinfection by-products and plumbosolvent metal rules for distribution networks. Compliance is monitored and reported through on-line monitoring along with an independent sampling and lab testing regime.

The summary table and notes below are from the independent drinking water assessor's report for the period 1 July 2023 to 30 June 2024.

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 <p><b>Future</b> We work with our community and our partners to create a better place for future generations</p>	Water is a precious resource, and so it is essential for future generations that water takes are sustainable. Water sources need to be adequate both in quantity and quality to meet foreseeable consumer demands.	We plan for water infrastructure to support anticipated development needs, including investigating options for existing and future services. Ground water sources and intakes must be secure, and the water must be free of contamination from surrounding land use.

Compliance with NZ Drinking Water Quality Assurance Rules							
Water Scheme	Treatment plant			Distribution zone		Target 2023/2024 = 100%	
	Treatment rule	Bacterial	Protozoa	Micro-biological	Residual disinfectant <sup>2</sup>	2023/2024 Actual	Achieved?
Fernleigh	T2/D2	7/12	12/12	12/12	12/12	90%	No
Kaikōura Urban	T3/D3	271/366	271/366	10/12	10/12	74%	No
East Coast Rural	T2/D2	8/12	12/12	12/12	12/12	92%	No
Kincaid	T2/D2	2/12	12/12	12/12	12/12	79%	No
Oaro	T2/D2	4/12	12/12	12/12	11/12	81%	No
Ocean Ridge	T2/D2	6/12	12/12	12/12	12/12	88%	No
Peketa	T1/ n/a	4/4	4/4	4/4	n/a	100%	Yes
Kaikōura Airport	T1/ n/a	4/4	4/4	4/4	n/a	100%	Yes

### Notes

- Treatment plants such as Kaikoura Urban that use T3 rules (over 500 people) have a compliance monitoring period of 1 day. The result is recorded as how many days out of the review period the recorded data indicated that the supply was compliant. Data from ultraviolet light disinfection was not recorded for three months of the report period. The recording system has now been corrected.
- Treatment plants using T2 rules (101-500 people) have a compliance monitoring period of one month. The result is recorded as how many months out of the review period the supply was compliant. A single instance in one day can however fail a whole month.
- Distribution zones using D3 and D2 rules have a compliance monitoring period of one month and the result is recorded as how many months out of the review period the supply was compliant.

<sup>2</sup> residual disinfectant compliance reporting includes residual chlorine levels within distribution networks, chlorination byproducts levels and plumbosolvent metal (lead) levels

- Treatment plants and distribution zones using the T1 and D1 rules have a compliance monitoring period of 3 months, so the result is recorded as how many 3-month periods out of the compliance monitoring periods the supply was compliant.
- Disinfection by-products (DBPs) monitoring applies to supplies using sodium hypochlorite, rather than gas chlorine as used at Kaikōura Urban and Fernleigh.

### Additional Notes

The Council has protozoa and bacterial barriers on all its water supplies. There have been historical difficulties proving compliance due to data quality and data transmission issues. Physical samples were also often missed due to courier delivery issues. All supplies are UV disinfected and chlorinated.

Kaikōura Urban: In January 2024 there was the need to use the 2nd UV reactor, unfortunately this was not connected properly to the SCADA network and therefore when it was in operation there was no data available to assess. Information was subsequently able to be backfilled for part of May and all of June, however Jan, Feb and April data was not available and therefore does not meet the monitoring requirements. This is a data quality issue not a water safety issue, all alarms were in operation during the time.


Fernleigh had instances of chlorine being less than 0.5mg/L FAC leaving the treatment plant (Jul, Aug, Sep, Jan, Feb). Using FAC, turbidity and E.coli, Fernleigh met the equivalent of bacterial compliance under the DWSNZ 7/12 months. Using the continuous monitoring data it was noted that over 99% of the time the turbidity was met, and 95% of the time FAC was met, however T2 rules are reported monthly and Taumata Arowai have not released any guidance as to using continuous monitoring for T2 supplies. UV dose was met at all times so the supply was fully disinfected, it's just the chlorine residual leaving the plant was not met.

Kaikoura East Coast Rural did not have an appropriate sample tap in place for water leaving the plant until Sept 2023. From Sept there was chlorine >0.5mg/L measured leaving plant on all occasions. October had an instance of turbidity over 5NTU and both Sept-23 and Mar-24 had pH above 8.0. Using the continuous monitoring data it was noted that over 99% of the time the turbidity and pH were met, and 100% of the time FAC was met, however T2 rules are reported monthly and Taumata Arowai have not released any guidance as to using continuous monitoring for T2 supplies. It's the lack of an appropriate sample tap and the occasions of high pH and turbidity leaving the plant that prevented all parameters being met.

Kincaid residual chlorine <0.5mg/L in all months except Jan -April 2024, turbidity always measured less than 5NTU, pH was only met in June-23 and July-24. Overall 2/12 months. There was a chlorine residual leaving the plant on most occasions, however it was not the required 0.5mg/L. The pH was above 8.0 on most occasions.

Oaro had instances of FAC leaving plant <0.5mg/L in 8 out of the 12 months. Turbidity 2 x weekly and all ok. pH over 8 in March 2024. Bacterial compliance partially achieved. Overall 4/12 months met. Using the continuous monitoring data it was noted that over 90% of the time FAC was met, however T2 rules are reported monthly, and Taumata Arowai have not released any guidance as to using continuous monitoring for T2 supplies. UV dose was met at all times so the supply was fully disinfected, it's just the chlorine residual leaving the plant that was not met.

Ocean Ridge had instances of FAC leaving plant <0.5mg/L in July-23, Sep-23, Jan-24, Feb-24, Mar-24 and Ap-24. E.coli samples complete. pH ok but over 8 in Mar-24. Overall 6/12 months.

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Environment</b> We value and protect our environment</p>	<p>Water is a precious resource, and so water use must be sustainable. This involves distributing water to consumers without unintentional waste of water, and restrictions on water use are enforced through the Water Supply Bylaw.</p>	<p>It is important that water is not lost through poorly maintained or old leaking pipe networks.</p> <p>It is equally important that people take a conservative approach in the amount of water they consume.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The percentage of real water loss from networked reticulation systems		23%	< 40%	37%	Yes
The average consumption of drinking water per day per resident		430	< 375 litres	270	Yes

The Kaikōura Urban system must be continuously pumped, so the water loss calculation is based on minimum night flow when reservoirs are full, less allowance for night use at 4l/person/4 hours and 3000 people = 1 l/s

The actual real loss % for 2022/23 was under-reported.


Real water loss is calculated using the Water New Zealand “Water Loss Guidelines”. These guidelines provide methodologies that can be used to determine water loss across the piped reticulation. The method that KDC uses is called the MNF or “Minimum Night Flow” analysis.

The target of less than 40% real water loss is applied where such measurement is realistically achievable. On rural supplies the trickle feed supply arrangements prevent this.

The average consumption measure is an estimate for the Kaikōura Urban water supply only. Other water supplies have substantial proportions of water used for non-potable purposes and/or are subject to very inconsistent demand.

The reported change in water consumption, reduced from an estimated 430 litres per resident per day in 2023, to 270 in 2024, is a combination of three factors:


- Assessing on an annual average basis rather than summer peak
- Effective water conservation messaging in early summer (please don’t irrigate lawns)
- Average rather than drought conditions

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?						
 <p><b>Services</b> Our services and infrastructure are cost-effective, efficient, and fit for purpose</p>	<p>The Council and our contractors respond promptly to reported problems or issues with our water supplies</p>	<p>We need to be adequately resourced and operate an efficient Customer Service Request (CSR) system to record requests relating to water services, efficiently forward them to the contractor and prioritise, manage, monitor, and record responses and resolution.</p>						
<table border="1"> <thead> <tr> <th data-bbox="767 533 890 600">2022/2023 Actual</th> <th data-bbox="951 533 1074 600">2023/2024 Target</th> <th data-bbox="1129 533 1252 600">2023/2024 Actual</th> <th data-bbox="1308 533 1431 600">Achieved?</th> </tr> </thead> </table>					2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?					
<p><b>Fault response times:</b></p>								
<p>Where a local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p>								
<p>Attendance for urgent<sup>3</sup> callouts, from the time that the local authority receives notification to the time that service personnel reach the site</p>	<p>Not available<sup>4</sup></p>	<p>&lt; 2 hours</p>	<p>0.5 hours</p>	<p>Yes</p>				
<p>Resolution of urgent callouts, from the time the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption</p>		<p>&lt; 12 hours</p>	<p>1.0 hours</p>					
<p>Attendance for non-urgent callouts, from the time we received notification to the time that service personnel reach the site</p>		<p>&lt; 48 hours</p>	<p>0.75 hours</p>					
<p>Resolution of non-urgent callouts, from the time the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption</p>		<p>&lt; 7 days</p>	<p>1.5 days</p>					

Not available – Call out response times have not been recorded or not accurately captured in the service request system for the financial year, and therefore results are not available.

<sup>3</sup> For the purposes of the above performance indicators, urgent callouts include major pipe bursts, and non-urgent callouts include minor leaks and equipment maintenance.

<sup>4</sup> The Council’s customer service request system is used to generate work requests to the contractor (IWK). Calls are also received directly by the contractor (IWK). A reliable shared reporting process was established in May 2023.

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?		
 <p><b>Development</b> We promote and support the development of our economy</p>	Ready access to water facilitates economic growth. We protect public health by providing drinking water in urban areas that is clean and safe to drink. We protect property by providing water at pressure that is adequate for firefighting needs.	It is essential that water sources are adequate to meet foreseeable consumer demands, and that water treatment and distribution networks reliably provide water that is safe to drink.		
	2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
<b>Complaints and requests for service<sup>5</sup>:</b>				
The number of complaints received about drinking water <b>clarity</b> , per year per 1,000 connections	Incomplete		0.9	Yes
The number of complaints received about drinking water <b>taste</b> , per year per 1,000 connections	Incomplete		0	
The number of complaints received about drinking water <b>odour</b> per year per 1,000 connections	Incomplete	No more than 18 complaints about these issues in total (per 1,000 connections)	0	
The number of complaints received about drinking water <b>pressure or flow</b> , per year per 1,000 connections	Incomplete		2.7	
The number of complaints received about drinking water <b>continuity of supply</b> , per year per 1,000 connections	Incomplete		9.3	
The number of complaints received per year about the Council's response to any of these issues, per 1,000 connections	Incomplete		1.3	

In the above tables of performance indicators, incomplete and not available are defined as follows:

**Incomplete** – Customer service requests and complaints results reported are based on data derived from the service request systems. Not all service requests were recorded for analysis in those systems for the 2022/2023 financial year, and therefore the results were incomplete.

<sup>5</sup> There are 2,246 properties connected to Council-owned and operated water supplies in the district, and there were 80 complaints/requests for service received about water supplies during the financial year (2023: 75). 47 of these complaints were about water leaks, which are not reported in the above table (which is limited to complaints about clarity, taste, odour, pressure or continuity).

## Funding Impact Statement: Water supplies

For the year ended 30 June 2024

	2022/2023 Long-Term Plan \$000	2023/2024 Long-Term Plan \$000	2023/2024 Actual \$000
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,417	1,454	1,379
Subsidies & grants for operating purposes	-	-	349
Fees and charges	8	8	19
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>1,425</b>	<b>1,425</b>	<b>1,747</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	794	816	1,138
Finance costs	-	2	-
Internal charges and overheads applied	421	439	417
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,215</b>	<b>1,257</b>	<b>1,555</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>210</b>	<b>205</b>	<b>192</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	102
Development and financial contributions	10	11	3
Increase/(decrease) in debt	(2)	102	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>8</b>	<b>113</b>	<b>105</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	69
- To improve the level of service	-	-	-
- To replace existing assets	21	521	209
Increase/(decrease) in reserves	196	(204)	18
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>218</b>	<b>317</b>	<b>296</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(210)</b>	<b>(205)</b>	<b>(192)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total application of operating funding (B)</b>			<b>1,555</b>
Plus depreciation			983
<b>Expenditure as per Note 4</b>			<b>2,538</b>



# Wastewater

Our Goal: to provide a reticulated sewerage network and treatment facilities which meet environmental standards.

## What we do

There is one reticulated network and one wastewater treatment and disposal facility in Kaikōura which provide wastewater services for:

- Kaikōura Urban
- Ocean Ridge
- South Bay

The wastewater (sewer) network has 63km of reticulation and 10 major pump stations. The treatment, and effluent & solids disposal systems can cope with a peak demand of 7,500 people, which is ample capacity to serve our community for the foreseeable future.

The wastewater treatment and disposal facility also serve the rural area and the State Highways by receiving, treating and disposing of stock truck effluent and septic tank sludge.

## Key issues in the year to 30 June 2024

The key issue remained addressing the abatement notices issued by Environment Canterbury in June 2023, which related to a historical unconsented discharge, completion of an odour management plan, pond management, completeness of records and frequency of monitoring.

## What we did

In addition to effective routine operation, maintenance and renewal of the wastewater system, we engaged Stantec consultants to provide technical inputs needed to address the previously mentioned abatement notices. This will lead to getting suitable long term resource consents.

Work commenced on giving effect to trade waste consents under the Council’s Trade Waste Bylaw, with inspections of relevant premises to provide a basis for individual consent conditions.

Concerns about odour from the Council’s wastewater system were dealt with at several private properties.

Stock truck effluent operations and disposal were reviewed, and the costs charged were increased to more sustainable levels.


## Effects on community wellbeing

	Positive effects	Negative effects
Social	Safe and sanitary collection, treatment and disposal of wastewater is essential for the health and safety of the whole community	Odour continues to be an occasional localised issue
Cultural	These systems ensure that offensive matter is treated and disposed of in a culturally acceptable manner	No identified effects
Economic	Wastewater and solids collection, treatment and disposal is essential for the commercial sector to function	No identified effects
Environmental	An efficient and effective collection, treatment and disposal system ensures that what is returned to the environment is not harmful	Sewer overflows cause health risks and may damage the environment, and must be attended to urgently

## Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrades to meet additional demand:			
Wastewater treatment plant	-	112	Consent work towards clearing abatement notices
Renewal/replacement of existing assets:			
Wastewater structure renewals	24	36	
Wastewater pipe renewals	-	41	
Churchill St pump station	75	9	
Avoca St pipe replacement	50	-	
South Bay pump station	-	96	
Esplanade pump station	30	12	
	179	194	
	179	306	


## Performance indicators

Community Outcome	How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Environment</b> We value and protect our environment</p>	Wastewater is collected, treated and disposed of without causing environmental harm or any unattractive visual impacts.	Our wastewater reticulation, pump stations and wastewater treatment facilities are well-maintained and managed to minimise risk of overflows, and the discharge of wastewater to the environment is controlled to ensure the system is functioning efficiently to prevent environmental harm.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The number of dry weather sewage overflows, expressed per 1,000 sewer connections		0.56	0	0	Yes
Resource consents compliance (discharge from the sewerage system, measured by the number of actions taken against the Council in relation to those consents)					
- The number of abatement notices		3	0	3	No
- The number of infringement notices		0	0	0	Yes
- The number of enforcement orders		0	0	0	Yes
- The number of convictions		0	0	0	Yes

The Council received an abatement notice from Environment Canterbury (ECan) on 5 April 2022 for unconsented discharges at the Kaikōura wastewater treatment plant. The main concern was not having current consents for storage and dewatering of sludge that had to be removed from the treatment ponds to keep them functioning properly. That notice was cancelled by ECan on 10 October 2022 after actions by KDC.


ECan then issued a further three abatement notices on 7 June 2023 related to the existing consents and issues pertaining to a historical unconsented discharge, completion of an odour management plan, pond management, completeness of records, and frequency of monitoring. An action plan was provided to ECan on 29 June 2023 and accepted by them on 6 July 2023 for actions to be carried out in the 2023-2024 and 2024-2025 years.

ECan are satisfied with progress made by the Council to resolve the above issues and have provided an extension to allow the Council to apply for new resource consents.

Community Outcome	How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Services</b> Our services and infrastructure are cost-effective, efficient and fit for purpose</p>	<p>The Council and its contractors respond promptly to reported problems or issues with its wastewater services.</p>	<p>We need to be adequately resourced and operate an efficient Customer Service Request (CSR) system to record requests relating to wastewater services, efficiently forward them to the contractor and prioritise, manage, monitor and record responses and resolution.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
<b>Fault response times</b>					
Where the local authority attends to sewage overflows resulting from a blockage or other fault in the sewerage system, the following median response times measured:					
Attendance time: from the time the local authority receives notification to the time that service personnel reach the site	Not available	< 1 hour	0.3	Yes	
Resolution time: from the time the local authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	Not available	< 24 hours	1.0	Yes	
The percentage of urgent callouts, being service failure, supply fault or overflow, responded to within one hour from the time of notification to the time that service personnel depart to the site.	Not available	90%	87%	No	
The percentage of non-urgent callouts, being minor breaks and equipment maintenance, responded to within 48 hours from the time of notification to the time that service personnel attend site	Not available	80%	95%	Yes	

**Not available (2022/2023)** – Call out response times have not been recorded or not accurately captured in the service request system for the financial year, and therefore results are not available.

For the number of sewer overflows, there were no sewer overflows during the year so there were no records available to evidence any response times.

Community Outcome	How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Development</b> We promote and support the development of our economy</p>	Efficient collection, treatment, and disposal of wastewater facilitates economic activity, and protects public health.	We ensure that our wastewater infrastructure is well-maintained and managed, which in turn ensures that the systems function efficiently minimising the likelihood of failures that could pose risk to public health or the nuisance of odour.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
Complaints and requests for service					
The number of complaints received about sewage <b>odour</b> , expressed per 1,000 connections <sup>6</sup>	Incomplete		1.665 (3)	Yes	
The number of complaints received about sewage <b>system faults</b> , expressed per 1,000 connections	Incomplete	Less than 19 complaints about these issues in total (per 1,000 connections)	1.110 (2)		
The number of complaints received about sewage system <b>blockages</b> , per 1,000 connections	Incomplete		0.555 (1)		
The number of complaints received about the Councils (or the Councils service providers) <b>response to the above issues</b> , per 1,000 connections	Incomplete		0		

**Incomplete (2022/2023)** – Customer service request results reported are based on data derived from the service request system. However not all service requests were recorded in the system for the financial year, and therefore the results are incomplete. We have shown the number of complaints based on those that have been recorded in our systems.

<sup>6</sup> There are 1,802 connections to the Kaikoura sewerage system, and 6 complaints/requests for service were received during the 2023 financial year (2023: 4).

## Funding Impact Statement: Wastewater

For the year ended 30 June 2024

	2022/2023 Long-Term Plan \$000	2023/2024 Long-Term Plan \$000	2023/2024 Actual \$000
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	8	9	9
Targeted rates	627	646	728
Subsidies & grants for operating purposes	15	15	19
Fees and charges	21	21	48
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>671</b>	<b>691</b>	<b>804</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	412	421	504
Finance costs	-	-	-
Internal charges and overheads applied	259	271	300
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>671</b>	<b>691</b>	<b>804</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	16	16	2
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>16</b>	<b>16</b>	<b>2</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	79	25	195
Increase/(decrease) in reserves	(63)	(9)	(193)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>16</b>	<b>16</b>	<b>(2)</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total application of operating funding (B)</b>			<b>804</b>
Plus depreciation			1,079
<b>Expenditure as per Note 4</b>			<b>1,883</b>

## Stormwater

Our Goal: to provide a reticulated urban stormwater network to prevent surface flooding causing harm to residents and their property.

### What we do

The stormwater system serves the Kaikōura township, South Bay and Ocean Ridge. It comprises approximately 17km of reticulation systems that discharge to land, direct to the sea, and via the Waikoau (Lyell Creek) and other water courses.

The systems include treatment swales and basins such as those found in the Seaview and Ocean Ridge subdivisions, the Ocean Ridge wetland and large drain channels such as Phairs Drain and Sullivans Gully.

Roading kerbs and channels and sumps are maintained as roading assets.

### Key issues in the year to 30 June 2024

There were no significant physical issues with the stormwater system during the year. The focus for the year was instead on administrative matters that would address the abatement notice issued by Environment Canterbury in June 2023.

### What we did

During the year Council provided ECan with the necessary water quality data and updated management plans required to address the abatement notice.


### Effects on community wellbeing


	Positive effects	Negative effects
Social	Protection from flooding also protects property and people	No identified effects
Cultural	No identified effects	No identified effects
Economic	Protection from flooding ensures that economic activity such as delivery of goods and services is unaffected by weather events	No identified effects
Environmental	Stormwater protects individual property as well as harbour, waterways, and the surrounding environment	No identified effects

### Major projects

Project	Planned \$000	Spent \$	Comment
Renewal/replacement of existing assets:			
Pipe & lateral renewals	-	9	
Ocean Ridge stormwater renewal	-	36	
	-	45	

## Performance indicators

Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Development</b> We promote and support the development of our economy</p>	Stormwater management systems protect people and property from surface flooding, enabling economic activity and development to take place in areas where it might otherwise not be possible.	We plan for stormwater infrastructure to support anticipated development needs, including investigating options for existing and future services.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The number of flooding events, where water enters habitable properties		0	0	0	Yes
For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system		0	< 3	0	Yes


Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Environment</b> We value and protect our environment</p>	Stormwater is collected, diverted and discharged without causing environmental harm or any unattractive visual impacts.	Our stormwater network is well-maintained and managed, with controls on discharges to it and with the release of stormwater to the environment monitored to ensure it does not create environmental harm.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
Compliance with the Council's resource consents for discharge from the stormwater system, measured by the number of actions taken against the Council in relation to those consents, namely,					
- The number of abatement notices		1	0	0	Yes
- The number of infringement notices		0	0	0	Yes
- The number of enforcement orders		0	0	0	Yes
- The number of convictions		0	0	0	Yes
The percentage of major flood protection and control work that is maintained, repaired, and renewed to the key standards defined in the Council's relevant planning documents		Not applicable – see the definition of major flood protection below <sup>7</sup>			

<sup>7</sup> **Major flood protection and control works**, for the purposes of the performance measure mandated by the Non-Financial Performance Measures Rules (2013), means works that meet two or more of the following criteria:


- (a) Operating expenditure of more than \$250,000 in any one year
- (b) Capital expenditure of more than \$1 million in any one year
- (c) Scheme and asset replacement value of more than \$10 million, or
- (d) Directly benefitting a population of at least 5,000 people

The Council's budgets, asset values, and population are such that we are highly unlikely to ever meet the threshold for major flood protection and control works to be reported against.

An abatement notice was issued by Environment Canterbury on 7 June 2023 in relation to the Council’s Kaikoura township stormwater consent. The notice required the Council to provide an action plan in response to the notice, and to provide water quality data and up to date copies of the activity management plan and the yearly management plan. The Council has responded with the action plan, the required data, the activity management plan and the yearly management plan.

Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Services</b> Our services and infrastructure are cost-effective, efficient and fit for purpose</p>	The Council and its contractors respond promptly to reported problems or issues with its stormwater system.	We need to be adequately resourced and operate an efficient Customer Service Request (CSR) system to record requests relating to water services, efficiently forward them to the contractor and prioritise, manage, monitor and record responses and resolutions.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
Fault response times					
The median response time to attend a flooding event, from the time of notification to the time that service personnel reach the site		No flooding events	< 1 hour	No flooding events	Not applicable

**Not applicable** – There were no flooding events or urgent callouts from which to measure response times.

Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Development</b> We promote and support the development of our economy</p>	Stormwater protects people and property from surface flooding, enabling the safe collection and diversion of stormwater to controlled systems, thereby facilitating economic activity to continue to function even in heavy rain events.	We plan for stormwater infrastructure to support anticipated development needs, including investigating options for existing and future services.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
Complaints and requests for service					
The number of <b>complaints</b> received about the performance of the stormwater system, expressed per 1,000 connections <sup>8</sup>		Incomplete	< 3	3.222	No

In the above tables of performance indicators, not applicable is defined as follows:

**Incomplete (2022/2023)** – Customer service request results for 2023 year were based on data derived from the service request system. However not all service requests were recorded in the system for the financial year, and therefore the results are incomplete.

<sup>8</sup> There are 1,862 properties connected to the Kaikoura stormwater system, and there were 6 complaints received about the performance of the stormwater system (2023: 14).



## Funding Impact Statement: Stormwater

For the year ended 30 June 2024

	2022/2023 Long-Term Plan \$000	2023/2024 Long-Term Plan \$000	2023/2024 Actual \$000
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	114	118	51
Subsidies & grants for operating purposes	-	-	-
Fees and charges	1	1	3
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>114</b>	<b>119</b>	<b>54</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	34	35	56
Finance costs	-	-	-
Internal charges and overheads applied	85	88	46
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>119</b>	<b>123</b>	<b>102</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(5)</b>	<b>(5)</b>	<b>(47)</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	5	5	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5</b>	<b>5</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	45
Increase/(decrease) in reserves	-	-	(92)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>(47)</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>5</b>	<b>5</b>	<b>47</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total application of operating funding (B)</b>			<b>102</b>
Plus depreciation			155
<b>Expenditure as per Note 4</b>			<b>257</b>

## Refuse & Recycling

Our Goal: our community has effective, efficient, and affordable means of managing solid waste.

### What we do

The Council provides essential services to ensure that residents and ratepayers have means to dispose of waste materials in a way that is not harmful to health and wellbeing. These services include operation of a landfill, composting and re-use facilities in Kaikōura, provision of recycling services in the Kaikōura urban area and at some rural centres, and provision of public rubbish bins for street litter.

### Key issues in the year to 30 June 2024

The key issues for the year continued to be focussed on the reconfiguration of the Resource Recovery Centre (RRC) and landfill site in Kaikōura following the cessation of landfilling operations in July 2022.

This ending of landfilling was due to the site approaching the limit of its capacity and the potential for adverse environmental effects.

### What we did

The construction of the refuse transfer station and the relocation and reconfiguration of facilities for recycling, re-use and resource recovery on the site were completed.

Works included finalising construction of the transfer station, construction of a new re-use shop, formation and sealing of additional pavement areas, relocating mobile assets, upgrading of electrical supply and purchase of a hook truck to move refuse capsules.

A substantial quantity material has been stockpiled around the site for future use in the capping of the site.

Another change that affected services during the year was the introduction by central government of requirements for councils to provide a standardised range of recycling services. This created a need for IWK to provide a broader range of services than previously.

A consequence of the closure of the landfill and other service changes is a significant increase in costs that will ultimately have to be recovered from service users.

### What we planned to do but didn't

It had been intended that works would commence to finally cap and close the remaining (approximately 1 hectare) undeveloped area of the former Kaikōura landfill, but greater than expected difficulty was encountered in obtaining the necessary approvals for the proposed works from Environment Canterbury.

It became apparent that additional professional assistance would be needed to obtain these approvals and offers of service were therefore being sought from consultancies at the end of the year for this purpose.


## Effects on community wellbeing


	Positive effects	Negative effects
Social	Provision of readily accessible refuse and recycling services reduces potential for private accumulations of refuse that may create health, vermin, or other nuisance issues.	Provision of readily available refuse disposal services may reduce incentives to minimise waste generation.
Cultural	Services and facilities are available which provide for the disposal of offensive matter.	Waste management activities can generate odours and water contamination and can be visually unappealing.
Economic	Provision of cost-effective public waste disposal services contributes to community economic wellbeing	Increased environmental standards have resulted in higher waste disposal costs that may be difficult for some to afford
Environmental	Providing community waste disposal services reduces potential for environmentally harmful activities such as littering, fly tipping or other inappropriate disposal practices.	Providing community waste disposal or recycling services reduces incentives to adopt the most environmentally favourable approach, which is to minimise waste generation

## Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrade to improve level of service:			
Transfer station site reconfiguration	250	172	
Landfill capping & closure	500	343	
Resource recovery centre improvements	-	269	
	750	784	


## Performance indicators

Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?				
 <p><b>Community</b> We communicate, engage with and inform our community</p>	<p>Many in our community take pride in our waste minimisation practices, however there are frequent instances of people using street litter bins to dispose of their household rubbish or misusing recycling services. It is therefore important that the community is well informed about waste and waste disposal.</p>	<p>The Council needs to ensure our community, and our visitors are aware of good waste minimisation practice, and equally that the community understands the social, environmental and financial impacts of disposing of waste irresponsibly.</p>	2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
			44	< 75	56	Yes
The number of incidents per year of street litter bins being used for grossly inappropriate purposes such as deposit of household refuse						

Community Outcome	How do Recycling services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Services</b> Our services and infrastructure are cost effective, efficient and fit-for-purpose</p>	<p>Cost effective recycling and waste minimisation services can contribute to overall cost efficiency of solid waste services for the community.</p>	<p>Regard needs to be had to cost efficiency in making decisions on which recycling and waste minimisation services should be provided.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
<p>The percentage of total Council costs for refuse collection and disposal activities (excluding street litter bins and clean-up of illegal dumping) that is recovered on a user pays basis.</p>		74.5%	80%	100% <sup>9</sup>	Yes
<p>The estimated annualised average net cost per tonne of all materials delivered to beneficial markets through recycling or resource recovery services, less the current per tonne charge for disposal of general refuse inclusive of landfill levy and carbon credit charges.</p>		\$(209.45)	< \$100	\$(242.54) <sup>10</sup>	Yes

<sup>9</sup> With the permanent transfer station facilities completed there is now no cost to Council for refuse disposal, all costs are covered by user fees, hence the 100% recovery.

<sup>10</sup> One of the aims for the Refuse & Recycling activity is that the cost of waste minimisation services does not significantly exceed the cost of disposing of the material as refuse (inclusive of landfill levy and carbon credit charges) and the value of the other tangible benefits of not doing so. It is currently believed that the value of these other tangible benefits is unlikely to exceed \$100. A negative number for this KPI reflects that less costs per tonne are being incurred by the Council to recycle these materials rather than landfilling. In 2023/2024, the total spent on recycling and resource recovery services was \$213,111, and these services processed 1,432 and 551 tonnes of material respectively. As such the average cost was \$107.46 per tonne. In comparison refuse disposal costs were \$350 per tonne, hence the KPI value is  $\$107.46 - \$350 = -\$242.54$ ,

Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Environment</b> We value and protect our environment</p>	Providing appropriate means of disposal for refuse limits potential for a range of adverse environmental impacts that includes water pollution, littering, odour, vermin infestations and creation of other unsanitary conditions	With a limited range of private waste disposal options locally available there is a need for Council to ensure that a range of services is provided to meet most waste disposal needs in an environmentally acceptable way			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The level of compliance achieved for the resource consent conditions set by Environment Canterbury for the operation of the Kaikōura landfill		Non-compliance action required	Compliant <sup>11</sup>	Non-compliance action required <sup>12</sup>	No
The number of complaints received regarding environmental effects associated with the landfill and resource recovery centre.		Nil Incomplete	No more than 5	Nil	Yes


Incomplete – Customer service request results reported are based on data derived from the service request system. However not all service requests were recorded in the system for the 2023 financial year, and therefore the results were incomplete. We have shown the number of complaints based on those that have been recorded in our systems.

No complaints have been recorded either in the Council’s CSR system or in records kept by IWK, however we have been unable to provide evidence that there were no complaints, and therefore the measure is incomplete.

<sup>11</sup> The target is for the Council’s consents to be assessed as “compliant” using Environment Canterbury’s consent grading scale. “Compliant” is the highest grade in that scale.

<sup>12</sup> Environment Canterbury identified non-compliance with resource consent conditions in March 2023. Some of these issues have been remedied but others can only be addressed as part of the final closure of the landfill, some details of which are still to be resolved.

A further set of recommended actions has subsequently come from ECan, noting that the activities that are now occurring on site are substantially different to those that were on the site when it was first consented in the 1990s. The Council is now working to obtain a long-term site-wide set of air, land and water resource consents that will include the resource recovery, composting and transfer activities now occurring on site, capping the landfill, ongoing monitoring and after care.

Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Community</b> We communicate, engage with and inform our community</p>	<p>Whilst many in our community use waste minimisation services effectively there are frequent instances of people misusing these services. It is therefore important that the community is well informed about waste and waste disposal, including that the most effective means of waste minimisation is reducing the quantity of waste generated at source.</p>	<p>Provide information and education to encourage waste reduction and effective use of the provided recycling and waste minimisation services.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
<p>The percentage of materials by weight deposited to recycling, recovery or re-use services that are contaminated to the extent that they must be treated as refuse.</p>		4%	No more than 5%	3%	Yes
<p>The total quantity of waste disposed of to landfill from Kaikōura on a district per capita basis</p>		385kg	No more than 380kg	382kg <sup>13</sup>	No

<sup>13</sup> 1593 tonnes of refuse sent to landfill divided by 2022 census population of 4160

## Funding Impact Statement: Refuse & Recycling

For the year ended 30 June 2024

	2022/2023 Long-Term Plan \$000	2023/2024 Long-Term Plan \$000	2023/2024 Actual \$000
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	241	238	268
Targeted rates	255	262	303
Subsidies & grants for operating purposes	-	-	-
Fees and charges	92	94	-
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	31	52	68
<b>Total operating funding (A)</b>	<b>618</b>	<b>646</b>	<b>639</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	388	365	415
Finance costs	13	31	26
Internal charges and overheads applied	183	191	147
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>584</b>	<b>587</b>	<b>588</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>34</b>	<b>59</b>	<b>51</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(77)	1,136	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(77)</b>	<b>1,136</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	343
- To improve the level of service	-	-	269
- To replace existing assets	-	1,358	172
Increase/(decrease) in reserves	(43)	(163)	(733)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(43)</b>	<b>1,195</b>	<b>51</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(34)</b>	<b>(59)</b>	<b>(51)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total application of operating funding (B)</b>			<b>588</b>
Plus depreciation			15
<b>Expenditure as per Note 4</b>			<b>603</b>

## Facilities

Our Goal: to provide fit for purpose facilities which meet a broad range of community social and recreational needs, and which are not provided by central government and cannot be readily provided by the private sector.

### What we do

This group of activities includes:

- Parks & reserves
- Property
- Harbour
- Airport

We aim to provide facilities that are safe, welcoming, and attractive, accessible, culturally appropriate, and affordable on an ongoing basis.

### Key issues in the year to 30 June 2024

Two projects dominated the Council's focus for the year – the Wakatu Quay development, and the Link Pathway.

The Wakatu Quay development is project managed by an independent working group and using external resources. During the year, the Council committed to proceeding with the Wakatu Quay project, after a potential funding partner withdrew their interest. The result is that the development is likely to be limited to one building, the restaurant, with site development including cabling, service trenching, sealed areas and landscaping to support additional buildings in time.

Progress has been steady on the Link Pathway, with almost all concrete path and timber decking sections along the Esplanade complete, widening of the boardwalk to Point Kean done, and the most complex section – the seawall to widen the path between the Old Wharf and Jimmy Armers Beach – set to be finished by October 2024.

The old tennis courts on Takahanga Domain, damaged by the earthquake, have yet to be replaced while user groups have been working through options. The proposed solution is now for single-level multi-use sports courts, to provide for tennis, netball, and other uses. Fundraising is ongoing, but the new courts should be constructed by December 2024.

### What we did

Two of the larger sections of the Link Pathway were completed by June 2024.

Starlink was installed at the Airport to have a more reliable internet signal.

New parking machines and signage was installed in the West End carpark and the South Bay boat ramp.

### Effects on community wellbeing

	Positive effects	Negative effects
Social	Our public halls, sports fields, parks, and reserves create provide social hubs for people to congregate	No identified effects
Cultural	Wherever possible, cultural aspects are incorporated into how our facilities are designed, maintained, and enjoyed.	No identified effects
Economic	Commercial users rely heavily on the harbour and airport facilities. The Wakatu Quay precinct will also provide new facilities from which commercial businesses could operate.	Public facilities can be costly to operate and require ratepayer funding.
Environmental	Parks and open spaces make our district even more attractive, and public toilets protect areas from human waste	No identified effects



## Parks & reserves

### What we do

The Council owns and maintains many community spaces throughout the district, such as:

Cemetery	South Bay Racecourse
Churchill Park	South Bay Domain
Memorial Gardens	Takahanga Domain
Playgrounds	Walking tracks
Public toilets	Recreational reserves

### Key issues in the year to 30 June 2024

Plans to lease the former swimming pool site for a hot-pool springs development were met by opposition from neighbouring property owners and triggered a legal check on the status of the land. The Council has been forced to halt proceedings on the lease. Instead, the immediate focus is on developing Reserve Management Plans that are subject to consultation and then Minister of Conservation approval. These Plans will determine the activities that can be undertaken on Council's parks and reserves land.

Early in 2023, the Council secured \$1.55 million in "Better Off Funding", part of the former government's

### Major projects

three-waters reform funding package. Since then, the Council has been working through the schedule of agreed projects.

### What we did

The Link Pathway, funded by the PGF, is already an iconic walkway along the foreshore and proving to be extremely popular for families and active people of all ages.

Progress for replacing the public toilets in the West End has seen the final designs approved by the Council with installation expected in 2024/25.


At the cemetery, new plinths were built for burial and cremation plots.

At the Memorial Gardens, a new flagpole surround was constructed, and a new flagpole provided by the RSA was installed.

Two new pieces of playground equipment were installed at Gooches Beach playground and older equipment refurbished.

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet increased demand:			
Link Pathway	835	1,113	
	835	1,113	
Upgrade to improve level of service:			
Mill Rd/Beach Rd top end toilet	-	31	Funded through Tourism Infrastructure Fund (TIF)
West End public toilets	790	170	BOF
Churchill Park helipad	-	4	BOF funded
Churchill Park public toilets	90	26	BOF
Peninsula Lookout upgrade	85	1	BOF
Community Courts	25	3	BOF
Township security CCTV	10	1	BOF
	1,000	236	
Renewal/replacement of existing assets:			
Gooches Beach playground	55	23	
West End carpark pay & display	-	22	Pay & Display machines replaced
Carpark resealing	32	-	Delayed until West End toilet block is installed
	87	45	
<b>Total capital projects</b>	<b>1,922</b>	<b>1,394</b>	

## Performance indicators

Community Outcome	How do Parks & Reserves contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Future</b> We work with our community and our partners to create a better place for future generations</p>	<p>The desire for outdoor recreation is something that provides benefits across the generations. The experience of children in these spaces contributes to their development as healthy adults, and in turn the future wellbeing of the community.</p>	<p>We work to optimise the potential of our parks and reserves to provide enjoyable recreation opportunities for people of all ages.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
Resident satisfaction with the cemetery, public toilets, and playgrounds (combined)		82%	75%	75%	Yes

## Property

### What we do

Properties include the Memorial Hall and Scout Hall, the OpShop, housing for the elderly on Torquay St, the Civic Centre, and the soon-to-be-developed Wakatu Quay.

### Key issues in the year to 30 June 2024

The Wakatu Quay project is supported by a \$10.18m grant from Kānoa – the government Provincial Growth Fund, which aims to enhance economic development opportunities, create sustainable jobs, boost social inclusion and participation and build resilient communities. The Council confirmed its commitment to the project after public consultation as to whether

the Council should borrow up to \$800k to fulfil its contractual obligations for the Kānoa funding.

At the end of June 2024, the project team had submitted their building consent application and were working towards appointing a preferred builder.

### What we did


At the pensioner units on Torquay Street, the carpark and parking areas were resealed, and eight of the oldest heat pumps were replaced.

A grant was paid over to Te Ha O Kaikōura to finish the Scout Hall kitchen, and audio equipment was purchased to use for events at the Memorial Hall.

### Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet increased demand:			
Wakatu Quay PGF project	4,436	614	Project delayed, construction to start late in 2024
	4,436	614	
Renewal/replacement of existing assets:			
Housing for the Elderly	40	23	Carpark and parking reseal, plus flat refurbishment
Civic Centre	20	4	
Community Halls	-	10	Sound system
25 Beach Road (OpShop)	5	-	All work completed under general maintenance
	65	37	
	4,501	651	

### Performance indicators

Community Outcome	How does Property contribute to this Outcome?	What do we need to do towards achieving this Outcome?				
 <p><b>Services</b> Our services and infrastructure are cost-effective, efficient, and fit for purpose</p>	To be fit for purpose, community properties must be suitable for holding public events and gatherings, or for other public administrative or operational functions.	We need to ensure that our properties comply with current building safety standards, including disability access requirements, and that facilities are clean and well maintained.				
			2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The percentage of public buildings with a current Building Warrant of Fitness (BWOFF)			100%	100%	100%	Yes
The number of Memorial Hall bookings (excluding Council use) per annum			113	> 40	82	Yes

## Airport

### What we do

The Council owns the Kaikōura Airport situated 8km south of the township, at Peketa. The facilities include a modern terminal building, two hangars (one owned by the Kaikōura Aero Club), refuelling facilities and helipad. The sealed runway is 700 metres long and therefore only suitable for aircraft such as Cessna Caravans or similar. The grassed runway is 615 metres long and is used mainly by student pilots for training.

### Key issues in the year to 30 June 2024

The Automated Intelligent Movement Monitoring (AIMM) system at the airport, which records aircraft movements such as landings and take-offs, suffered technical issues possibly due to internet connectivity problems. This meant there were likely to have been

gaps in the records of landing for the Council to recover landing fees.

### What we did

We installed a new version of AIMM, which receives automated GPS tracker transmissions from aircraft, no longer relying on pilots to make radio calls. We also installed Starlink to resolve the sporadic internet connection.


### What we said we'd do but didn't

We delayed the sealing of an access road to the hangar sites because there has been an expression of interest from an operator to build another hangar, so we will seal the access when it is more cost effective to do so, rather than impair a newly sealed road.

### Major projects

Project	Planned \$000	Spent \$000	Comment
Improvement to level of service:			
Sealed access to hangars	40	-	
Renewal/replacement of existing assets:			
Renew aircraft monitoring system	-	1	
Minor carpark seal renewals	-	8	
	40	9	

### Performance indicators

Community Outcome	How does the Airport contribute to this Outcome?	What do we need to do towards achieving this Outcome?				
 <p><b>Development</b> We promote and support the development of our economy</p>	Some significant tourism related businesses operate from the airport which contribute to the local economy.	Whilst it remains under Council management Council needs to ensure that the airport is configured, managed and operated safely in a manner than conforms with CAA requirements.	2022/2023 Actual	2023/2024 Target		
			2023/2024 Actual	Achieved?		
The number of Civil Aviation Authority Surveillance Findings <sup>14</sup>			0	0	0	Yes

<sup>14</sup> A *Surveillance Finding* is a formal identification and documentation by the Civil Aviation Authority of a material aviation risk that has not been properly managed.

## Harbour

### What we do

We manage and maintain the public slipway and jetty at South Bay, as well as the areas used by commercial operators (fishers and tourism operators) such as the boat park. We also manage and maintain the North Wharf at Wakatu Quay, and the Old Wharf located by Fyffe House.

### Key issues in the year to 30 June 2024

The Council is in negotiations with one of the main operators, Whale Watch Kaikōura Ltd, to finalise a forward-looking funding model that ensures all operators contribute to the cost of the harbour while acknowledging ownership of certain assets within the harbour itself. The negotiations are complex due to the licences to occupy having expired before agreements could be reached, and the provisions of

the Marine and Coastal Area (Takutai Moana) Act 2011 which take effect without those licences being in place.

Insurance is now a significant cost for the harbour, with premiums more than doubling after the Council obtained valuations for replacement cost which increased the insured values substantially. Only minor maintenance was needed at all harbour sites.


### What we did

We added safety decking to the public jetty, repaired electricals at the Moa Point toilets, and updated signs at the South Bay harbour.

### Major projects

Project	Planned \$000	Spent \$000	Comment
Renewal/replacement of existing assets			
South Bay harbour renewals	50	36	Non-slip deck for slipway, replace pay & display machine, archaeological assessment, and renew electricals
	50	36	

### Performance indicators

Community Outcome	How do Harbour facilities contribute to this Outcome?	What do we need to do towards achieving this Outcome?								
 <p><b>Development</b> We promote and support the development of our economy</p>	<p>Kaikōura's economy is quite heavily reliant upon our marine-based activities, and so the harbour facilities need to have sufficient capacity to cater for growing numbers of visitors and slipway users, as well as larger boats including the return of small cruise ships</p>	<p>We need to ensure that harbour facilities meet the needs of existing users and plans for expansion are in readiness if a commercial business partner can be found.</p>								
		<table border="1"> <thead> <tr> <th>2022/2023 Actual</th> <th>2023/2024 Target</th> <th>2023/2024 Actual</th> <th>Achieved?</th> </tr> </thead> <tbody> <tr> <td>Incomplete</td> <td>3 or less</td> <td>2</td> <td>Yes</td> </tr> </tbody> </table>	2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?	Incomplete	3 or less	2	Yes
2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?							
Incomplete	3 or less	2	Yes							
<p>The number of complaints received about the condition of harbour facilities (slipway, wharves, washdown areas, etc)</p>										

## Forestry

---

### What we do

We own 11.5% of the Marlborough Regional Forestry joint venture (MRF), with the Marlborough District Council. We also own a small plantation at South Bay opposite Ocean Ridge.

### Key issues in the year to 30 June 2024

Neither the MRF nor the South Bay Forest were actively logging during the financial year.

The Council has indicated that the South Bay Forest will be harvested in the coming months, with the trees at full maturity and approaching the point of becoming a safety risk due to their age.

The Council acknowledges that the area is used significantly by the community as a recreational space. A reserve management plan process is underway for the future of the area with a strong focus on community engagement.

It is important to note that the Council has applied for an exemption from carbon credit liabilities for the area. If unsuccessful, the Council will need to replant the site within four years with a species (either native or non-native) and density that meets the requirements for forested land under the Emissions Trading Scheme (ETS). Financial provision for replanting has been made in Year 4 of the Long-Term Plan 2024-2034 if replanting is required.

### What we did

MRF remains in a six-year phase of no logging due to there being no forests at maturity.

There was no other logging undertaken, and the Forestry activity has no performance measures.

## Funding Impact Statement: Facilities

For the year ended 30 June 2024

	2022/2023 Long-Term Plan \$000	2023/2024 Long-Term Plan \$000	2023/2024 Actual \$000
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	860	855	969
Targeted rates	657	617	775
Subsidies & grants for operating purposes	86	86	1,102
Fees and charges	629	870	735
Internal charges and overheads recovered	127	127	127
Fuel tax, fines, infringement fees & other	-	-	307
<b>Total operating funding (A)</b>	<b>2,359</b>	<b>2,555</b>	<b>4,015</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,309	1,461	1,850
Finance costs	64	86	163
Internal charges and overheads applied	646	674	775
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,019</b>	<b>2,222</b>	<b>2,788</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>340</b>	<b>333</b>	<b>1,227</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	7,019	-	1,372
Development and financial contributions	8	8	7
Increase/(decrease) in debt	(186)	(228)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>6,841</b>	<b>(220)</b>	<b>1,379</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	7,227	-	650
- To improve the level of service	15	-	46
- To replace existing assets	119	266	1,394
Increase/(decrease) in reserves	(180)	(153)	516
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>7,181</b>	<b>113</b>	<b>2,606</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(340)</b>	<b>(333)</b>	<b>(1,227)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total application of operating funding (B)</b>			<b>2,788</b>
Plus depreciation			840
Less internal charges			(122)
<b>Expenditure as per Note 4</b>			<b>3,750</b>

## Leadership & governance

Our Goal: we provide leadership to the community and have in place a system of representation which is open and transparent. We engage with, and inform our community, and give opportunities for participation in the democratic process and decision making. We provide accountable stewardship of the Council’s assets and resources.

### What we do

This group of activities includes the Mayor and Councillors, the Chief Executive, HR, support services such as asset management, finance and IT, and communications.

The Kaikōura District is governed by the Council consisting of one Mayor and seven councillors, each elected at large (there are no wards with separate representation). The Council aims to provide an effective and fit for purpose system of governance and democratic local decision making that facilitates the involvement of the community, residents and ratepayers and mana whenua.

Within this activity is the Chief Executive, whose role as the employer is to provide a workplace that meets health and safety obligations, legal responsibilities, and manages risk.

The activities of Finance, Information Technology, GIS/Mapping, Works & Services, Human Resources and Vehicles are included here. Each are core centralised functions that touch every activity of Council.

Communications are a vital activity to enable our residents to be informed, to be heard, and to be involved in decision making.

The Council aims to have effective and fit for purpose services, processes and systems that prioritise affordability and sustainability.

### Key issues in the year to 30 June 2024

The last 12 months have been an intense phase of Council meetings, workshops, and consultations, with the Revenue & Financing Policy (the Rates Review), developing the Long-Term Plan 2024-2034, the Representation Review, work on a new Spatial Plan, Wakatu Quay and South Bay Forest options, to name a few.

With the change of government last year, there is a new direction for reform of planning legislation as well as for three-waters (now referred to as Local Water Done Well). The Council is working closely with our neighbouring local authorities of the Waimakariri and Hurunui Districts with a view to establishing more shared services and considering options for the future of water services delivery.

### What we did

The Revenue & Financing Policy introduced several new targeted rates, plus a change to the differential on the general rate, which took effect on 1 July 2024.

The Long-Term Plan was adopted in June 2024 and, while the focus was on delivering core services, still imposed a 14.75% total rates increase due to ongoing inflationary pressures.

The Representation Review, which considers the makeup of the Council, number of councillors, whether there is a need for wards, etc, was still in progress at the end of the 2024 financial year.

### Effects on community wellbeing

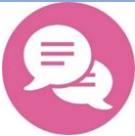
	Positive effects	Negative effects
Social	Every decision the Council makes influences the economic, environmental, social, and cultural wellbeing of our community. It is the Council’s responsibility to ensure that this effect is a positive one.	No identified effects
Economic		No identified effects
Environmental		No identified effects
Cultural		No identified effects





## Major projects

Project	Planned \$000	Spent \$000	Comment
Renewal/replacement of existing assets:			
Office furniture and equipment	15	17	Replace chairs for office, library, and meeting rooms
Computers & IT equipment	46	31	Replace laptops, desktops, and monitors
Vehicles and plant	28	90	Includes truck for kerbside waste collection
	89	138	

## Performance indicators

Community Outcome	How do the Mayor and Councillors contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Community</b> We communicate, engage with, and inform our community</p>	It is the Council's role to represent community views and aspirations, and to ensure that all decisions made are made in the best interests of the community, and as fair and equitable as practicable.	We proactively engage with individuals, community groups, key stakeholders and Iwi partners on issues that are known to be of community interest, so as our decisions are well-informed and made with consideration of our community's views.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The percentage of survey respondents who are satisfied with the Mayor, Councillors, and staff		72%	60%	64%	Yes
The percentage of survey respondents who are satisfied that the Council consults with residents on important issues		52%	50%	59%	Yes

Community Outcome	How do the CEO and Support Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Services</b> Our services and infrastructure are cost effective, efficient and fit-for-purpose</p>	This leadership and management function of the Council is at the forefront of ensuring that financial and operational risks are managed, and the Council's financial position is healthy and sustainable.	We need to ensure the cost of Council services are prudently supervised to ensure that the impact of costs on rates are mitigated, annual budgets are not exceeded, and sound asset management practices are in place.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
Total Council operating budgets for payments to staff and suppliers are not exceeded (these payments exclude loan interest and depreciation)		92%	100%	102%	No
The percentage (by cost) of the annual capital work programme that is delivered in the planned timeframe		52%	Not less than 75%	39%	No

Community Outcome	How does Communications contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Community</b> We engage and communicate with our community</p>	<p>We communicate simply and effectively with our community and provide opportunities for informed decision making. We use a variety of different communication methods to ensure that as many people as possible have access to information and can participate in decision making/submission processes.</p>	<p>We will continue to provide accessible and current information for our diverse community. We need to enable the community to have their say on important issues and voice their opinion in a constructive way on key Council activities and proposals. We also need to take Council staff and Councillors on the journey with us so they can be the voice of the Council in the community.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The number of Council Facebook followers		5,806	5,420	5.9k	Yes
The number of emailed newsletters that are opened (aiming for at least 45% of the number of newsletters sent)		49%	45%	50% <sup>15</sup>	Yes
The percentage of survey respondents who are satisfied with the Council's communications		75%	70%	78%	Yes

<sup>15</sup> The actual results are averages for the 12 months. For 2023/2024 the results ranged from 40.2% lowest, up to 100% of newsletters opened (highest).

## Funding Impact Statement: Leadership & governance

For the year ended 30 June 2024

	2022/2023 Long-Term Plan \$000	2023/2024 Long-Term Plan \$000	2023/2024 Actual \$000
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	1,291	1,284	1,344
Targeted rates	-	-	-
Subsidies & grants for operating purposes	-	-	8
Fees and charges	53	38	46
Internal charges and overheads recovered	2,381	2,493	2,818
Fuel tax, fines, infringement fees & other	-	-	8
<b>Total operating funding (A)</b>	<b>3,724</b>	<b>3,815</b>	<b>4,224</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,317	3,386	3,730
Finance costs	-	3	-
Internal charges and overheads applied	371	384	335
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,688</b>	<b>3,772</b>	<b>4,065</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>36</b>	<b>43</b>	<b>159</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	220	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>220</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	31
- To replace existing assets	96	323	108
Increase/(decrease) in reserves	(60)	(60)	20
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>36</b>	<b>263</b>	<b>159</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(36)</b>	<b>(43)</b>	<b>(159)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	
<b>Reconciliation</b>			
<b>Total application of operating funding (B)</b>			<b>4,065</b>
Plus depreciation			113
Less overhead recoveries			(2,816)
<b>Expenditure as per Note 4</b>			<b>1,362</b>

## Building & regulatory

Our Goal: to protect public health and safety by ensuring compliance with legislation and local bylaws. We deliver assurance by ensuring the decisions made are fair, sound, and protect the Council and ratepayers.

### What we do

This group of activities consists of:

- Building control
- Statutory planning
- Parking control
- Animal management
- Food premises, alcohol licensing & environmental health
- Other TA regulatory functions (including freedom camping, noise control and bylaw enforcement)

The central focus of the Regulatory Services Team is to administer and enforce the Council's statutory and regulatory responsibilities across a wide number of statutes, with a focus on the protection of community health, safety, and amenities.

### Key issues in the year to 30 June 2024

Key issues were maintaining effective operation of Council's Building Control Authority despite difficulties in staff recruitment. This was made easier with the Regulatory team now at full staff levels. Building has also employed a Building Control Manager with a start date of July 2024.

Despite these challenges, the Council has once again achieved accreditation as a Building Control Authority, and has been assessed as low risk (in terms of our capacity to deliver the building control service).

The Council continues to strengthen overall delivery of other regulatory activities.

### Effects on community wellbeing

	Positive effects	Negative effects
Social	Regulations exist to protect the health and safety of the whole community by ensuring compliance with legislation and that required standards are met	No identified effects
Economic	Efficient building consent processes enable development to proceed	Regulation can result in compliance costs and delays
Environmental	Enforcement of the Responsible Camping Bylaw helps to prevent bad behaviours	No identified effects

## Building control

### What we do

Building control is responsible for implementing and administering the provisions of the Building Control Act 2004. Under the Act, Council must maintain accreditation as a Building Control Authority (BCA) to provide this service. The main purpose of the Act, and our work is to provide regulation for building work, set a licensing regime for building practitioners and to set performance standards of buildings.

As an accredited BCA, the Council ensure buildings are safe and healthy for the people who use them. The BCA processes and grants building consents, monitors pool fencing, inspects and monitors building work and provides advice on building related issues.

It is responsible for issuing documents such as Code Compliance Certificates (CCCs), Certificates of Public Use (CPUs), Building Warrants of Fitness and processing Project Information Memorandums (PIMs). The activity is focused on meeting legislative requirements, while balancing customer service with the management of risk to Council and the public.

### Key issues in the year to 30 June 2024

The key focus for the year was maintaining effective operation of the BCA in an environment where recruitment of specialist staff was very difficult, and the Building Control Manager role remained unfilled throughout the year.

This challenge was further heightened by the need for BCA re-accreditation during the year.

### What we did

Services were maintained utilising a combination of employed KDC staff and contractors.


We processed 116 consents, including 24 for new dwellings and 17 for new commercial buildings. 9 Certificates of Acceptance were also issued.

An excellent result was obtained from the accreditation assessment with only a small number of corrective actions identified and with the BCA classified as low risk, reducing the required frequency of accreditation assessment.

### What we planned to do but didn't

Attempts to recruit Building Control Officers were unsuccessful but a Building Control Manager was appointed to commence work in the 2024/25 year.

### Performance indicators

Community Outcome	How does Building Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Development</b> We promote and support the development of our economy</p>	<p>Building development is fundamental for economic activity to take place, and it is our role to ensure that buildings are safe and constructed in accordance with the NZ Building Code.</p>	<p>It is important the consent process does not overly obstruct economic investment or for new business to establish themselves in the district. We need to ensure that we retain our accreditation status, and that we are timely and efficient in our consenting, inspecting and certification processing.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
		The percentage of building consents processed within statutory timeframes	93%	97%	100%
The Council passes the independent audit confirming our status as a Building Control Authority (every second year).	Not applicable	Accredited	Accredited (low risk)	Yes	

## Statutory Planning

### What we do

The Council provides support to our community to implement policy direction. We process resource consents for subdivision and land use. The consent process aims to ensure that the developments are sustainable and that effects on the environment are avoided, remedied, or mitigated.

We also give advice to potential investors in Kaikōura by way of pre-application meetings and through the provision of Land Information Memoranda.

### Key issues in the year to 30 June 2024

There have been a number of developments taking place throughout the district, however, not on a significant scale.

The Council has been undergoing back-scanning of physical property files and resource consents. The digitation of records will result in a modern efficient Council. The scanning has meant that LIMs (land information memorandums) could be delayed whilst waiting for files to be scanned and will result in the removal of the option for fast-track LIMs.

Due to the size of the team, processing resource consents within timeframes can be challenging. Council has used external consultants to process some

resource consents to assisting in meeting timeframes, the cost of this is met by the applicant.

### What we did

We processed 10 subdivision consents, 35 land use consents (including 12 sign permits or flood hazard certificates), 50 PIMs (Project Information Memorandums), 114 LIMs (Land Information Memorandums) and gave advice on the District Plan.

Most subdivision consents have resulted in less than 5 new lots being created.


The land use consents which have been issued for flood hazard certificates are a result of the natural hazards plan change which has removed the costs of a resource consent for building within a flood hazard areas provided flood assessments requirements are met. The updated Signs Bylaw also removes the need for a sign permit.

13.3% (6/45) Resource consents were processed externally by consultants, meaning Council was able to process the remaining 86.7% internally.

### What we planned to do but didn't

Not all resource consents were processed within the statutory timeframes.

### Performance indicators

Community Outcome	How does Statutory Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Development</b> We promote and support the development of our economy</p>	<p>Resource consents, including subdivision and new land uses are important for new economic activity, and it is our role to ensure that new development meets our District Planning rules, as well as regional and national planning standards and legislation.</p>	<p>It is important the consent process does not overly obstruct economic activity, including investment or for new business to establish themselves. We need to ensure that we are timely and efficient in our consenting and monitoring processes.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
<p>The percentage of resource consents processed within statutory timeframes</p>	65.4%	97%	70%	No	

Although we intended to process all consents within statutory timeframes, and used external consultants to assist, we were unable to meet these timeframes due to complexity of some consents and lack of resources.

## Parking control

### What we do

Traffic warden duties are undertaken by Council's Regulatory Enforcement Officers to minimise irresponsible parking practices, particularly in the West End. These duties help to ensure that people are parking with consideration for others, and make proper use of disabled parking spaces, time-limited parking areas, loading zones etc.

Parking enforcement is closely linked to management of freedom camping because campers generally park in defined parking places to stay overnight, and our parking wardens and camping ambassadors therefore shared these regulatory duties.

Regulatory officers and Freedom Camping Ambassadors were also responsible for educating visitors to the town about the upcoming legislative changes to the Freedom Camping Act. They also educated visitors around our own district bylaws.


### Key issues in the year to 30 June 2024

The pay and display machines in the West End carpark and South Bay were replaced in 2023/2024. The parking wardens have taken an approach of education and communication to encourage better parking behaviour, before enforcement is more forcibly undertaken. Despite this, 202 tickets were issued, which is well up on last year but indicative that the parking warden role was under-resourced in 2023.

### What we did

We replaced the three parking machines, two in the West End Carpark and one at South Bay Harbour. These were replaced with new solar powered card readers and licence plate identification. This solved the problems of previous years where machines stopped working particularly during peak season. Our parking team regularly monitor the town, and this has resulted with increased compliance.

### Performance indicators

Community Outcome	How does Parking Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Development</b> We promote and support the development of our economy</p>	<p>Parking control ensures parking spaces are available for the public so they can have convenient access to urban retailers, hospitality providers and businesses, and that the nuisance of inappropriate or illegal parking is minimised.</p>	<p>We provide regular patrols of car parking areas and respond to all complaints of inappropriate or illegal parking.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The number of infringements issued for inappropriate or illegal parking.		22	< 130	202	No

## Animal control

### What we do

Animal Control is responsible for implementing the Council's bylaws and policies relating to dogs and stock in our district. This activity focuses on promoting responsible dog ownership that allows owners to enjoy their dogs without inhibiting the enjoyment and safety of others.

The council maintains a register of dogs within the district as part of legislative responsibilities and this assists us to investigate and respond to dog related incidents. We also maintain a pound to ensure we can deal appropriately with dogs, and any other animals which need to be contained.

Regulatory officers work with NZTA contractors to ensure all wandering stock is attended to, and we work closely with SPCA and MPI for any Animal Welfare complaints and concerns.

There are currently 1,262 known dogs in the district. Our Regulatory Enforcement Officers are on call 24 hours a day, 7 days a week, also educating dog owners and following up unregistered dogs.

### Key issues in the year to 30 June 2024

Although staffing levels are good in the regulatory space, there is still only one dog control officer with other regulatory duties to perform. This has not impacted on response times.


### What we did

We introduced Doggone – a text to unite service that provides lifetime eco-friendly tags. This service will also assist the Regulatory Team with after-hours dog calls and reduce potential fees to dog owners.

The Doggone service helps reunite lost pets with their owners by enabling a text service so anyone finding a lost pet simply texts the pet's unique tag number to 4133 to receive the information needed to reunite owner and their furry friend as quickly and humanly (or caninely!) possible.

This year we started a "Reading with dogs" program at the Library and one local primary school to help improve literacy, and we attended three community events to promote dog safety in the home.

### Performance indicators

Community Outcome	How does Animal Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Services</b> Our services and infrastructure are cost effective, efficient and fit-for-purpose</p>	Our internal animal control capabilities have been increased in recent years and we now have dedicated resources that can meet community expectations when responding to dog or stock control issues.	We need to provide 24/7 animal control services to minimise the danger, distress and nuisance caused by dogs and wandering stock.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The percentage of dog or stock complaints that are responded to within timeframe: Urgent <sup>16</sup> – 1 hour Serious nuisance – 6 hours General nuisance – 1 day All other issues – 5 days		75% Incomplete	80%	96%	Yes
The percentage of dogs known to be living in the district that are registered		97%	97%	99%	Yes

<sup>16</sup> Urgent = dog attacks, Serious nuisance = dog rushing, dog worrying stock, dog or stock roaming, General nuisance = dog barking or animal welfare issues.



## Food premises, alcohol licensing & environmental health

### What we do

This activity has a primary focus on improving and promoting public health, wellness and safety within the district. The Council regulates food safety, noise control, hazardous substances and health nuisances, alcohol licensing, gambling and offensive trades.

The Council has a responsibility to administer and undertake its registration, verification and enforcement functions pursuant to the Food Act 2014, Food Regulations 2015, and Food Notices (guidelines issued by the Ministry of Primary Industries MPI). The Council will continue to carry out its functions as a co-regulator with MPI. We will work closely with the food industry to ensure that they are all registered and verified in accordance with the Act. This will be a positive and encouraging approach with a focus on compliance and ensuring that all foods sold are safe and suitable.

The Council ensures that the sale and supply of alcohol is managed responsibly with the purpose of minimizing alcohol-related harm, and that licensed premises are top quality hosts.

Environmental health services also encompass several activities in the community that require rules to safeguard public health and safety. These range from premises such as hairdressers, beauty salons, tattooists and skin piercing businesses, funeral directors, mobile shops and the keeping of animals, poultry and bees.

### Key issues in the year to 30 June 2024


Jo waiting for F&H (note they charge by the hour to fill this in).

### What we did

Food premises verifications have been undertaken as required under the Food Act, and general registered premises such as hairdressers and camping grounds continue to be inspected.

Currently we have 65 registered food premises, 29 On-licences, 8 Off-licences, 5 Club licences, and 123 Certified Managers.

### Performance indicators

Community Outcome	How does Food Premises, Liquor Licensing & Environmental Health contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Development</b> We promote and support the development of our economy</p>	With our local economy heavily reliant upon international and domestic tourism, our hospitality services need to be of excellent quality to ensure that our reputation as a superior destination is upheld.	We need to educate food premises on the hygienic handling of foods and encourage good quality dining experiences that promote Kaikōura's reputation as a superior destination.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The percentage of food premises inspected within statutory timeframes		20.5%	100%	40%	No
The percentage of licensed liquor premises that are inspected.		100%	100%	100%	Yes

Not all food premises were inspected within timeframe. Of 50 verifications due, 30 were completed on time/are no longer operating, 7 were scheduled with the next trip to save costs, 4 were closed/on voluntary suspension, and 9 were unable to be completed as the owner did not confirm, did not show up, postponed/cancelled or other varying reasons.

## Other TA regulatory functions

### What we do

Other TA functions include litter and illegal dumping control, inspecting and issuing building warrants of fitness to commercial premises, and monitoring of swimming pools.

### Key issues in the year to 30 June 2024

For the majority of the year, we had a lack of qualified staff to perform Building Warrant of Fitness audits.

### What we did

We now have a register of swimming pools and their inspection dates, with an information pack going out to all pool owners.

We updated all Freedom Camping signage, including ensuring sites are clearly marked with reflective paint.


All camping parks have been resprayed to identify them. Signage has increased in areas where camping is prohibited. The Freedom Camping ambassadors have continued to educate visitors around new legislation changes.

Funding was approved to employ Freedom Camping ambassadors and to replace outdated signage and increase education with the new legislation taking effect in June 2025.

### What we planned to do but didn't

We planned a push on Visitor Accommodation Resource Consents, and while we have identified a list of properties operating without consent, the follow up with property owners only commenced in July 2024.

## Performance indicators

Community Outcome	How do Other TA Regulatory Functions contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Development</b> We promote and support the development of our economy</p>	<p>The safety of commercial buildings, including accommodation providers, is essential to protect our reputation as a superior visitor destination. Responsible camping, while a contentious issue, is a rapidly growing visitor economy that should be welcomed with restrictive controls in place.</p>	<p>The Council has a legal obligation to undertake its Territorial Authority regulatory functions, and we will continue to ramp up our role in this area to ensure our compliance. Education and enforcement of responsible camping is a high priority during the peak visitor season.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The percentage of commercial premises that have been inspected and/or audited for their BWoF as required		0%	97%	95%	No
The number of complaints received about freedom campers behaving irresponsibly		8 incomplete	< 50	51	No

## Funding Impact Statement: Building & regulatory

For the year ended 30 June 2024

	2022/2023 Long-Term Plan \$000	2023/2024 Long-Term Plan \$000	2023/2024 Actual \$000
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	480	529	534
Targeted rates	68	64	167
Subsidies & grants for operating purposes	-	-	202
Fees and charges	765	769	694
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	21	21	13
<b>Total operating funding (A)</b>	<b>1,334</b>	<b>1,383</b>	<b>1,610</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,064	1,098	1,362
Finance costs	-	-	-
Internal charges and overheads applied	321	335	330
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,385</b>	<b>1,433</b>	<b>1,692</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(52)</b>	<b>(50)</b>	<b>(82)</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	(52)	(50)	(82)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(52)</b>	<b>(50)</b>	<b>(82)</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>52</b>	<b>50</b>	<b>82</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total application of operating funding (B)</b>			<b>1,692</b>
Plus depreciation			2
<b>Expenditure as per Note 4</b>			<b>1,694</b>

## Community services

Our Goal: we are committed to putting our community first and will consolidate processes where residents come together to take collective action generating solutions to common problems.

### What we do

This group of activities consists of:

- Customer services
- Community development
- Civil defence emergency management
- Community grants, events & fundraising
- Youth development
- Kaikōura District Library

We are committed to putting our community first and consolidate internal processes generating solutions to common problems. We also provide opportunities to further build partnerships with community groups and organisations to collectively build social capital.

### Key issues in the year to 30 June 2024

High staff turnover has created more disruption in the reception and emergency management areas.

The digitisation of our property files through the 'Back-scanning Project' uncovered some historical anomalies which will take some time to rectify. However, customers can now view digital property files.

There was a delay in recruiting an Emergency Management Officer.

High turn-over in the Pensioner Units.

### What we did

We completed Stage 1 of the Back-scanning Project.

We streamlined the Pensioner Unit processes and have robust procedures for filling our 16 Pensioner Units.

Te Whare Putea was supported to set up as a Community Housing Provider over the next 4 years.

Kaikōura Youth Council was supported to deliver successful youth events and a robust youth voice.

The Community appreciated the increased digital products available through the library with 98% in the resident satisfaction survey.

The Mayor's Taskforce for Jobs was supported to deliver another successful year for placing people into employment and training with local businesses.

We strengthened relationships between Takahanga Marae and Maori social service groups by meeting regularly and collaborating with events.

### What we planned to do but didn't

We planned to have the multipurpose tennis court repair funded and completed. Stage one has begun, stage two requires additional funding.

## Effects on community wellbeing

	Positive effects	Negative effects
Social	Connecting social service providers, including supporting Te Whare Putea to become a Community Housing Provider (CHP) in a cost-of-living crisis, supporting with free community events (including Violence Free funded awareness raising workshops), and developing an upgraded online library service, has connected communities, and promoted community wellbeing.	No identified effects
Economic	Managing the 16 Pensioner Units in collaboration with Te Whare Putea to ensure adequate housing for lower socio-economic whānau. Supporting the Mayor's Taskforce for Jobs Coordinator, assisting local businesses with employment and one-off payments and support.	No identified effects
Environmental	By supporting Youth Council, we support the youth voice endorsing climate change initiatives. We supported the Dotterel Trust We supported the Dark Sky initiative to work towards International Dark Sky accreditation.	No identified effects
Cultural	We supported Māori whānau with grass roots cultural wellbeing, by creating a Maata Waka voice, while supporting whānau development. We initially supported Māori whānau with weekly kapa haka sessions ("Te Whanau Whakaoranga"). They are now able to run themselves.	No identified effects

## Customer services

### What we do

The Council's Front of House staff are the first point of contact for most people, either phoning the Council or coming to the office. The team also provides receipting and administrative support, photocopying, booking meeting venues, etc., and we support the organisation with any other administrative duties as and when required.

### Key issues in the year to 30 June 2024

We continued to face staff shortages due to illness, bereavement and moving to other Council departments.

We continued to identify data migration issues in our electronic data and records management system called Laserfiche.

### What we did


We identified that Information Management better fits in the Finance and IT team.

We employed a new Customer Services and Rates Support Officer amalgamating two part-time jobs, to increase the customer experience at reception.

### What we planned to do but didn't

We planned to develop our customer profiles. This is planned for the new year.

### Performance indicators

Community Outcome	How does Customer Service contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Community</b> We engage and communicate with our community</p>	Smooth joined-up internal processes are delivered to residents at the front counter creating efficient and timely customer support.	We need to boost and support all areas of the organisation to be more resident focused to increase our proficient and friendly customer service across the board.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The percentage of survey respondents who are satisfied, or very satisfied, with the Council's customer services team		79%	67%	85%	Yes

## Community grants, events & fundraising

---

### What we do

We administer local funds such as the Sport Rural Travel Fund, the George Low Trust, and the Creative Communities Scheme, we further facilitate and support various community events, and we continually seek and apply for external funding to enable projects, both for the Council and for community groups.

### Key issues in the year to 30 June 2024

A record number of community groups applied to our locally administered funds; this meant less funding was available across community groups, and more administration time.

### What we did

#### Fundraising

We secured sponsorship from MainPower of \$60,000 for the Takahanga MainPower Multisport courts.

We received grant funding towards our Matariki and Christmas events from Destination Kaikōura and IWK, and an Age-friendly grant from the Office for Seniors to develop an Age-friendly strategy. We were also successful with a grant towards our Older Person's Support Worker, administered by Kaikōura Health.

#### Events

The Event Coordinator added value and support and was involved with 22 community events, including:

- West End Christmas Festival
- Blue Fish Treasure Hunt
- Kaikōura A & P Show
- Airforce Band concert
- Youth Council Outdoor Movie night

- Pink Shirt Day
- Health Day at the Pa
- Kaikōura Pet Show
- The Vocal Collective concert
- Matariki
- Community Information session
- Elder Abuse afternoon tea
- Health & Wellbeing Expo
- North Canterbury Business Awards
- Watties event
- Cruise Ship welcomes
- Clued Up Kids
- Citizenship Ceremony x2
- Driver Reviver Burt Monro
- The big Giveaway Plunket
- Plunket disco

#### Grants

The total of \$64,470.50 was available across our four community grants, and we allocated 29 successful grants, the most grants ever assigned.

Of the 29 successful applicants, 20 of the applications supported youth, 7 supported older people initiatives, and 11 applications supported children, with some applications crossing over multiple target groups.

### What we planned to do but didn't

We planned to apply to Lotteries for the Multipurpose court shortfall. This will happen in the next financial year.

We planned for a multicultural event but this did not have enough participants.

## Performance indicators

Community Outcome	How do Community Grants contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Community</b> We communicate, engage and inform our community</p>	Small grants play a key part in creating opportunities for participation, especially for elderly and youth in the community.	We need to continue to advertise the various community grants for one of projects for community organisations, schools and clubs and create opportunities for local communities to engage with and participate in arts and sports activities otherwise not available in our district			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The number of individuals or organisations funded to offer an arts, sport, or other opportunities to the community		27	10	29	Yes

In 2023/2024 there were 13 successful applicants funded through the Creative Communities Scheme, three through the George Low Bequest, seven through Sport NZ Rural Travel, and six funded through the Community Initiatives Fund (2022-2023: 16, 3, 3 and 5 respectively).

Community Outcome	How do Community Events contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Future</b> We work with our community and our partners to create a better place for future generations</p>	If we can create a sustainable community event environment with information and resources that are cohesive, easily accessible and in plain English, including the printing of resources to clubs, sports groups and education facilities, we can promote small to medium sized events all year round, positively impacting our community	We need to continue to refine our community events toolbox to support sustainable growth and promotion of community events in Kaikōura. We need to continue to provide and deliver a framework to enable the growth of events.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The number of Council-supported events held		17	4	22	Yes



## Emergency Management

### What we do

Emergency Management is all about promoting strong, resilient, and connected communities that can prepare, respond, and recover well from any emergency. Within the Council, we keep our Emergency Operations Centre (EOC) in a state of preparedness, and our staff ready to lead a coordinated emergency response. This includes building close relationships with the community and local partner agencies, so that together we can help ensure effective response and recovery.

Key issues in the year to 30 June 2024

Our Emergency Management Officer resigned in December 2023 after only a short time in the job. We had a gap of 4 months which was covered by our Community Development officer, before our new Emergency Management officer started in April 2024.

### What we did

We strengthened Kaikōura District Council's relationship with others across the CDEM stakeholder whanau.

Our EMO ensured that our radio communication networks are in good working order across the district.

He ensured our EOC materials are up to date.

We facilitated and co-ordinated a number of training opportunities:

- Operation Pandora October 2023
- Ru Whenua March 2024
- A&P Show


We updated the EOC function organisation chart, reviewed our documentation and updated training needs.

We started developing an Emergency Response District located at the TAR Depot, including New Zealand Red Cross and LandSARs, to consolidate our community response area.

### What we planned to do but didn't

We planned to train two more people from the organisation in C10, but this did not happen. One person is booked for 2025.

### Performance indicators

Community Outcome	How does Emergency Management contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Future</b> We work with our community and our partners to create a better place for future generations</p>	<p>The EMO represents the Council with the day-to-day operations of the Canterbury Civil Defence Emergency Management (Group) and manages the strategies and work programmes that result from Group membership</p>	<p>Our community needs to continue to be integrally involved with the internal and external response planning processes. The EMO needs to continue to represent the Council as a member of the Canterbury 10 response team.</p>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The number of scenario's held with cross-agency attendance		4	2	2	Yes

## Kaikōura District Library

### What we do

The Kaikōura District Library, located on the middle floor in the Civic Centre at 96 West End, is a busy space that is increasingly being used for small events, learning opportunities, book readings, children's programmes, computer literacy training and more.

### Key issues in the year to 30 June 2024

We lost two of our part-time staff and employed two new part-time locals, one a high school student to help cover Saturdays.

Staffing is always an issue especially when people are sick or on holiday.

### What we did

A change of book suppliers enabled a better delivery of service with more up-to-date books and an increased amount of digital diversity.

We continued to maximise the updates of our Library Management System (Softlink/Liberty) to its full potential.

Our stocktake in 2022/2023 has enabled us to continue with a relevant and ongoing assessment of our library collection and the rotation of material.

We created relevant displays and collaborated on community events such as Matariki.

We introduced 'Reading with Dogs', collaborating with the Regulatory team.

We introduced quarterly meetings with the High School Library team maximising book buying power across the district.

We encouraged school visits and have hosted 2-3 school visits per week.

We increased our digital resources by adding a second e-book provider called Libby (Overdrive). We also signed up to Creative Bug, a digital craft resource.


These changes have supported a marked increase in library membership, usage, issue statistics and digital activity. Every second resident is now an active library member!

### What we planned to do but didn't

We planned a library outreach programme in Oaro and Kekerengu but could find no volunteers. This project is now shelved.

Project	Planned \$000	Spent \$000	Comment
Replacement of existing assets:			
Library books & resources	32	36	

### Performance indicators

Community Outcome	How does the Library service contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Community</b> We engage and communicate with our community</p>	The library plays a key part in creating opportunities for the elderly, youth and retaining families in the community	We regularly connect with our library users to find out what their needs and interests are, and we adapt and evaluate our services, programmes, and collection. We now also support growing access to digital information and technology			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The number of lending items per capita		8.6	7.7	8.6	Yes

## Community Development

### What we do

The Council’s community development activity forms the hub of various community services that deliver ‘wellbeing’ as outlined in the Local Government Act 2002, and since its reintroduction has become the focus, especially for small Councils. This includes family violence coordination, older and young person’s support, housing, and supporting or facilitating conversations with our local non-government organisations to deliver outcomes in our 5 priority areas:

- Engagement and partnership – conversations to better understand community needs
- Community pride and belonging – celebrate identity, heritage and cultural diversity while developing a growing sense of belonging and inclusion
- Social equity – supporting Kaikōura as a fair and just community
- Healthy and active communities – encouraging healthy living, physical activity and access to health services
- Safe and resilient communities – helping people feel safe in their homes, neighbourhoods, and public places.

### Performance indicators

Community Outcome	How does Community Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Community</b> We engage and communicate with our community</p>	We build and maintain extensive networks with key stakeholders including local and central government, community, iwi/Māori and other cultural organisations by establishing a positive, credible public profile facilitating local solutions to local needs	With our focus on community wellbeing, we: <ul style="list-style-type: none"> <li>• Enable the community to identify and articulate their aspirations for the future,</li> <li>• Develop strategies and plans,</li> <li>• Monitor and map the journey to wellbeing</li> </ul>			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
Bi-monthly reports on achievements and how we are working collaboratively with our treaty partner and NGO’s, including how we are building resilience of whanau and communities		11 reports	6 reports	21 reports <sup>17</sup>	Yes

### Key issues in the year to 30 June 2024

We secured funding for a two-year contract for the Mayor’s Taskforce for Jobs, delivered by Te Hā o Mātauranga.

The demand for housing in Kaikōura grew and more people experienced a housing need. This demand was generated by a shortage of affordable housing driving up house prices and rents.

Some community members struggled with essential bills evidenced by a huge increase in food bank requests.

### What we did

We collaborated with all community groups and many government agencies to create better conditions for our locals across the board.

We worked with Te Whare Putea to set up as a Community Housing Provider over the next 4 years, mitigating some affordable housing issues at no cost to the Council.

We worked with sports codes to land the final design of one level for the refurbishment of the multisport courts.

<sup>17</sup> 10 Community Networkers meetings, and 11 Council reports

## Youth Development

### What we do

The Council supports the Kaikōura Youth Council and Te Hā o Mātauranga to deliver youth-focussed initiatives, training, and personal development.

### Key issues in the year to 30 June 2024

Youth Council member capacity.

### What we did

KYC was split into two sub-committees: Youth Voice and Events to reduce workload on members. They identified KYC members did not have the capacity to meet all their goals for the year without this change.

It has meant KYC members could focus on the things they are passionate about and allowed them to be able to reach our KPI's in a more efficient way.

KYC updated their Theory of Change to better suit the group and our community.

They put a survey out to young people in Kaikōura and used the results to create a better fitting Theory of Change which they used when organising events and putting in community focused submissions.

Kaikōura Youth Council was able to run community and youth events like the Kaikōura Youth Awards, a Te

Wiki o Te Reo Māori event and Mental Health Awareness event in the High School as well as a Matariki Quiz Night for the community, a Christmas Pool Party and a Toy Drive for our local Op Shop.

KYC supported KDC with their Christmas Festival and Ecan with their Sea Week Event. They were able to support the new Students Against Dangerous Driving group in Kaikōura by sponsoring the members to attend a conference in Dunedin.

They were able to attend many training opportunities which helped their members to feel more confident at being leaders and when planning and running events.

KYC submitted to KDC in the consultation of the Long-Term Plan.

### What we planned to do but didn't

They had planned on running some collaboration events with Hurunui Youth Council, but unfortunately these did not go ahead as they were busy running other events for Kaikōura.

### Performance indicators

Community Outcome	How does Youth Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Future</b> We work with our community and with partner organisations to create a better place for future generations</p>	We provide opportunities for young people to become confident individuals through participation on Council Committees with regular presentations to Council meetings.	Continue to create opportunities for Youth Council members to be part of the democratic process by inviting them to report in person the Council meetings and represent the youth voice on other committees			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
Number of Youth Council presentations to Council meetings		8	6	6	Yes
Number of Youth Council activities/events		10	10	14	Yes
Number of youth training opportunities		6	4	9	Yes

## Funding Impact Statement: Community services

For the year ended 30 June 2024

	2022/2023 Long-Term Plan \$000	2023/2024 Long-Term Plan \$000	2023/2024 Actual \$000
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	887	909	1,002
Targeted rates	10	10	-
Subsidies & grants for operating purposes	30	28	589
Fees and charges	23	18	27
Internal charges and overheads recovered	222	225	218
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>1,172</b>	<b>1,190</b>	<b>1,836</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	922	930	1,515
Finance costs	12	16	-
Internal charges and overheads applied	187	193	197
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,121</b>	<b>1,139</b>	<b>1,712</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>51</b>	<b>50</b>	<b>124</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	3
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(19)	(17)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(19)</b>	<b>(17)</b>	<b>3</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	33	33	36
Increase/(decrease) in reserves	-	-	91
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>33</b>	<b>33</b>	<b>127</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(51)</b>	<b>(50)</b>	<b>(124)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total application of operating funding (B)</b>			<b>1,712</b>
Plus depreciation			38
Less overhead recoveries			(218)
<b>Expenditure as per Note 4</b>			<b>1,532</b>

## District development

Our Goal: to enable the district to progress, while ensuring that the natural and physical environment is sustainably managed. This includes attracting investment, enhancing economic diversification, creating awareness of natural hazards, and providing for sustainable tourism opportunities.

### What we do

This group of activities includes:

- District Planning
- Environmental Planning
- Economic development
- Tourism & marketing
- Changes to the District Plan to facilitate the district as a Dark Sky area.
- Commenced process towards development of key reserve management plans
- Reviewing and amending the Signs Bylaw

These activities are grouped together because they collectively shape and influence how the district develops. The Kaikōura District Plan sets strategic direction for how and where development should occur, it provides standards for development, identifies the circumstances under which resource consents are required, and seeks to mitigate environmental effects.

The council also plays a key role in supporting and promoting economic development and, through its funding contributions to Destination Kaikōura, also plays a key role in supporting tourism marketing and promotion of the district.

### Key issues in the year to 30 June 2024

Kaikōura's population growth is restrained by a lack of affordable housing and rental accommodation available for anyone wishing to relocate to the district.

- Spatial Plan development – discussions with the community regarding framing the future of Kaikōura.
- Work towards creation of a Light Industrial Zone at the intersection of State Highway 1 and the Inland Road.

## What we did

The council continues to work with both Kāinga Ora and the developer to enable residential sections within Ludstone Road/Vicarage Views and Ocean Ridge.

The Light Industrial Park at the corner of State Highway 1 and Inland Road was submitted for Council approval in the latter part of the 2023/24 year with the plan expected to be operational from August 2024. We also progressed the plan change to enable

Dark Sky Accreditation and this is anticipated to be finalised in 2024/25.

New district welcome signage was placed at the 3 entry & exit points for the district promoting the region and its beauty and replacing the previous aged signs.

The Spatial Plan has taken longer than we had anticipated largely due to ensuring appropriate dialogue with the Runanga was enabled. This Plan will provide direction for future growth while also being the first step towards our commitment to updating the District Plan.

## Effects on community wellbeing

	Positive effects	Negative effects
Economic	This activity plans for growth and provides frameworks to enable economic benefits to flourish	The Resource Management Act and national/regional policy statements can result in compliance costs and delays
Environmental	Planning frameworks protect against the impact of growth on the environment	No identified effects
Cultural	Ongoing engagement with Te Rūnanga o Kaikōura ensures cultural matters are considered in planning and development decisions	No identified effects

## District Planning

### What we do

The Kaikōura District Plan is a document which has been created under the Resource Management Act 1991 (the RMA). The Plan is used to manage development and provide for the protection of natural and physical resources within the Kaikōura District. We aim to keep this plan updated to meet the needs of our communities and national direction.

With the RMA being repealed and replaced we have refocused the 10-year rolling review to create a spatial plan with the aim of setting high-level direction for the Kaikōura Township and surrounding area for the next three decades. The spatial plan will then help to inform the rolling review of the District Plan.

### Key issues in the year to 30 June 2024

With the introduction of the new coalition government, there was a shift in legislation changes, repealing the proposed changes to legislation (Spatial Planning Act, National Built Environment Act & Climate Change Adaptation Act).

Changes to the District Plan have been initiated by external parties, such as the Light Industrial Plan Change, creating the Light Industrial Zone (LIZ), and the Dark Sky Plan Change to update the existing lighting chapter.

Lack of Reserve Management Plans has meant that there is not a guideline for how Council operates, uses and maintains its reserves.

### What we did

A new Policy Planner was hired from the UK and has been able to assist in progressing plan changes as well as assisting in Spatial Plan progression.

By the end of June 2024, the Light Industrial Plan Change was notified for public submissions a hearing was held and the LIZ became operative on 1st August 2024. At the same time, the Dark Skies Plan change has been progressing too, public notification has occurred and no submissions on opposition received and expected to be operative before the end of the 2025 financial year.


The Natural Hazards Plan Change fully operative since the last annual report, as the appeal regarding the plan change was never formally processed with the Environment Court by the appellant.

Initial consultation has taken place to notify the public that Council proposes to develop Reserve Management Plans for five reserves in the district.

### What we planned to do but didn't

The spatial plan has been progressing but still incomplete.

### Performance indicators

Community Outcome	How does District Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?		
 <p><b>Future</b> We work with our community and our partners to create a better place for future generations</p>	District planning sets out the planning rules for place-making, including zones for commercial, industrial and residential expansion, and these rules help to mitigate the negative effects of activities or development, therefore making Kaikōura a better place to live in.	Our Kaikōura District Plan needs to be updated so that it reflects community needs and aspirations, to ensure that planning rules are in place to enable those needs and aspirations and prevent negative effects.		
	2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
Progress on the review of the District Plan, in line with the priorities and timelines set out in the final District Plan roadmap	The Spatial Plan is well underway, some delays with Rūnanga have occurred due to unforeseen events	Residential and Commercial Zone chapters completed by June 2024	The district plan has been rehoused, and a first draft of the Spatial Plan was produced in January 2024	No



## Environmental Planning

### What we do

Environmental planning supports and assists landowners and the community with environmental projects. This includes funding support for landowners to set aside significant natural areas and protect these areas from future uses.

The Council also established a grant for environmental projects, the amount of which may vary from year to year. In the 2024 financial year approximately \$20,000 was made available. This funding has been used to support initiatives or trusts such as Te Korowai or facilitating Enviroschools in the district.

### Key issues in the year to 30 June 2024

With the repeal to the proposed changes of the replacement legislation for the Resource Management Act, there has also been a call for the NPS-IB (National Policy Statement – Indigenous Biodiversity) to be placed on hold by Local Authorities.


### What we did

The planning department has been working with post-graduate students from Otago University to address a number of Planning challenges in the Kaikōura District. Masters students have been requested to undertake research into three key areas:

- 1) Parking
- 2) Affordable Housing
- 3) Climate Change

The draft reports will be received in 2024/25 and will be used to inform the Council's direction.

### Performance indicators

Community Outcome	How does Environmental Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Environment</b> We value and protect our environment</p>	In addition to the Council's contribution to mitigating or enhancing environmental outcomes through its infrastructure, and District Plan, this specific activity provides discretionary Council resourcing to environmental outcomes	Provide Council endorsement and support, as well as discretionary financial support to events, projects and activities that support positive environmental outcomes			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
	The number of external environmental projects that are supported by the Council	0	Not less than 3	3	Yes

## Economic Development

### What we do

The Council plays a role in supporting and promoting economic development for the district. Our most significant contributions to economic development are through provision of infrastructure and services to the district and its planning activities, including the District Plan.

In addition, the Council directly supports projects and activities outside of the Council's core business through the Council's own economic development and tourism activities. The scale of the support and assistance from the Council is relative to the funding available for this activity.

### Key issues in the year to 30 June 2024

Not only in the district but across New Zealand, cost increases due to inflation and high interest rates continue to reduce disposable income for leisure purposes. In a tourism dominated economy such as Kaikōura, this creates challenges for both businesses and individuals as people reduce spending or, seek alternative employment options elsewhere. People choosing to leave the district for alternative employment options further exacerbates a shortage of staff in Kaikōura.

Added to this is a lack of appropriate rental or long-term accommodation available for those wishing to relocate to the district. The Council is working with the owner/developer of Ocean Ridge to develop infrastructure enabling more residential sections to be created within the Ludstone Road (Vicarage Views)

and Ocean Ridge areas (Council funding supported by the Infrastructure Acceleration Fund grant).

### What we did

We continue to support the Kaikōura International Dark Skies Trust to proceed with an application for international dark sky accreditation (IDA). It is anticipated that becoming a recognised Dark Sky district will bring economic benefits through more visitors.

The Light Industrial Park plan change at the corner of State Highway 1 and Inland Road which has been on the work plans for a number of years was finally approved and will be operational from 1 August 2025. The Light Industrial Zone is anticipated to assist in enabling employment opportunity to the district and support location of light industrial type business/development away from Beach Road.

The \$7.8 million grant through the Infrastructure Acceleration Fund (the IAF) will provide for economic and population growth, through a road extension from Ludstone Road and Green Lane to Ocean Ridge, including a rail crossing, shared pedestrian path and cycleway. Also included in the project is additional capacity for water and sewer infrastructure to cater for new residential sections.

We installed new district signage at the district boundaries on State Highway One and the Inland Road.

### Performance indicators

Community Outcome	How does Economic Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p><b>Development</b> We promote and support the development of our economy</p>	Our Economic Development activity, in addition to other Council activities, assists business and employment initiatives in the district with specific projects, information and other support, such as marketing and events.	Work with local and regional economic development agencies, and the local community and businesses to identify and support projects and activities that Council involvement can provide additional value for money benefits.			
		2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
The number of projects or events undertaken during the year that benefit the local economy		6	5	1	No

## Tourism & Marketing

### What we do

Tourism is the dominant contributor to the economy of Kaikōura. Its benefits flow through the economy across the district, including through direct and indirect income to businesses, employment, and resulting in expenditure on goods and services.

Kaikōura is a world-renowned tourist destination, initially focussed on whale watching, but now with a range of visitor activities to match the stunning scenery and the near unique proximity of the mountains and the Hikurangi trench.

The Council provides substantial funding to support Destination Kaikōura (DK), the local regional tourism organisation (in a similar manner to most territorial authorities across New Zealand) and the Kaikōura I-Site. This enables DK to market Kaikōura as a world-class visitor destination to both international and domestic visitors. Our Events Coordinator also supports a range of community and visitor events, and provides information and assistance.

### Key issues in the year to 30 June 2024

The compounding effect of COVID-19, global supply chain disruption, the uncertainty of geopolitical unrest and war, climate change and severe weather events, plus significant increases in the cost of living, has meant the number of visitors to NZ and to Kaikōura remains relatively low. Higher interest rates and higher inflation are directly impacting on disposable

income for New Zealanders eroding capacity for travel and vacation, and a trend has emerged that those who do have the means to travel are heading overseas to holiday after three years of COVID-19 border restrictions.

### What we did

With funding support from the Council, Destination Kaikōura actively promotes the district both domestically and internationally. This is achieved through offering 'famils' for visiting media groups, trade partners and content providers. These comes through various channels such as Tourism New Zealand (TNZ), Christchurch International Airport and our regional partners. We run digital marketing campaigns that promote shoulder season travel, in line with TNZ's promotional focus. During the cruise season Destination Kaikōura meet and greet passengers from cruise ships as well as assist in the planning that goes into making these cruise visits successful.

Implementation of our regions Destination Management Plan which represents the goals and aspirations derived from tourism for the benefit and wellbeing of all who live here.

Support for development of new products which create a broad range of experiences ensuring we cater to and connect with a greater slice of the market.

### Performance indicators

Community Outcome	How does Tourism & Marketing contribute to this Outcome?		What do we need to do towards achieving this Outcome?	
 <p><b>Development</b> We promote and support the development of our economy</p>	Tourism is the dominant contributor to the economy of the Kaikōura district including employment.		Support our tourism sector through the services of the local Regional Tourism Organisation (RTO), Destination Kaikōura.	
	2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved?
Domestic and international spend indicators show annual increases, as measured through MarketView electronic card transaction spend data.	Overall spend at \$71.1m is \$20m higher than 2021 baseline. Domestic spend is 2.2% down, International spend has increased more than 800%	Spend indicators show increases post-COVID-19 relative to other comparable RTO regions 2021 Baseline is \$50.4 million	\$83 million	Yes

<p>Six-monthly reports from Destination Kaikōura setting out activities undertaken, including against agreed key performance indicators for that period.</p>	<p>Reports have been received, activities and achievements are documented in “What we did”, on this page.</p>	<p>Reports are received demonstrating activities and achievements, in December and June each year</p>	<p>Reports received demonstrating activities and achievements</p>	<p>Yes</p>
--	---	---	---	------------

## Funding Impact Statement: District development

For the year ended 30 June 2024

	2022/2023 Long-Term Plan \$000	2023/2024 Long-Term Plan \$000	2023/2024 Actual \$000
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	166	168	166
Targeted rates	501	516	459
Subsidies & grants for operating purposes	-	-	25
Fees and charges	-	-	104
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>337</b>	<b>684</b>	<b>754</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	721	733	610
Finance costs	1	6	6
Internal charges and overheads applied	125	131	123
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>847</b>	<b>870</b>	<b>739</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(180)</b>	<b>(186)</b>	<b>15</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	155	186	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>155</b>	<b>186</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	(25)	-	15
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(25)</b>	<b>-</b>	<b>15</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>180</b>	<b>186</b>	<b>(15)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reconciliation</b>			
<b>Total application of operating funding (B)</b>			<b>739</b>
Plus depreciation			-
<b>Expenditure as per Note 4</b>			<b>739</b>



**Kaikoura District Council  
Financial statements  
for the year ended 30 June 2024**

Draft

**Financial overview**

[Placeholder]

Draft



**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
<b>Revenue</b>						
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	7,925	4,911
Interest revenue	8	106	3	39	106	39
Other revenue	9	434	113	403	434	449
Gains	15,10	<u>707</u>	<u>-</u>	<u>3,040</u>	<u>707</u>	<u>3,040</u>
<b>Total revenue</b>		<u>20,666</u>	<u>31,761</u>	<u>19,293</u>	<u>21,499</u>	<u>20,291</u>
<b>Expenses</b>						
Personnel costs	11	(3,562)	(3,797)	(3,322)	(4,771)	(4,395)
Depreciation & amortisation	12	(5,232)	(6,247)	(4,659)	(5,348)	(4,786)
Finance costs	8	(322)	(327)	(215)	(330)	(220)
Other expenses	13	(8,487)	(8,674)	(8,564)	(8,193)	(8,486)
Losses	10	<u>(619)</u>	<u>-</u>	<u>(211)</u>	<u>(619)</u>	<u>(211)</u>
<b>Total expenses</b>		<u>(18,222)</u>	<u>(19,045)</u>	<u>(16,971)</u>	<u>(19,261)</u>	<u>(18,098)</u>
<b>Operating surplus before tax and share of equity accounted investments</b>		<b>2,444</b>	<b>12,716</b>	2,322	<b>2,238</b>	2,193
Environment Canterbury share of Marlborough Regional Forestry (surplus) / deficit	14	<u>(55)</u>	<u>-</u>	<u>(38)</u>	<u>(55)</u>	<u>(38)</u>
<b>Surplus before tax</b>	4,33	<b>2,389</b>	<b>12,716</b>	2,284	<b>2,183</b>	2,155
Income tax expense	33	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42)</u>	<u>29</u>
Surplus from continuing operations		<u>2,389</u>	<u>12,716</u>	<u>2,284</u>	<u>2,141</u>	<u>2,184</u>
<b>Other comprehensive revenue &amp; expenses</b>						
Gains/(losses) on asset revaluation	10,15	<u>10,269</u>	<u>-</u>	<u>191</u>	<u>10,269</u>	<u>191</u>
<b>Total other comprehensive revenue &amp; expense</b>		<u>10,269</u>	<u>-</u>	<u>191</u>	<u>10,269</u>	<u>191</u>
<b>Total comprehensive revenue &amp; expense</b>		<u>12,658</u>	<u>12,716</u>	<u>2,475</u>	<u>12,410</u>	<u>2,375</u>

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

	Note	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
<b>Equity at start of year</b>		<b>287,990</b>	<b>289,138</b>	285,503	<b>288,926</b>	286,540
Adjustment on adoption of PBE IPSAS 41		-	-	12	-	12
<b>Adjusted balance at 1 July</b>		<b>287,990</b>	<b>289,138</b>	285,515	<b>288,926</b>	286,552
<b>Comprehensive income &amp; expense</b>						
Net surplus/(deficit) After Tax		<b>2,389</b>	<b>12,716</b>	2,284	<b>2,140</b>	2,183
Gains/(losses) on asset revaluation		<b>10,269</b>	-	191	<b>10,269</b>	191
Total comprehensive revenue & expense		<b>12,658</b>	<b>12,716</b>	2,475	<b>12,409</b>	2,374
<b>Equity at end of year</b>	30	<b>300,648</b>	<b>301,854</b>	<b>287,990</b>	<b>301,335</b>	<b>288,926</b>

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

**Statement of financial position**  
As at 30 June 2024

	Note	Council		Actual 2023 \$'000	Group	
		Actual 2024 \$'000	Budget 2024 \$'000		Actual 2024 \$'000	Actual 2023 \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
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
<b>Total current assets</b>		<b>9,342</b>	<b>3,995</b>	<b>5,142</b>	<b>9,476</b>	<b>5,377</b>
<b>Non-current assets</b>						
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	3,000	9,236	2,940	3,000	2,940
Property, plant and equipment	23	302,573	298,294	288,740	303,345	289,590
Intangible assets	24	34	-	65	34	65
Deferred tax assets	33	-	-	-	-	36
<b>Total non-current assets</b>		<b>308,542</b>	<b>309,862</b>	<b>294,319</b>	<b>309,299</b>	<b>295,170</b>
<b>Total assets</b>		<b>317,884</b>	<b>313,857</b>	<b>299,461</b>	<b>318,775</b>	<b>300,547</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
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	-	-	-	-	-
<b>Total current liabilities</b>		<b>11,010</b>	<b>1,841</b>	<b>5,463</b>	<b>11,215</b>	<b>5,613</b>
<b>Non-current liabilities</b>						
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
<b>Total non-current liabilities</b>		<b>6,227</b>	<b>10,161</b>	<b>6,008</b>	<b>6,227</b>	<b>6,008</b>
<b>EQUITY</b>						
Asset revaluation reserves	30	176,793	166,644	166,525	176,718	166,450
Accumulated funds	30	120,052	130,831	117,660	120,813	118,671
Asset revaluation reserves	30	-	-	-	-	-
Special reserves & special funds	30	3,802	4,380	3,805	3,802	3,805
Equity	30	300,647	301,855	287,990	301,333	288,926

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

**Statement of financial position (continued)**

		<b>Council</b>		<b>Group</b>	
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Note	<b>2024</b>	<b>Budget</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-	-	-	-
Minority interest	-	-	-	-	-
<b>Total equity</b>	<b>300,647</b>	<b>301,855</b>	287,990	<b>301,333</b>	288,926
<b>Total liabilities &amp; equity</b>	<b>317,884</b>	<b>313,857</b>	299,461	<b>318,775</b>	300,547

Draft

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

**Statement of cash flows**

For the year ended 30 June 2024

	Actual	Council	Actual	Group	
Note	2024	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Receipts from rates (excl. water meter charges)	9,552	9,243	8,823	-	8,823
Interest received	106	3	39	-	39
Receipts from other revenue	1,209	21,609	5,131	-	5,969
Payments to supplier and employees	(9,464)	(12,520)	(11,848)	-	(12,756)
Interest paid	(322)	(327)	(215)	-	(219)
GST (net) and company tax	(130)	-	145	-	151
<b>Net cash flow from operating activities</b>	<b>951</b>	<b>18,008</b>	<b>2,075</b>	<b>-</b>	<b>2,007</b>
<b>Investing activities</b>					
Grants received for purchase of assets	5,011	-	2,825	-	2,825
Purchase of property, plant & equipment	(8,986)	(18,447)	(4,313)	-	(4,393)
Sale of property, plant & equipment	284	150	-	-	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)	-	-	-	-
<b>Net cash flow from investing activities</b>	<b>(3,721)</b>	<b>(22,733)</b>	<b>(1,451)</b>	<b>-</b>	<b>(1,525)</b>
<b>Financing activities</b>					
Proceeds from borrowings	2,000	3,000	-	-	50
Repayment of borrowings	-	-	-	-	(60)
<b>Net cash flow from financing activities</b>	<b>2,000</b>	<b>3,000</b>	<b>-</b>	<b>-</b>	<b>(10)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>(770)</b>	<b>(1,725)</b>	<b>624</b>	<b>-</b>	<b>472</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,414</b>	<b>3,340</b>	<b>2,790</b>	<b>3,538</b>	<b>3,066</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,644</b>	<b>1,615</b>	<b>3,414</b>	<b>3,538</b>	<b>3,538</b>

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

## **1 Statement of accounting policies**

### **1.1 Reporting entity**

The Kaikoura District Council group consists of the ultimate parent, Kaikoura District Council, and its subsidiary, Innovative Waste Kaikoura Ltd. The Council has an 11.5% interest in the Marlborough Regional Forestry joint operation. The Kaikoura Enhancement Trust has been disestablished which was owned by the Council which in turn owned 100% of Innovative Waste Kaikoura Ltd.

The Council has designated itself and the group as public benefit entities (PBEs) for reporting purposes.

The financial statements of the Council and Group are for the year ended 30 June 2024. The financial statements were authorised for issue by the Council on << DATE >>.

## **2 Summary of significant accounting policies**

### **2.1 Basis of preparation**

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

#### **Statement of compliance**

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

These financial statements and service performance information have been prepared in accordance with Tier 2 PBE accounting reduced disclosure regime, as appropriate for public benefit entities that have expenses of less than \$30 million and do not issue debt or equity securities or hold funds in a fiduciary capacity as part of our primary business. These statements comply with PBE reduced disclosure regime.

#### **Measurement base**

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, infrastructure assets, investment property, forestry assets and financial instruments.

#### **Presentation currency and rounding**

The financial statements are presented in New Zealand dollars and values are rounded to the nearest thousand dollars (\$000).

#### **Changes in accounting policies**

There have been no changes to the accounting policies.

### **2.2 Basis of consolidation**

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, revenue, and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

#### **Subsidiaries**

The Council consolidates as subsidiaries in the group financial statements, all entities where the Council has the capacity to control their financing and operating policies to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

The Council's investments in its subsidiaries are carried at cost in the parent entity financial statements.

## **2 Summary of significant accounting policies (continued)**

### **Joint operations**

For joint operations, the Council and group recognises its direct right to the assets, liabilities, revenues and expense of joint operations and its share of any jointly held or incurred assets, liabilities, revenue, and expenses. Assets, liabilities, revenues, and expenses relating to Council's interest in a joint operation are accounted for in line with Council's accounting policies and included in the relevant line items of the Council and group financial statements.

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Of the Council's interest in the Marlborough Regional Forestry joint operation, 13.37% is held in trust on behalf of Environment Canterbury. This is recognised as a non-current liability in the financial statements.

### **2.3 Revenue**

Revenue is measured at the fair value of consideration received. The specific accounting policies for significant revenue items are explained below:

#### **Rates revenue**

Rates are set annually by a resolution from the Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable. Rates collected on behalf of Environment Canterbury are not recognised in the financial statements as the Council is acting as agent for Environment Canterbury.

#### **Water billing revenue**

Water billing revenue is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

#### **Waka Kotahi (NZTA) roading subsidies**

The Council receives funding assistance from Waka Kotahi, the NZ Transport Agency (NZTA) which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

#### **Other grants and subsidies received**

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

#### **Donations and bequests**

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

#### **Provision of services**

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

#### **Sales of goods**

Sales of goods are recognised when a product is sold to the customer. The recorded revenue is the gross amount of the sale (excluding GST).

#### **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 in the Council are recognised as revenue when control over the asset is obtained.

## **2 Summary of significant accounting policies (continued)**

### **Agency arrangements**

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

### **Interest and dividends**

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Dividends are recorded net of imputation credits.

### **Development contributions**

The revenue recognition point for development and financial contributions is at the later of the point when the Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

### **2.4 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

### **2.5 Grant expenditure**

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

### **2.6 Foreign currency transactions**

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

### **2.7 Income tax**

Income tax expense includes components relating to both current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint venture or joint operations, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax are charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.



## **2 Summary of significant accounting policies (continued)**

### **2.8 Leases**

#### **Finance leases**

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### **Operating leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

### **2.9 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

### **2.10 Debtors and other receivables**

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

#### **Rates receivable**

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If the payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

### **2.11 Derivative financial instruments and hedge accounting**

The Council does not engage in the use of derivative financial instruments and hedging activities.

## 2 Summary of significant accounting policies (continued)

### 2.12 Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

#### *Initial recognition of concessionary loans*

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

#### *Subsequent measurement of financial assets at amortised cost*

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

#### *Subsequent measurement of financial assets at FVTOCRE*

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity.

#### *Subsequent measurement of financial assets at FVTSD*

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue. Other than for derivatives, the Council and group has no instruments in this category.

#### *Expected credit loss allowance (ECL)*

The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

## 2 Summary of significant accounting policies (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

The Council measures ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

### *Shares in subsidiaries (at cost)*

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

### 2.13 Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition. Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first-in first-out (FIFO) method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

### 2.14 Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

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

Any increases in fair value (less costs to sell) are recognised in the surplus or deficit up to the level of any impairment losses that have previously been recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

### 2.15 Property, plant and equipment

Property, plant, and equipment consists of:

#### (i) *Operational assets*

These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

#### (ii) *Restricted assets*

Restricted assets are parks and reserves owned by the Entity and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

## 2 Summary of significant accounting policies (continued)

### *(iii) Infrastructure assets*

Infrastructure assets are the fixed utility systems owned by the Entity and Group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation, and impairment losses. The asset classes recorded at cost are office equipment, vehicles and plant, park furniture and other assets, library books, artwork, and harbour assets.

### **Revaluation**

Those asset classes that are revalued are valued on a three yearly cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

#### *(i) Operational land and buildings*

As key properties, the Civic Centre, the former office building, and the memorial hall were valued to component level by Cameron Ferguson, (Registered Valuer, B. Com, VPM) of Quotable Value NZ on 30 June 2022. The balance of land and buildings were valued effective on 30 June 2022 by Cameron Ferguson, (B. Com, VPM) of Quotable Value NZ, at fair value as determined from market-based evidence. Where fair value is not able to be reliably determined using market-based evidence, depreciated replacement cost is used. Operational assets valued at DRC consist of community centres, library and museum, Carrying values for those specific assets are shown less accumulated depreciation and plus any subsequent additions at cost.

#### *(ii) Restricted land and buildings*

The most recent valuation was performed by Cameron Ferguson, (Registered Valuer, B. Com, VPM) of Quotable Value NZ, and the valuation is effective on 30 June 2022 at fair value as determined from market-based evidence. Where fair value is not able to be reliably determined using market-based evidence, depreciated replacement cost is used. Restricted assets valued at DRC consist of public toilets, sports grounds and sports facilities.

#### *(iii) Infrastructure*

This includes roads, bridges & footpaths, water systems, sewerage systems and stormwater systems, stated at fair value determined on a depreciated replacement cost basis. The most recent valuation of these assets has been performed by the Council's inhouse engineers on 30 June 2024, and peer reviewed by WSP Ltd. Roading was not included in the latest valuation.

### **Additions**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value at the date of acquisition.

### **Disposals**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

### **Depreciation**

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

## 2 Summary of significant accounting policies (continued)

The estimated useful economic lives of major classes of assets have been estimated as follows:

	Years	Rate (rounded)
<b>Infrastructural assets</b>		
<i>Roading</i>		
Land and road formation		Not depreciated
Base course		4.11%
Bridges	50 – 100	2.02%
Sealed top layer	7	20.15%
Kerb and channels	37	2.25%
Drainage	57	2.42%
Traffic facilities	4	16.38%
Seawalls	50	3.62%
Footpath structure		Not depreciated
Footpath surface	25	5.54%
Street lighting	17	5.37%
<i>Sewerage/wastewater</i>		
Equipment and oxidation ponds	50	From 2% to 6%
Pump stations	17 – 100	From 2% to 7%
Rising mains & gravity reticulation	25 – 77	From 1% to 4%
<i>Water</i>		
Pump stations	12 – 25	From 4% to 8%
Pipes & reticulation	7 – 99	From 1% to 14%
<i>Stormwater</i>		
Catchment mains & reticulation	70 – 99	From 1% to 2%
Structures	19 – 75	From 1% to 6%
<b>Operational assets</b>		
Buildings – structure	20 – 135	From 0.74% to 5%
Buildings – services	9 – 33	From 3% to 11%
Buildings – internal fit out	5 – 25	From 4% to 20%
Harbour seawall & wharf	10 – 50	From 2% to 10%
Computer equipment	5	20%
Plant, vehicles, and machinery	5 – 50	From 2% to 20%
Land		Not depreciated
Library books	12	8%
Library non-books	1	100%
<b>Restricted assets</b>		
Parks & reserves buildings	50	2%
Parks & reserves land		Not depreciated
Parks furniture & other assets	3 – 50	From 1.33% to 30%
Artwork		Not depreciated

In relation to infrastructural assets, depreciation has been calculated at a component level based on the estimated remaining useful lives as assessed by the Council's engineers and independent registered valuers. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

## **2 Summary of significant accounting policies (continued)**

### **Deemed cost**

Land under roads, was valued based on fair value of adjacent land determined by Connell Wagner Ltd effective 30 June 2001. On transition to NZ equivalents to IFRS on 1 July 2006, the Council elected to use the fair value of land under roads on 30 June 2001 as deemed cost. Land under roads is no longer revalued.

### **Library collections**

Library Books were valued at 30 June 2007 using actual cost per book, by the Kaikoura District Librarian, and this value has been deemed cost at that date. Library collections are no longer revalued.

### **Accounting for revaluations**

The Council accounts for revaluations of property, plant, and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the other comprehensive revenue and expense and revaluation reserve for that class of asset.

### **2.16 Forestry assets**

Forestry assets owned via the Marlborough Regional Forestry joint operation, and the Council's own forestry assets, are independently revalued annually at fair value less estimated point of sale costs. These valuations are performed by Forme Consulting Group for the joint operation (2023: by Forme Consulting Group). Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit.

### **2.17 Investment property**

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at cost, including transaction costs. After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

### **2.18 Intangible assets**

#### *(i) Carbon credits*

Purchased carbon credits are recognised at cost on acquisition. They are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

#### *(ii) Software acquisition*

Acquired computer software licences are capitalised on the basis of costs to acquire and bring to use the specific software. Costs associated with maintaining computer software, staff training on software use, and website development and maintenance, are recognised as an expense when incurred. Computer software has a 5-year useful life, and a 20% straight line amortisation rate.

### **2.19 Impairment of property, plant, and equipment and intangible assets**

Non-financial assets that have an indefinite useful life, are not yet available for use and are not subject to amortisation are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

## 2 Summary of significant accounting policies (continued)

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### (i) Value in use for 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.

### (ii) Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash flows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

## 2.20 Creditors and other payables

Short-term creditors and other payables are recorded at the amount payable.

## 2.21 Borrowings

Borrowings are initially recognised at their fair value net of transactions costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

## 2.22 Employee entitlements

### (i) Short-term employee entitlements

Employee benefits that the Council expects to be settled within twelve months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Council anticipates it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

## 2 Summary of significant accounting policies (continued)

### (ii) Long-term employee entitlements

#### **Superannuation schemes**

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

The Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the board of trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/(deficit) will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. note 36.

The Actuary to the Scheme recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions change from zero to 1 times (100%) of the employee's contribution from 1 April 2019.

#### **2.23 Provisions**

A provision for future expenditure of uncertain amount or timing is recognised when there is a present obligation (either legal or constructive) because of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

#### **2.24 Equity**

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into several reserves.

The components of equity are:

- Public equity – accumulated funds
- Special reserves
- Special funds
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserves

#### **Special and Council-created reserves**

Special reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the 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 restricted by Council decision. The Council may alter them without references to any third party or the courts. Transfers to and from these reserves are at the discretion of the Council.

#### **Asset revaluation reserves**

This reserve relates to the revaluation of property, plant, and equipment to fair value.

#### **Fair value through other comprehensive revenue and expense reserves**

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive revenue and expense instruments.



## **2 Summary of significant accounting policies (continued)**

### **2.25 Goods and services tax (GST)**

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position .

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### **2.26 Budget figures**

The budget figures are those approved by the Council in its 2023/2024 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

### **2.27 Cost allocation**

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a significant activity.

Direct costs are charged directly to significant activities. Indirect costs are allocated to Council activities on a percentage of use basis.

### **2.28 Statement of cash flows**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments, with original maturities of three months or less, in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the statement of cash flows because they flow through the Council's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the Council.

### 3 Critical accounting estimates and assumptions

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*(i) Fair value of assets*

The Council has performed a fair value assessment of asset values between valuation years, for all its asset types. The assessment shows that inflation and cost pressures are unlikely to have had a material impact on the value of Council owned assets (roads, land, and buildings), and that a valuation outside the normal three-yearly cycle is not required. However the fair value assessment of asset values for three waters indicated a valuation was necessary with a revaluation of these assets completed for 30 June 2024.

*(ii) Landfill aftercare provision*

Note 28 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

*(iii) Infrastructural assets*

There are several assumptions and estimates used when performing optimised DRC valuations over infrastructural assets.

These include:

The unit cost rates for valuing the three water assets reflect an average cost rate for local construction. Where there has been recent construction/renewal activity, the actual construction costs are used in place of the existing average rates.

A minimum asset life of three years for assets with expected total useful life of less or equal to 30 years, and a minimum asset life of 10% of asset expected total useful life for assets with expected useful life greater than 30 years and capped at five years.

Earthworks for wastewater lift and monitoring stations and stormwater channel linings have been assigned a residual value of 100% and 80% respectively. A residual value of 50% of programming fees has been allowed for Water supply Human Machine Interface (HMI) assets. A residual value of 0% has been adopted for all other water assets.

If no age or condition information the asset is assumed to be halfway through its expected life.

#### **Critical judgements in applying the Council's accounting policies**

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2024:

*(i) Classification of property*

The Council owns several properties, which are maintained primarily to provide housing to pensioners or other service delivery objectives. The receipt of rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives which includes the Council's social housing policy. These properties are accounted for as property, plant, and equipment.

*(ii) Service performance reporting (PBE FRS48)*

The Council's statements of service performance are formally classified from pages \_\_\_\_\_. The relevant legislation governing the requirement of reporting the Council's service performance is Part 3 of Schedule 10 of the Local Government Act (2002).

The Council's statements of service performance have been prepared in accordance with Public Benefit Entity (PBE) standards and are for the year ended 30 June unless otherwise stated.

In preparing the statements of service performance, the Council has made judgements on the application of reporting standards and has made estimates and assumptions concerning the measurement of certain service performance targets. The main judgements, estimates and assumptions are discussed below.

*Measurement selection and level of aggregation*

### **3 Critical accounting estimates and assumptions (continued)**

The service performance measures in this Annual Report are intended to compare the actual results of the activities delivered by the Kaikoura District Council against the targeted levels of service. The service performance measures were originally adopted in the 2021-2031 Long-Term Plan.

The service performance measures are reported to the Council in a half year report, for the period ended 31 December, during the relevant annual period. The annual results are then reported in the relevant annual report for the year to 30 June.

The performance measures were selected to cover quantitative measurement of progress towards the Council's Long-Term Plan and Annual Plan. The final measures included in this Annual Report are broken down into the ten groups of activities, providing a set of measures that give a rounded picture of the non-financial performance of the Council. Each group of activities has a set of measures that were identified through the 2021-2031 LTP involving Council and management, and are linked to the Council's Community Outcomes, goals and objectives. This process ensured the selected measures best reflect the Council's performance and are available in a timely manner.

Several measures pertaining to water supplies, wastewater, stormwater and roading are the mandatory performance measures set under Section 261B of the Local Government Act (2002), the Secretary for Local Government made the Non-Financial Performance Measures Rules (2013).

#### *Satisfaction and complaints*

The Council has chosen to report on customer satisfaction (gathered by responses to our Resident & Ratepayer Satisfaction Survey) in 6 out of 87 performance measures, and a further 6 measures on the number of complaints received in relation to services delivered by the Council. While these measures are important, customer satisfaction or complaints are not critical to the functioning of the activity or service. The measures do not require interpretation by the reader. This judgement is not considered to be significant.

#### *Customer service requests (CSRs)*

CSRs referred to in a range of measures means requests received by email, telephone, snap-send-solve or through automated telemetry alarm systems, by Council staff and those received by the Council's contractor, Innovative Western Kaikoura Ltd (IWK).

The Council and IWK do not have integrated systems, and so CSR's received by the Council are entered into the Council's enterprise system and forwarded to IWK as necessary, and IWK's CSR's are entered into a spreadsheet that is sent back to the Council to include in the Council's service performance reporting.

#### 4 Summary revenue and expense for group of activities

	2024 Revenue \$'000	2024 Expense \$'000	2024 Net result \$'000
<b>Activity revenue &amp; expense</b>			
Roading	5,852	(3,677)	2,175
Water supplies	1,851	(2,538)	(687)
Wastewater	796	(1,883)	(1,087)
Stormwater	54	(257)	(203)
Reuse & recycling	370	(603)	(233)
Community facilities	4,297	(3,750)	547
Leadership & governance	63	(1,362)	(1,299)
Building & regulatory	1,076	(1,694)	(618)
Community services	620	(1,532)	(912)
District development	588	(739)	(151)
<b>Total activity income</b>	<u>15,567</u>	<u>(18,035)</u>	<u>(2,468)</u>
<b>Total activity revenue &amp; expense</b>	<u>15,567</u>	<u>(18,035)</u>	<u>(2,468)</u>
<b>Non-activity revenue &amp; expense</b>			
Plus general rates, uniform annual general charges, and penalties (less remissions)			4,288
Plus interest and dividends received			103
Plus net gain/(losses) on forestry assets			244
Plus gains from vested assets			-
Plus/(less) Landfill change in estimate			34
Plus/(less) gains on investment properties			60
Plus/(less) gains/(losses) on sale or disposal of assets			-
Plus/(less) Environment Canterbury share of MRF surplus/deficit			(55)
Plus/(less) Provision for impairment and expected credit losses			191
Plus/(less) Revaluation in excess of asset revaluation reserve			-
Less bad debt expenses (net of bad debts recovered)			(7)
<b>Total non-activity revenue &amp; expense</b>			<u>4,858</u>
<b>Net surplus/(deficit) per Statement of Comprehensive revenue &amp; expense</b>			<u>2,390</u>

## 5 Rates

	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
General rates	2,449	2,391	2,226	2,449	2,226
Uniform annual general charge	1,804	1,767	1,695	1,804	1,695
Earthquake levy	109	106	107	109	107
Roading rate	1,052	1,028	912	1,052	912
District planning rate	207	202	306	207	306
Kaikoura water annual charge	816	803	735	816	735
Suburban water unit charge	21	20	19	21	19
Ocean Ridge water charge	47	45	41	47	41
East Coast water unit charge	72	84	83	72	83
Kincaid water unit charge	88	88	79	88	79
Fernleigh water unit charge	152	153	94	152	94
Oaro water unit charge	30	30	27	30	27
Peketa water charge	8	8	7	8	7
Stormwater rate	52	51	55	52	55
Sewerage charges	749	701	677	749	677
Commercial rate	469	419	439	469	439
Accommodation sector charge	69	68	68	69	68
Registered premises charge	36	36	31	36	31
Footpath & streetlight rate	328	319	400	328	400
Harbour rate	62	61	106	62	106
Town centre rate	118	115	94	118	94
Kerbside recycling charge	273	268	260	273	260
Public rubbish bin charge	34	33	33	34	33
Civic centre rate	457	448	407	457	407
Rate penalties	107	-	111	107	111
Rates remissions, rebates & write offs	(133)	-	(114)	(133)	(114)
Water meter charges	149	140	138	149	138
	<u>9,625</u>	<u>9,384</u>	<u>9,036</u>	<u>9,625</u>	<u>9,036</u>

The Local Government (Rating of Whenua Maori) Amendment Act of 2021, which amended the Local Government Rating Act (2002). The new amendment requires that all rates on unused Maori Freehold land be written off and the land be classified as non-rateable effective from 1 July 2021. For most Maori Freehold land rates now written off, the Council had not budgeted to ever receive payment from the owners, and so has not had the burden of a funding shortfall.

## 6 Fees and charges

	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
Buildings & recourse consents fees	481	607	568	481	568
Lease & rental revenue	413	391	378	413	378
License fees	220	202	214	220	214
Parking & slipway fees	147	143	121	147	121
Other fees & charges	559	392	543	1,429	1,495
<b>Total fees and charges</b>	<u>1,820</u>	<u>1,735</u>	<u>1,824</u>	<u>2,690</u>	<u>2,776</u>

Building & resource consent revenue exceeded forecasts, and cost recoveries were also higher than expected (the on charging of external resources such as consent processing and legal advice).

## 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, Glen Alton bridge and the Infrastructure Acceleration Fund project.

	<b>Actual</b>	<b>Council</b>		<b>Group</b>	
	<b>2024</b>	<b>Budget</b>	Actual	<b>2024</b>	Actual
	\$'000	\$'000	2023	\$'000	2023
			\$'000		\$'000
Waka Kotahi (NZTA)	2,918	13,467	1,679	2,918	1,679
Ministry of Business, Innovation & Employment (PGF & TIF)	2,295	6,179	1,525	2,295	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)	-	-	245	-	245
Developer (Infrastructure Acceleration)	745	-	162	745	162
NZ lottery grants	810	-	39	810	39
Other grants, subsidies & donations	76	107	101	39	101
National Transition Funding	-	150	-	-	-
<b>Total grants &amp; subsidies</b>	<b>7,962</b>	<b>20,483</b>	<b>4,911</b>	<b>7,925</b>	<b>4,911</b>

## 8 Interest revenue & finance costs

	<b>Actual</b>	<b>Council</b>		<b>Group</b>	
	<b>2024</b>	<b>Budget</b>	Actual	<b>2024</b>	Actual
	\$'000	\$'000	2023	\$'000	2023
			\$'000		\$'000
<b>Interest revenue</b>					
Interest on term deposits	106	3	39	106	39
<b>Total financing revenue</b>	<b>106</b>	<b>3</b>	<b>39</b>	<b>106</b>	<b>39</b>
<b>Financing expenses</b>					
Interest on borrowings	(322)	327	(215)	(330)	(220)
<b>Total financing expense</b>	<b>(322)</b>	<b>(327)</b>	<b>(215)</b>	<b>(330)</b>	<b>(220)</b>
<b>Net finance costs</b>	<b>(216)</b>	<b>(324)</b>	<b>(176)</b>	<b>(224)</b>	<b>(181)</b>

By prudently reducing our reliance on borrowing during the year, and through the very low interest costs available through the Local Government Funding Agency, the Council has once again minimised its financing cost.

## 9 Other revenue

	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
Share of Marlborough Regional Forestry joint opera	254	-	256	254	256
Petrol tax	41	43	43	41	43
Waste minimisation levies	68	50	39	68	39
Sale of land	54	-	50	54	50
Insurance settlement	5	-	4	5	4
Infringement fees & other revenue	12	20	11	12	57
<b>Total other revenue</b>	<b>434</b>	<b>113</b>	<b>403</b>	<b>434</b>	<b>449</b>

The Council accounts for its 11.5% share of the Marlborough Regional Forestry joint operation revenue. In 2023, the Council sold a land-locked piece of unused land behind properties on Beach Road, to the adjacent landowner.

## 10 Fair value gains and losses

	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
<b>Gains</b>					
Forestry asset revaluation gains	293	-	167	293	167
Landfill provision change in estimate	34	-	576	34	576
Gain on changes in fair value of investment property	380	-	-	380	-
Gains from vested asset	-	-	2,297	-	2,297
<b>Total gains</b>	<b>707</b>	<b>-</b>	<b>3,040</b>	<b>707</b>	<b>3,040</b>
<b>Losses</b>					
Loss on sale/disposal of asset	(250)	-	-	(250)	-
Forestry asset revaluation losses	(49)	-	(21)	(49)	(21)
Investment property revaluation losses	(320)	-	(190)	(320)	(190)
<b>Total losses</b>	<b>(619)</b>	<b>-</b>	<b>(211)</b>	<b>(619)</b>	<b>(211)</b>
<b>Gains/(losses) through other comprehensive income expense</b>					
Gain on asset revaluations - refer note 15	10,269	-	191	10,269	191
<b>Total gains/(losses) through other comprehensive expense</b>	<b>10,269</b>	<b>-</b>	<b>191</b>	<b>10,269</b>	<b>191</b>
<b>Net gains</b>	<b>10,357</b>	<b>-</b>	<b>3,020</b>	<b>10,357</b>	<b>3,020</b>

The Council owns an 11.5% share of the Marlborough Regional Forestry, which in 2024 the Council benefited from a 16% increase since the 2023 valuation in the tree crop value, primarily to biological growth and decreased time until harvesting.

The Council's small plantation at South Bay, however, suffered a loss in value due to the drop in log pricing.

## 11 Personnel expense

	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
Salaries, wages, and honorarium	3,552	3,731	3,300	4,752	4,373
Employer contributions to defined contribution plan	84	106	86	84	86
Increase/(decrease) in employee entitlements	31	-	(64)	31	(64)
Direct personnel overheads	(105)	(40)	-	(96)	-
<b>Total personnel expense</b>	<b><u>3,562</u></b>	<b><u>3,797</u></b>	<b><u>3,322</u></b>	<b><u>4,771</u></b>	<b><u>4,395</u></b>

Employer contributions to defined contribution plans include contributions to Kiwisaver and Super Trust of NZ. Salaries, wages, and honorarium include remuneration expenses relating to the Chief Executive, elected members, and Council employees. See note 31 for further disclosure on these expenses. The increase/decrease in employee entitlements refers to changes in annual leave, sick leave, and long service leave balances.

## 12 Depreciation & amortisation by group of activity

	Actual 2024 \$'000	Council Budget 2024 \$'000	Actual 2023 \$'000	Group Actual 2024 \$'000	Actual 2023 \$'000
Roading	2,004	2,479	1,806	2,004	1,806
Water supplies	984	978	977	984	976
Wastewater	1,079	788	776	1,079	776
Stormwater	155	139	137	155	138
Refuse & recycling	15	76	30	131	157
Facilities	840	1,644	780	840	780
Leadership & governance	113	100	94	113	94
Building & regulatory	2	-	2	2	2
Community services	40	43	56	39	56
<b>Total depreciation &amp; amortisation</b>	<b><u>5,232</u></b>	<b><u>6,247</u></b>	<b><u>4,659</u></b>	<b><u>5,347</u></b>	<b><u>4,786</u></b>

The Council's water, wastewater and stormwater assets were revalued at 30 June 2024 with a significant increase in the carrying value of those assets due to construction cost increases.

Conversely, the Wakatu Quay development and Waiiau Toa Bridge was expected to be well under way by June 2024, with components of the project budgeted to be fully capitalised and for depreciation to commence. Delays in those project have resulted in depreciation being less than budget for facilities and roading.



### 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	260	224	142	300	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	2,996	3,297	2,801	2,602	2,656
Earthquake - external resources and damage assessments	-	-	1	-	1
Freedom camping project	35	-	4	35	-
<b>Total other expenses</b>	<b>8,487</b>	<b>8,674</b>	<b>8,564</b>	<b>8,193</b>	<b>8,486</b>

The significant increases in audit fees and insurance premiums first signalled in 2023 have increased even further in 2024. A significant cost to the Council during the year was due to our reliance on external resources (contractors) to provide building control services in lieu of recruiting qualified building inspectors and a building control manager. A fully qualified building control manager joined the Council in June 2024, immediately alleviating the need for those contractors.

Contractors include the extensive services the Council provides using external providers, many of whom are local contractors, such as for roading & drainage maintenance, public toilet cleaning, landfill and recycling services, food premises and liquor licensing regulation.

Legal fees are over budget with procurement and contractual advice for the Wakatu Quay project, working towards resolution of a dispute, and legal advice on the Revenue & Financing Policy review and District Plan hearings. The provision for impairment of receivables decreased significantly with the likelihood of recovering a long-outstanding debt being closer to resolution.

“Other operating expenses” captures everything else not already categorised, from accreditation expenses to youth projects, and everything in between such as electricity, IT services, photocopying and printing, software licences, telecommunications, valuation services and much more.

Of these “Other operating expenses”, expenses relating to the IAF project were not budgeted but are fully funded by the developer and/or government grants. Changes to mandatory standards for drinking water required increased water sampling and testing. Other than those items, budgets were largely adhered to overall for this expense category.

#### 14 Environment Canterbury's share of the Marlborough Regional Forestry joint operation surplus / (deficit)

The Council holds an 11.5% share in the Marlborough Regional Forestry (MRF) joint operation (see note 34). Of that share, the Council holds 13.37% share on behalf of Environment Canterbury, and their share of any surplus or deficit. Any gains or losses on asset revaluation (note 15), are shown in the statement of comprehensive revenue and expense, and the total share is disclosed as a non-current liability (note 29).

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Marlborough Regional Forestry joint operation surplus/(deficit)	410	284	410	284
<b>Environment Canterbury share @ 13.37%</b>	<u>(55)</u>	<u>(38)</u>	<u>(55)</u>	<u>(38)</u>

#### 15 Gains/(losses) on asset revaluation

There were no gains or losses on asset revaluation in the 2024 other than the value of the Council's share in the Marlborough Regional Forestry joint venture. The result is a substantial gain in the value of these assets.

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Land	-	-	-	-
Buildings	-	-	-	-
Roading	-	-	-	-
Stormwater	725	-	725	-
Water	3,580	-	3,580	-
Sewerage	5,918	-	5,918	-
Marlborough Regional Forestry joint operation revaluation	53	220	53	220
Environment Canterbury share of MRF revaluation (13.37%)	<u>(7)</u>	<u>(29)</u>	<u>(7)</u>	<u>(29)</u>
<b>Total gains/(losses) on asset revaluation</b>	<u>10,269</u>	<u>191</u>	<u>10,269</u>	<u>191</u>

#### 16 Cash & cash equivalents

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Cash at bank and in hand	2,644	3,413	2,715	3,537
Term deposits with a maturity of three months or less at acquisition	-	-	-	-
MRF bank accounts	-	1	-	1
<b>Total cash and cash equivalents</b>	<u>2,644</u>	<u>3,414</u>	<u>2,715</u>	<u>3,538</u>

*Financial assets recognised in non-exchange transaction that are subject to restrictions*

## 16 Cash & cash equivalents (continued)

The Council holds special reserves and special funds, included in cash at bank and investments, that are subject to restrictions. These funds relate to grants received, targeted rates accumulating and/or loans drawn for special projects, and other funds where the spending of funds is separately monitored. These special funds and special reserves are detailed in note 30 Equity.

## 17 Trade & other receivables

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Rates receivables	394	479	394	479
Debtor receivables	6,140	1,624	6,213	1,756
Debtor accruals	379	124	379	124
Receivables prior to impairment	<u>6,913</u>	<u>2,227</u>	<u>6,986</u>	<u>2,359</u>
Less provision for overdue rates	(10)	(53)	(10)	(53)
Less expected credit losses for other receivables	<u>(903)</u>	<u>(1,051)</u>	<u>(903)</u>	<u>(1,051)</u>
<b>Total debtors and other receivables</b>	<b><u>6,000</u></b>	<b><u>1,123</u></b>	<b><u>6,073</u></b>	<b><u>1,255</u></b>
<b>Total receivables comprise:</b>				
Receivables from exchange transactions- including fees and charges, lease revenue and consent fees	5,322	676	5,395	803
Receivables from non-exchange transactions- including rates, grants & subsidies, and development contributions	<u>678</u>	<u>447</u>	<u>678</u>	<u>452</u>
	<b><u>6,000</u></b>	<b><u>1,123</u></b>	<b><u>6,073</u></b>	<b><u>1,255</u></b>
<i>Current portion</i>	<b><u>6,000</u></b>	<b><u>1,123</u></b>	<b><u>6,073</u></b>	<b><u>1,255</u></b>
<i>Non-current portion</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Debtor receivables includes significant invoices for subsidies from the Crown and NZTA. Those invoices were paid after balance date.

**Non-exchange transactions** are primarily rates and other taxes, levies, grants, donations, infringements, and fines, where there has not been an exchange of goods, services, or use of assets of an equal value.

**Exchange transactions** are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

	Council	
	Actual 2024 \$'000	Actual 2023 \$'000
The ages of rates receivables are as follows:		
Current year	295	368
1 - 2 years overdue	81	60
2 - 3 years overdue	18	14
More than 3 years overdue	<u>-</u>	<u>37</u>
<b>Total rates receivables</b>	<b><u>394</u></b>	<b><u>479</u></b>

**17 Trade & other receivables (continued)**

	<b>Council</b>	
	<b>Actual 2024 \$'000</b>	<b>Actual 2023 \$'000</b>
<b>Movements in the provision for overdue rates are as follows:</b>		
At 1 July	(53)	(114)
Additional provisions made during the year	-	-
Receivables written-off during the period	<u>43</u>	<u>61</u>
<b>Total rates receivables</b>	<u><b>(10)</b></u>	<u><b>(53)</b></u>

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

The ages of receivables, and the allowance for expected credit losses, is as follows:

	2024			2023		
	Gross carrying amount \$'000	Expected loss rate %	Provision for Impairment \$'000	Gross carrying amount \$'000	Expected loss rate %	Provision for Impairment \$'000
<b>Council</b>						
Not past due	4,714	0.3 %	(13)	403	2.1 %	(9)
Past due 1-60 days	15	14.5 %	(2)	11	44.2 %	(5)
Past due 61-90 days	2	100.0 %	(2)	4	100.0 %	(4)
Past due > 90 days	<u>1,192</u>	<u>74.3 %</u>	<u>(886)</u>	<u>1,058</u>	<u>97.7 %</u>	<u>(1,033)</u>
<b>Total</b>	<u><b>5,923</b></u>		<u><b>(903)</b></u>	<u><b>1,476</b></u>		<u><b>(1,051)</b></u>
<b>Group</b>						
Not past due	4,755	- %	(13)	481	- %	(9)
Past due 1-60 days	16	- %	(2)	16	- %	(5)
Past due 61-90 days	2	- %	(2)	4	- %	(4)
Past due > 90 days	<u>1,195</u>	<u>- %</u>	<u>(886)</u>	<u>1,059</u>	<u>- %</u>	<u>(1,033)</u>
<b>Total</b>	<u><b>5,968</b></u>		<u><b>(903)</b></u>	<u><b>1,560</b></u>		<u><b>(1,051)</b></u>

Trade debtors are shown net of Expected Credit Losses (ECL) arising from likely non-payment.

As at 30 June 2024 accounts receivable have been grouped by days past due and assessed ECL based on historical experience and the future economic environment.

Other receivables are made up of Council's debtors control accounts that are not rates. Other receivables are recorded at the amount due, less an allowance for expected credit losses (ECLs).

The Council applies the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into Rates receivables (ECL does not apply) and Other receivables and assessed on a collective basis as they possess shared credit risk characteristics.

They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The ECL rates for other receivables are based on historical credit losses experienced plus adjustments for current and forward looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant, with the exception of one debtor with a total overdue balance of \$890,587 in whole dollars at 30 June 2024 (2023: two debtors, \$1,048,360).

**Council**

**Group**

**17 Trade & other receivables (continued)**

	<b>Actual 2024 \$'000</b>	Actual 2023 \$'000	<b>Actual 2024 \$'000</b>	Actual 2023 \$'000
Balance at 1 July measured under PBE IPSAS 29	-	867	-	1,049
ECL adjustment due to adoption of PBE IPSAS 41	-	(12)	-	(29)
Opening balance for credit losses at 1 July	<u>1,051</u>	855	-	1,020
Additional Provision	<u>(148)</u>	196	-	31
<b>Total provision</b>	<u><b>903</b></u>	<u>1,051</u>	<u>-</u>	<u>1,051</u>

**18 Prepayments**

	<b>Council</b>		<b>Group</b>	
	<b>Actual 2024 \$'000</b>	Actual 2023 \$'000	<b>Actual 2024 \$'000</b>	Actual 2023 \$'000
Prepayments	<u>348</u>	255	<u>348</u>	254
<b>Total prepayments</b>	<u><b>348</b></u>	<u>255</u>	<u><b>348</b></u>	<u>254</u>

Prepayments are items that relate to the following financial year but have been paid in advance. They include items such as insurance, subscriptions, software licenses and similar expenses.

**19 Other financial assets**

	<b>Council</b>		<b>Group</b>	
	<b>Actual 2024 \$'000</b>	Actual 2023 \$'000	<b>Actual 2024 \$'000</b>	Actual 2023 \$'000
<b>Current portion</b>				
Loan to subsidiaries	<u>20</u>	20	-	-
<b>Total current portion</b>	<u><b>20</b></u>	<u>20</u>	<u>-</u>	<u>-</u>
<b>Non-current portion</b>				
Unlisted shares in Civic Financial Services Ltd	9	9	9	9
Borrower Notes	183	132	108	57
Loans to Subsidiaries	<u>15</u>	35	-	-
<b>Total non-current portion</b>	<u><b>207</b></u>	<u>176</u>	<u>192</u>	<u>141</u>
<b>Total other financial assets</b>	<u><b>227</b></u>	<u>196</u>	<u>192</u>	<u>141</u>

## 19 Non-current assets - Other financial assets (continued)

### *Unlisted shares – valuation*

The Council holds 9,000 shares in Civic Financial Services Ltd (2023: 9,000) of \$1 each. The Council holds 0.08% of the total shares in the company. Due to the immaterial size and nature of the Council's investment, the Council has estimated the fair value of this investment based on Civics' net asset backing on 30 June. There were no impairment provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

### *Borrower notes*

The Council is a non-guaranteeing member of the NZ Local Government Funding Agency Ltd (LGFA). Borrower notes are subordinated convertible debt instruments that the Council is required to subscribe for when borrowing from the LGFA, currently set at 2.5% of the amount borrowed. The LGFA will redeem borrower notes when the Council's related borrowings are repaid or are no longer owed to the LGFA or may convert them to equity under specific circumstances. Given that the time value of money component is compensated by the interest income, the fair value of borrower notes approximates to the principal amount.

### *Loans to subsidiaries*

In 2021, the Council provided a loan of \$100,000 to Innovative Waste Kaikoura Ltd (IWK) for a five-year term, to enable IWK to purchase a truck for the kerbside collection service. The interest rate is 0.25% above the Council's 5-year fixed term borrowing rate from the LGFA, with principal and interest to be repaid quarterly. The loan is due to be fully repaid in 2026, with earlier repayment allowed.

## 20 Non-Current assets held for sale

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
<b>Non-current assets held for sale are:</b>				
Land	330	330	330	330
<b>Total non-current assets held for sale</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>

The Council-owned land on The Esplanade has been presented as held for sale following approval by the Council to sell the land to Te Runanga o Kaikoura in 2022. The Runanga is yet to make an offer for the land that is acceptable to the Council.

## 21 Forestry assets

The Council has an 11.50% interest in a joint venture operation agreement on the Marlborough Regional Forestry (MRF). Of the Council's share of MRF, 13.37% is held on behalf of Environment Canterbury. The forestry assets are at varying stages of maturity. The joint operation had no logging activity during the 2024 year. The joint operation has now completed all its available logging and is entering a phase of limited revenues, expected to last at least five years, until the next blocks reach suitable height for logging to recommence.

The Council owns a small eight-hectare pine forest at South Bay. The Council has not logged trees from South Bay for many years, and so net logging sales returned nil during the year (2023: \$nil).

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Opening balance at 1 July	2,398	2,155	2,398	2,155
Increase due to additions	-	100	-	100
Losses arising from changes in fair value attributable to physical changes	348	(9)	348	(9)
Gains arising from changes in fair value attributable to price changes	(18)	152	(18)	152
	<b>330</b>	<b>143</b>	<b>330</b>	<b>143</b>
<b>Closing balance at 30 June</b>	<b>2,728</b>	<b>2,398</b>	<b>2,728</b>	<b>2,398</b>

## 21 Forestry assets (continued)

### Valuation Assumptions

Forme Consulting Group valued the Marlborough Regional Forestry assets on 30 June 2024 and 2023, using the estate based net present value method. Forestry estate land and improvements owned by Marlborough Regional Forestry were valued as of 30 June at fair value. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A pre-tax discount rate of 6.5% (2023: 6.5%) has been used in discounting the present value of expected future cash flows;
- The forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis;
- The forest valuation is pre-tax, valued over a single rotation with all cost and revenues in current (today's) dollars;
- No allowance has been made for inflation. It is assumed inflation will affect both costs and prices equally;
- Costs are current average costs. No allowance has been made for cost improvements in future operations.

The South Bay Forest has minimal value in its standing trees, being used mainly as a recreation area. The Council plans to complete logging in the 2025 financial year.

Forme Consulting Group also valued the South Bay Forest on 30 June 2024 (2023: Forme Consulting Group).

### Sensitivity analysis

The sensitivity of crop value to discount rate is shown below:

	<b>On 30 June 2024</b>		
Discount rate:	6%	6.5% (as used)	7%
The Council's 11.5% share of MRF tree crop value (\$'000's)	<b>2,918</b>	<b>2,681</b>	2,466

## 22 Investment property

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.

	<b>Council</b>		<b>Group</b>	
	<b>Actual 2024 \$'000</b>	Actual 2023 \$'000	<b>Actual 2024 \$'000</b>	Actual 2023 \$'000
Opening balance at 1 July	<b>2,940</b>	3,130	<b>2,940</b>	3,130
Additions from subsequent expenditure	-	-	-	-
Disposals	-	-	-	-
Reclassification as property, plant & equipment	-	-	-	-
Fair value gains/(losses) on valuation	<b>60</b>	(190)	<b>60</b>	(190)
Loss on impairment	-	-	-	-
<b>Closing balance at 30 June</b>	<b><u>3,000</u></b>	<u>2,940</u>	<b><u>3,000</u></b>	<u>2,940</u>

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
<b>Current portion</b>				
Investment property held for sale	-	-	-	-
<b>Non-current portion</b>				
Investment property	<u>3,000</u>	<u>2,940</u>	<u>3,000</u>	<u>2,940</u>
	<b>3,000</b>	<b>2,940</b>	<b>3,000</b>	<b>2,940</b>

Investment properties 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.

Draft



## **23 Property, plant & equipment**

Land and buildings were valued at fair value on 30 June 2022, by Cameron Ferguson of Quotable Values, and a fair value movement assessment performed on 30 June 2024. That assessment confirmed that new valuations outside the normal three-yearly cycle were not necessary for the year ended 30 June 2024.

Water supplies, sewerage and stormwater systems were valued at 30 June 2024 by inhouse engineers and peer reviewed by WSP Ltd. Library books were valued at 30 June 2007 by the District Librarian and this value has been deemed cost at that date; library books are not revalued. Marlborough Regional Forestry PPE is valued annually. The Council does not revalue office equipment, plant and machinery, or artworks.

Land values include restricted land, which are parks and reserves owned by the Council but cannot be disposed of due to legal or other restrictions. On 30 June 2024, this land has a carrying value of \$7,541,953 (2023: \$7,541,953). Building values include restricted buildings, playgrounds, and other structures, that on 30 June 2024 have a carrying value of \$2,905,022 (2023: \$2,661,299).

Roading assets were revalued at 30 June 2022 by inhouse engineers and peer reviewed by WSP Ltd. Land under roads of \$18,237,241 (2023: \$18,237,242) is included under Roding in the tables on the following pages. The Council has elected to use the fair value of land under roads on 30 June 2001 as deemed cost. Land under roads is no longer revalued.

**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)	-	(36)	-	-	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)	-	(189)	-	-	10,432	(1,386)	9,046
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)	725	8,477	-	8,477
Water supply	30,101	(976)	29,125	209	-	2	(984)	(1,960)	3,580	31,932	-	31,932
Sewerage	32,167	(776)	31,391	306	-	-	(1,079)	(1,855)	5,918	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	1,980	-	(1,140)	-	-	-	4,914	-	4,914
<b>Council total</b>	<b>297,455</b>	<b>(8,715)</b>	<b>288,740</b>	<b>9,003</b>	<b>(303)</b>	<b>-</b>	<b>(5,147)</b>	<b>(4,108)</b>	<b>10,279</b>	<b>312,328</b>	<b>(9,756)</b>	<b>302,572</b>
Subsidiary buildings	408	(137)	271	3	-	-	(9)	-	-	411	(146)	265
Subsidiary plant & equip	1,564	(984)	580	37	(97)	-	(107)	-	-	1,503	(996)	507
<b>Group total</b>	<b>299,427</b>	<b>(9,836)</b>	<b>289,591</b>	<b>9,043</b>	<b>(400)</b>	<b>-</b>	<b>(5,263)</b>	<b>(4,108)</b>	<b>10,279</b>	<b>314,242</b>	<b>(10,898)</b>	<b>303,344</b>

### 23 Property, plant & equipment (continued)

2023	Cost / revaluation 1 Jul 2022 \$'000	Accumulated depreciation 1 Jul 2022 \$'000	Carrying amount 1 Jul 2022 \$'000	Current year additions \$'000	Current year disposals \$'000	Current year transfers \$'000	Current year depreciation \$'000	Current year revaluations \$'000	Cost / revaluation 30 Jun 2023 \$'000	Accumulated depreciation 30 Jun 2023 \$'000	Carrying amount 30 Jun 2023 \$'000
Land	17,267	-	17,267	4	-	-	-	-	17,271	-	17,271
Buildings	20,655	-	20,655	43	-	-	(554)	-	20,698	(554)	20,144
Landfill Provision	897	(821)	76	(27)	-	-	(50)	-	871	(871)	-
Office equipment	519	(412)	107	61	-	-	(48)	-	580	(459)	121
Vehicles & plant	618	(465)	153	48	-	-	(47)	-	667	(512)	155
Park furniture & other	439	(166)	273	-	-	-	(18)	-	439	(184)	255
Library books	677	(664)	13	43	-	-	(55)	-	720	(720)	-
Artwork	89	-	89	-	-	-	-	-	89	-	89
Harbour	7,928	(1,026)	6,902	2,751	-	-	(171)	-	10,679	(1,197)	9,482
Roading	167,217	(30)	167,187	1,124	-	-	(1,806)	-	168,341	(1,836)	166,505
Stormwater	7,988	-	7,988	12	-	-	(138)	-	8,000	(137)	7,863
Water supplies	30,001	-	30,001	102	-	-	(976)	-	30,101	(976)	29,125
Sewerage	32,143	(1)	32,143	24	-	-	(776)	-	32,167	(776)	31,391
MRF PPE	2,312	(468)	1,844	230	-	-	(25)	217	2,759	(493)	2,266
Work in progress	1,512	-	1,512	2,561	-	-	-	-	4,073	-	4,073
<b>Council total</b>	<b>290,261</b>	<b>(4,052)</b>	<b>286,209</b>	<b>6,976</b>	<b>-</b>	<b>-</b>	<b>(4,665)</b>	<b>217</b>	<b>297,455</b>	<b>(8,715)</b>	<b>288,740</b>
Subsidiary buildings	432	(177)	254	25	-	-	(8)	-	408	(137)	271
Subsidiary plant & equip	1,530	(851)	680	57	(73)	-	(119)	-	1,564	(984)	580
<b>Group total</b>	<b>292,223</b>	<b>(5,080)</b>	<b>287,143</b>	<b>7,058</b>	<b>(73)</b>	<b>-</b>	<b>(4,792)</b>	<b>217</b>	<b>299,427</b>	<b>(9,836)</b>	<b>289,591</b>

## 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
<b>2024</b>				
Water supply:				
- treatment plants & facilities	7,157	56	-	15,713
- other assets	24,548	155	-	45,010
Sewerage:				
- treatment plants & facilities	14,193	266	-	20,695
- other assets	22,010	39	-	34,897
Stormwater drainage	8,421	45	-	13,126
Roads and footpaths	170,480	4,849	-	196,137
<b>2023</b>				
Water supply:				
- treatment plants & facilities	6,267	84	-	13,586
- other assets	22,858	18	-	41,433
Sewerage:				
- treatment plants & facilities	12,762	24	-	18,158
- other assets	18,629	-	-	28,635
Stormwater drainage	7,863	12	-	11,974
Roads and footpaths	148,268	1,124	-	196,137

Replacement cost differs to the closing book value (carrying amounts) because the closing book values are determined using depreciated replacement cost. Replacement costs were determined on 30 June 2024 for 3 waters, roading valuations were not completed for 30 June 2024.

## 24 Intangible assets

### Computer software

Software includes the ERP software, Ozone, supplied by Datacom NZ Ltd. This whole-of-Council software solution provides financial, rates, customer service and regulatory modules. Software also includes library software, Liberty, which now provides an improved cataloguing system.

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
<b>Computer software</b>				
Opening balance 1 July	66	98	-	98
Additions	-	-	-	-
Disposals	-	-	-	-

**24 Intangible assets (continued)**

Amortisation	(32)	(32)	-	(33)
<b>Closing balance 30 June</b>	<b>34</b>	<b>66</b>	-	<b>65</b>

Draft

## 25 Payables and deferred revenue

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
<b>Current portion</b>				
<b>Payables and deferred revenue under exchange transactions:</b>				
Trade payables, deferred revenue, and accrued expenses	2,666	2,165	2,665	2,158
Malborough Regional Forestry creditors	12	13	12	13
GST payable	-	-	-	-
<b>Total</b>	<b>2,678</b>	<b>2,178</b>	<b>2,677</b>	<b>2,171</b>
<b>Payables and deferred revenue under non-exchange transactions:</b>				
Rates paid in advance	258	222	258	222
Goods & services tax	445	24	483	47
Deposits and bonds held	285	279	285	279
Environmental Canterbury liability	73	79	73	79
Grant liabilities	4,589	1,844	4,589	1,843
<b>Total</b>	<b>5,650</b>	<b>2,448</b>	<b>5,688</b>	<b>2,470</b>
<b>Total current portion</b>	<b>8,328</b>	<b>4,626</b>	<b>8,365</b>	<b>4,641</b>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

## 26 Employee benefits liabilities

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Accrued salaries & wages, PAYE and FBT	70	64	118	105
Annual leave	199	169	277	252
Sick leave	12	9	12	9
Long service leave	12	15	12	15
<b>Total employee benefits liabilities</b>	<b>293</b>	<b>257</b>	<b>419</b>	<b>381</b>

### *Key assumptions in measuring long service leave obligations*

It is assumed that long service leave will be taken within twelve months. No discount rate has been applied, and leave obligations are stated at current rates of pay.

## 27 Borrowings

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
<b>Current</b>				
Secured loans	2,000	-	2,004	-
Short term loan (cash advance)	-	-	32	11
<b>Total current borrowings</b>	<u>2,000</u>	<u>-</u>	<u>2,036</u>	<u>11</u>
<b>Non-current</b>				
Secured loans	5,300	5,300	5,300	5,300
<b>Total non-current borrowings</b>	<u>5,300</u>	<u>5,300</u>	<u>5,300</u>	<u>5,300</u>
<b>Total borrowings</b>	<u>7,300</u>	<u>5,300</u>	<u>7,336</u>	<u>5,311</u>

### Security

The Council is a non-guaranteeing member of the Local Government Funding Agency (LGFA). The borrowings are secured against rates of the Council under a debenture trust deed. The Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the Council's Long-Term Plan.

At balance date, \$7,300,000 in borrowings has been drawn with LGFA (2023: \$5,300,000). No loans are held with the BNZ (2023: Nil).

### 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
<i>Weighted average effective interest rate</i>	5.17 %	-	5.62 %	6.06 %
Later than one year but no more than 5 years	5,300	5,300	5,300	5,300
<i>Weighted average effective interest rate</i>	4.40 %	1.11 %	4.40 %	1.11 %
Later than five years	-	-	-	-
<i>Weighted average effective interest rate</i>	-	-	-	-

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

## 28 Provisions

### Provision for landfill aftercare costs

The Council has a resource consent to operate the landfill and has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site has closed, and while the landfill has been capped and the site has been reconfigured as a transfer station, there remains some costs involved with the final capping and closure of the landfill.

The bulk of the cash outflows for landfill post-closure are expected to occur in 2024, with residual costs until 2060. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a multi-factored discount rate ranging from 4.25% to 5.36% (2023: 4.19% to 5.43%), and a multi-factored inflation rate ranging from 2.00% to 2.32% (2023: 1.93% to 3.36%).

## 28 Provisions (continued)

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
<b>Current</b>				
Landfill aftercare costs	389	580	389	580
<b>Non-current</b>				
Landfill aftercare costs	<u>382</u>	<u>225</u>	<u>382</u>	<u>225</u>
<b>Total provisions</b>	<u>771</u>	<u>805</u>	<u>771</u>	<u>805</u>
<b>Movements in provisions:</b>				
Opening balance 1 July	805	1,445	805	1,445
Amount used	-	-	-	-
Unwinding of landfill provision	-	-	-	-
Additional provisions made	<u>(34)</u>	<u>(640)</u>	<u>-</u>	<u>(640)</u>
Closing balance	<u>771</u>	<u>805</u>	<u>805</u>	<u>805</u>

## 29 Other term liabilities

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
<b>Non-current</b>				
Share of interest in MRF held on behalf of ECAN	<u>545</u>	<u>483</u>	<u>545</u>	<u>483</u>
<b>Total other term liabilities</b>	<u>545</u>	<u>483</u>	<u>545</u>	<u>483</u>

KDC has no non-current liabilities relating to MRF because its share in MRF is offset by KDC's claim from MRF for Marlborough District Council's 88.5% share on MRF loan from KDC.

	2024 \$'000	Share	2024 \$'000
Marlborough District Council loan - KDC share at 11.5%	8,686,622	11.5 %	998,962
Kaikoura District Council loan - KDC's claim from MDC's share	1,128,770	88.5 %	<u>(998,962)</u>
Total liability			<u>-</u>



### 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	166,450
Public equity	120,052	117,660	120,813	118,671
Special reserves & special funds	<u>3,802</u>	<u>3,805</u>	<u>3,802</u>	<u>3,805</u>
<b>Total equity</b>	<b><u>300,647</u></b>	<b><u>287,990</u></b>	<b><u>301,333</u></b>	<b><u>288,926</u></b>

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

#### **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
<b>Adjusted balance at 1 July 2023</b>	<b>117,660</b>	<b>115,092</b>	<b>118,594</b>	<b>116,128</b>
Net surplus/(deficit)	2,389	2,284	2,144	2,181
Transfers (to)/from special reserves	29	595	29	595
Transfers (to)/from special funds	<u>(26)</u>	<u>(311)</u>	<u>(26)</u>	<u>(311)</u>
<b>Closing balance 30 June</b>	<b><u>120,052</u></b>	<b><u>117,660</u></b>	<b><u>120,741</u></b>	<b><u>118,593</u></b>

### 30 Equity (continued)

#### *Special reserves and special funds*

Special reserves are balances set aside by legislation and are held for specific purposes which the Council has funded by way of targeted rates, such as water maintenance.

Special funds are also funds set aside by the Council for specific purposes, but which are generally funded by sources other than rates, e.g., grants and development contributions.

	<b>Purpose</b>	<b>Opening balance \$'000</b>	<b>Transfers in \$'000</b>	<b>Transfers out \$'000</b>	<b>Closing balance \$'000</b>
<b>Special reserves</b>					
Kaikoura water	All costs for the Kaikoura, Ocean Ridge, Suburban, Oaro, and Peketa water supplies	644	1,430	(1,266)	808
East Coast water	Maintenance, administration, upgrading and loan costs	18	66	(172)	(88)
Kincaid water	Maintenance, administration, and upgrading costs	168	90	(143)	115
Fernleigh water	Maintenance, administration, and upgrading costs	(10)	163	(164)	(11)
Roading	Maintenance and upgrading of local roads and bridges	(80)	4,591	(4,385)	126
Roading events	Responding to flooding and other events, and repairing damage to roads and bridges	167	48	(28)	187
Footpaths & streetlights	Maintenance, administration, upgrading and loan costs	(182)	572	(311)	79
Recycling	Recycling collection and sorting, and recycling stations	124	268	(188)	204
District Plan	All costs in relation to the District Plan	15	309	(318)	6
Stormwater	Maintenance, administration, upgrading and loan costs	137	54	(146)	45
Sewerage	Maintenance, administration, upgrading and loan costs	145	744	(1,065)	(176)
Tourism & Marketing	Support for the i-Site and Destination Kaikoura	(35)	223	(225)	(37)
Commercial Rate	A portion of the cost of providing traffic control, public toilets, public rubbish bins	(3)	173	(241)	(71)
Harbour	South Bay & North Wharf maintenance, administration, upgrading and loan costs	157	305	(588)	(126)
West End town centre	Car park, village green, public toilets and town centre maintenance, administration, upgrading and loan costs	(16)	299	(140)	143
Civic centre	Maintenance, administration, upgrading and loan costs	(312)	525	(507)	(294)
Stock control	All costs including enforcement and control	18	-	-	18
		<b>955</b>	<b>9,860</b>	<b>(9,887)</b>	<b>928</b>

### 30 Equity (continued)

	Purpose	Opening balance \$'000	Transfers in \$'000	Transfers out \$'000	Closing balance \$'000
<b>Special funds</b>					
Social services	Social projects & committee costs	5	-	-	5
Tourism strategy	Tourism strategy costs	35	-	-	35
Creative communities	Arts funding available by application	7	23	(22)	8
George Low bequest	Sports & recreation funding available by application	61	5	(5)	61
Economic development	Economic development projects	-	31	(20)	11
Forestry	Net costs of forestry, and surpluses for strategic investment	912	24	(16)	920
Significant natural areas	Biodiversity projects	22	-	-	22
Parks & reserves	Upgrades and new parks/reserves assets	145	7	-	152
Pensioner flats	Maintenance, upgrades, administration, and loan costs	20	148	(145)	23
Community facilities	Maintenance, upgrades, administration, and loan costs	983	-	-	983
Waste minimisation levy	Waste minimisation project	116	69	-	185
Library grants	Library resources	-	3	(1)	2
Family violence	Service coordination	25	18	(18)	25
Mayoral fund	Discretionary funds	28	-	(3)	25
Airport	Debt Repayment and capital projects	69	134	(205)	(2)
Responsible Camping	Grant funding for bylaw & enforcement	119	202	(152)	169
Financial Sustainability	Financial & Corporate Sustainability (FCS) DIA funded review	98	-	(46)	52
Legal challenges	Court costs and legal advice	100	7	(7)	100
Building accreditation	Building control authority accreditation	66	19	(26)	59
Wakatu Quay	PGF funded Wakatu Quay project	(7)	980	(997)	(24)
South Bay feasibility	PGF funded South Bay Project	27	-	(1)	26
Environmental planning fund	Environmental projects and grants	18	-	(2)	16
Fords (Hapuku Pihi Kahutara)		-	24	(2)	22
		<b>2,849</b>	<b>1,694</b>	<b>(1,668)</b>	<b>2,875</b>

### 30 Equity (continued)

#### Asset revaluation reserves

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Opening balance 1 July	166,525	166,333	166,525	166,333
Revaluation gains/(losses)	10,276	217	10,276	217
Transfer to Public Equity	-	4	-	4
Environment Canterbury's share of MRF Revaluation gains	(7)	(29)	(7)	(29)
<b>Closing balance 30 June</b>	<b>176,794</b>	<b>166,525</b>	<b>176,794</b>	<b>166,525</b>

The Asset revaluation reserves consist of:

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
Land	10,263	10,263	10,263	10,263
Buildings	9,182	9,182	9,182	9,182
MRF Land & Improvements	62	392	62	392
Library Books	65	65	65	65
Roading	108,133	108,133	108,133	108,133
Stormwater	6,097	5,372	6,097	5,372
Water Supply	23,036	19,456	23,036	19,456
Sewerage	19,205	13,286	19,205	13,286
Other Assets (including Harbour)	752	375	752	375
	<b>176,795</b>	<b>166,525</b>	<b>176,795</b>	<b>166,525</b>

### 31 Remuneration

#### Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$259,809 (2023: \$246,846).

#### Elected representatives

The Mayor and Councillors of the Kaikoura District Council received the following honorarium and attendance fees.

	Council	
	Actual 2024 \$	Actual 2023 \$
Mayor Craig Mackle	86	86
Deputy-Mayor Julie Howden	37	44
Councillor Vicki Gulleford	28	32
Councillor Lisa Bond	23	31
Councillor Tony Blunt	23	31
Councillor Neil Pablecheque	-	8
Councillor Kevin Heays	26	23
Councillor Robby Roche	23	31
Councillor John Diver	23	23
Councillor Derrick Milton	-	8
Overpayment	-	(26)
<b>Total elected representative remuneration</b>	<b>269</b>	<b>291</b>

### 31 Remuneration (continued)

#### *Breach of legislation*

During the year, a breach of section 7(1) of 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.

#### *Key management personnel*

	<b>Council &amp; Group</b>	
	<b>Actual</b>	<b>Actual</b>
	<b>2024</b>	<b>2023</b>
	\$	\$
Total key management personnel remuneration	929	917
<b>Total full-time equivalent key management personnel</b>	<b>11</b>	<b>11</b>

Due to difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

#### *Council employees*

At balance date, the Council employed 30 full-time employees (2023: 28), with the balance of staff representing 9 full-time equivalent employees (2023: 10). A full-time employee is determined based on a 35-hour working week.

	<b>Council</b>	
	<b>2024</b>	<b>2023</b>
<b><u>Total annual remuneration by band for employees on 30 June:</u></b>		
< \$60,000	15	20
\$60,000 – \$79,999	13	9
\$80,000 – \$139,999	8	10
\$140,000 – \$269,999	6	3
<b>Total employees</b>	<b>42</b>	<b>42</b>

During the year, the Council made no severance payment (2023: \$21,177).

### 32 Financial instruments

#### *Financial instrument classification*

		<b>Council</b>		<b>Group</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	Level	\$'000	\$'000	\$'000	\$'000
<b>FINANCIAL ASSETS:</b>					
<b>Amortised cost</b>					
Cash * cash equivalents		2,644	3,414	2,715	3,538
Trade & other receivables		6,007	1,119	6,072	1,247
Loans to subsidiaries		35	55	-	-
<b>Fair value through other comprehensive revenue &amp; expense</b>					
Civic Financial Services Ltd	3	9	9	9	9
Unlisted borrower notes LGFA	2	183	132	183	132
		<b>8,878</b>	<b>4,729</b>	<b>8,979</b>	<b>4,926</b>

### 32 Financial instruments (continued)

	Council		Group	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>FINANCIAL LIABILITIES</b>				
<b>Amortised cost</b>				
Trade & other payables	8,329	4,626	8,366	4,641
Borrowings	7,300	5,300	7,336	5,311
Share of MRF held on behalf of ECAN	545	483	545	483
	<u>16,174</u>	<u>10,409</u>	<u>16,247</u>	<u>10,435</u>

#### ***Fair value hierarchy***

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

- Level 1 - Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.
- Level 2 - Valuation technique using observable inputs - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 - Valuation techniques with significant non-observable inputs - Financial instruments valued using models where one or more significant inputs are not observable.

#### ***Financial instrument risks***

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established Council-approved liability management and investment policies. These do not allow any transactions that are speculative in nature to be entered into.

#### ***Market risk***

##### *Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Council is not exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity.

##### *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is not exposed to currency risk, as its treasury policy does not allow the Council to enter into foreign currency transactions and that financial instruments are transacted in New Zealand dollars

##### *Interest rate risk*

The interest rates on the Council's borrowings are disclosed in note 27.

##### *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 rate. Borrowings issued at fixed rates expose the Council to fair value rate risk. The Council's liability management policy outlines the level of borrowing that is to be secured using fixed rate instruments. Investments at fixed interest rates expose the Council to fair value interest rate risk.

##### *Sensitivity Analysis*

If interest rates on borrowings/derivative financial instruments at 30 June 2024 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the surplus after tax by \$36,500 (2023: \$26,500).

## **32 Financial instruments (continued)**

### *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 the market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

The Council manages its cash flow interest rate risk on borrowings by limiting its floating rate borrowings to the limits set in its liability management policy.

### *Credit risk*

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. The Council has a large number of credit customers, but does have a significant concentration of credit risk in the overdue balances relating to two debtors. The issues surrounding these balances are complex, and legal advice is being sought.

The Council has powers under the Local Government (Rating) Act 2002 to recover outstanding rates debts.

The Council invests funds only in deposits with registered banks and local authority stock and its investments policy limits the amount of credit exposure to any one institution or organisation.

Investments in other Local Authorities are secured by charges over rates. Other than other Local Authorities, the group only invests funds with those entities, which have a Standard and Poor's credit rating of at least A for short term and A for long term investments. Accordingly, the group does not require any collateral or security to support these financial instruments.

The derivatives are measured at fair value, and the maximum exposure to credit risk at the end of the reporting period will equal the carrying amount.

All Council's cash assets and derivative financial instrument assets are with New Zealand registered banks (Credit Ratings: BNZ AA-).

### *Liquidity risk*

Liquidity risk is the risk that the 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. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months and to meet its projected business requirements in the next 12 months.

The Council manages its borrowing in accordance with its funding and financial policies, which includes a liability management policy. These policies have been adopted as part of the Council's Long-Term Plan.

The Council does not have an overdraft facility and manages its additional funding requirements through borrowing with the LGFA.

The maturity profiles of the Council's borrowing is disclosed in note 27.

### **Contractual maturity analysis of financial liabilities**

The table below analyses the Council and group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

### 32 Financial instruments (continued)

	Carrying amount \$'000	Contractual Cashflows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000
<b>Council 2024</b>					
Payables	8,329	8,329	8,329	-	-
Secured Loan	<u>7,300</u>	<u>8,007</u>	<u>2,098</u>	<u>2,163</u>	<u>3,745</u>
Total	<u>15,629</u>	<u>16,336</u>	<u>10,427</u>	<u>2,163</u>	<u>3,745</u>
<b>Council 2023</b>					
Payables	4,626	4,626	4,626	-	-
Secured Loan	<u>5,300</u>	<u>5,848</u>	<u>169</u>	<u>2,159</u>	<u>3,520</u>
Total	<u>9,926</u>	<u>10,474</u>	<u>4,795</u>	<u>2,159</u>	<u>3,520</u>
<b>Group 2024</b>					
Payables	8,364	8,364	8,364	-	-
Secured Loan	<u>7,300</u>	<u>8,007</u>	<u>2,098</u>	<u>2,163</u>	<u>3,745</u>
Total	<u>15,664</u>	<u>16,371</u>	<u>10,462</u>	<u>2,163</u>	<u>3,745</u>
<b>Group 2023</b>					
Payables	4,641	4,641	4,641	-	-
Secured Loan	<u>5,300</u>	<u>5,848</u>	<u>169</u>	<u>2,159</u>	<u>3,520</u>
Total	<u>9,941</u>	<u>10,489</u>	<u>4,810</u>	<u>2,159</u>	<u>3,520</u>

#### **Contractual maturity analysis of financial assets**

The table below analyses the Council and group'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.

	Carrying amount \$'000	Contractual Cashflows \$'000	Less than 1 year \$'000	1-2 years \$'000	2-5 years \$'000
<b>Council 2024</b>					
Cash & cash equivalents	2,644	2,644	2,644	-	-
Receivables	<u>6,007</u>	<u>6,007</u>	<u>6,007</u>	-	-
Total	<u>8,651</u>	<u>8,651</u>	<u>8,651</u>	-	-
<b>Council 2023</b>					
Cash & cash equivalents	3,414	3,414	3,414	-	-
Receivables	<u>1,119</u>	<u>1,119</u>	<u>1,119</u>	-	-
Total	<u>4,533</u>	<u>4,533</u>	<u>4,533</u>	-	-
<b>Group 2024</b>					
Cash & cash equivalents	2,715	2,715	2,715	-	-
Receivables	<u>6,072</u>	<u>6,072</u>	<u>6,072</u>	-	-
Total	<u>8,787</u>	<u>8,787</u>	<u>8,787</u>	-	-
<b>Group 2023</b>					
Cash & cash equivalents	3,538	3,538	3,538	-	-
Receivables	<u>1,247</u>	<u>1,247</u>	<u>1,247</u>	-	-
Total	<u>4,785</u>	<u>4,785</u>	<u>4,785</u>	-	-



### 33 Taxation

	Council		Group		
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000	
<b>Components of tax expense recognised in statement of comprehensive revenue and expense</b>					
Current Taxation	-	-	-	(29)	
Deferred Taxation	-	-	-	-	
<b>Income tax expense</b>	-	-	-	(29)	
Components of deferred tax recognised directly in equity:					
<b>Income tax expense</b>	-	-	-	(29)	
<b>Relationship between tax expense and accounting profit</b>					
Surplus/(deficit) before tax	<u>2,389</u>	<u>2,284</u>	<u>2,183</u>	<u>2,155</u>	
Tax at 28%	-	-	(48)	(29)	
Add/(less) tax effect of:					
(Non-taxable income)	-	-	-	-	
Non-deductible expenditure	-	-	-	-	
Deferred Taxation	-	-	<u>90</u>	-	
	-	-	<u>42</u>	<u>(29)</u>	
<b>Movement in tax (refund)/payable:</b>					
Balance at start of year	-	-	-	(26)	
Taxation (paid)/refunded	-	-	-	26	
Provided for this year	-	-	-	-	
	<b>Property plant and equipment \$'000</b>	<b>Employee benefits \$'000</b>	<b>Accrued expenses \$'000</b>	<b>Losses to carry forward \$'000</b>	<b>Total \$'000</b>
<b>Movement in temporary balances - Group Only</b>					
Balance at 1 July 2022	(38)	26	-	19	7
Recognised in income	<u>18</u>	<u>(4)</u>	-	<u>15</u>	<u>29</u>
Balance at 1 July 2023	2	2	-	34	36
Recognised in income	-	-	-	-	-
Recognised in equity	-	-	-	-	-
Balance at 30 June 2024	<u>2</u>	<u>2</u>	-	<u>34</u>	<u>36</u>

Innovative Waste Kaikoura Limited recognises its tax obligations.

### 34 Joint venture operation

#### *Marlborough Regional Forestry*

The Council has an 11.5% participating interest in the Marlborough Regional Forestry joint venture, with the Marlborough District Council holding 88.5%. Of the Council's share, 13.37% is held on behalf of Environment Canterbury. The Council's interest in the joint venture is accounted for as a jointly controlled operation, and are as follows:

	<b>Council</b>		<b>Group</b>	
	<b>Actual 2024 \$'000</b>	Actual 2023 \$'000	<b>Actual 2024 \$'000</b>	Actual 2023 \$'000
Current assets	239	7	239	7
Non-current assets	<u>4,979</u>	4,571	<u>4,979</u>	4,571
Total assets	<u>5,218</u>	<u>4,578</u>	<u>5,218</u>	<u>4,578</u>
Current liabilities	12	13	12	13
Non-current liabilities	<u>1,129</u>	951	<u>1,129</u>	951
Total liabilities	<u>1,141</u>	<u>964</u>	<u>1,141</u>	<u>964</u>
Share of net assets employed	<u>4,077</u>	3,614	<u>4,077</u>	3,614
Share of net surplus/(deficit)	<u>410</u>	502	<u>410</u>	502

The Council has no capital commitments, contingent liabilities, or contingent assets in relation to Marlborough Regional Forestry.

### 35 Related party transactions

#### *Intergroup*

#### *Innovative Waste Kaikoura Ltd (IWK)*

During the year, through the ordinary course of business, the Council has paid \$1,867,950 including GST in fees and grants to Innovative Waste Kaikoura Ltd (2023: \$1,756,595) and received \$24,032 including GST from Innovative Waste Kaikoura Ltd (2023: \$67,584). The transactions include the day-to-day operations of the resource recovery centre and landfill, the kerbside recycling collection, normal maintenance, and operations of water supplies, stormwater and wastewater, public toilet cleaning, and emptying of public rubbish bins.

At year end there was \$117,393 including GST (2023: \$265,626) payable by the Council to Innovative Waste Kaikoura Ltd and \$0 including GST (2023: \$46,140) receivable by the Council from Innovative Waste Kaikoura Ltd.

#### **Loan from the Council to IWK**

On 26 February 2021, the Council provided a loan to IWK of \$100,000. The loan term is five years, with earlier repayment allowed. The initial interest rate was set at 2.14%. The interest rate will be reset two years after commencement date and again four years after commencement date. The interest rate was reset on 10 May 2023 to 6.06% per annum.

Principal and interest payments are received from IWK quarterly with the first payment date being 20 May 2021, and all other payments being three-monthly thereafter. IWK is to make 20 equal principal payments, along with the interest due.

IWK repaid \$20,000 on their term loan from the Council during the year (2023: \$20,000).

#### ***Kaikoura Enhancement Trust***

The Enhancement Trust was dissolved in March 2024. As the dissolution occurred prior to balance date, no audit fees were incurred for the 2024 financial year. The Council paid the annual audit fee for the Enhancement Trust in 2023 of \$10,800.

#### ***Key management personnel***

Key management personnel include the Mayor, Councillors, Chief Executive, and Senior Managers.

### 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

No restrictions are placed on the Council by the following leasing arrangements.

	Council		Group	
	Actual 2024 \$'000	Actual 2023 \$'000	Actual 2024 \$'000	Actual 2023 \$'000
<i>Non-cancellable operating leases as lessee</i>				
Not later than one year	19	19	19	19
Later than one year and not later than five years	42	52	42	52
Later than five years	-	-	-	-
	<b>61</b>	<b>72</b>	<b>61</b>	<b>72</b>

#### **Capital commitments**

	Council & Group			
	Contract value 2024 \$'000	Spent at 30 June 2024 \$'000	Committed value 2024 \$'000	Contracted or committed 2023 \$'000
Wakatu Quay	571	256	315	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	103	721	-

**36 Commitments as lessee, and contingent liabilities (continued)**

WWTP - Old Beach Rd	120	50	70	-
Transfer Station	<u>121</u>	<u>82</u>	<u>38</u>	<u>-</u>
	<u>2,015</u>	<u>543</u>	<u>1,471</u>	<u>1,554</u>

Draft

### 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 2023, the Actuary recommended an employer contribution rate of between four-times contributors' contributions from 1 April 2023. The rate will be reviewed again at 31 March 2025 and any change would be implemented from 1 April 2025.

### 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 venture 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	235	235	235	235
Later than one year and not later than five years	662	739	662	739
Later than five years	622	739	622	739
	<u>1,519</u>	<u>1,713</u>	<u>1,519</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 \$57,694,843 (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 \$150 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 \$152,242,266 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 \$5,194,600 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 \$ 13.19 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 (+\$0.29 million). Operating expenditure is \$16.09 million, \$2.96 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 \$3.13 million lower than budgeted due to timing in relation to the expected completion of 3 key projects (Wakatu Quay, IAF & Glen Alton Bridge)

### ***Statement of Financial Position***

### **39 Explanation of major variances against budget (continued)**

Current assets are \$5.3 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 \$6.2 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 Cash Flows***

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

### **40 Post balance date events**

Ownership of Harbour Assets

**Water Services Reform Programme**

Draft

## Annual Report Disclosure Statement

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, 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. Please refer to those regulations for more information, including definitions of some of the terms used in this statement.

### Rates affordability benchmark

The Council meets the rates affordability benchmark if –

- actual rates income equals or is less than each quantified limit on rates; and
- actual rates increases equal or are less than each quantified limit on rates increases.2 to 61

### Rates (income) affordability

The following graph compares the Council's actual rates income with the quantified limit on rates increases contained in the financial strategy included in the Council's LTP. The LTP set the limit on rates increases to 7% for 2022, 6% for 2023, and 5% for 2024. In dollar terms this set a cap for 2024 of \$9,488,194.

The Council's actual rates for the 2024 financial year were \$9,627,394, which is a 6.54% increase on the 2023 year (therefore exceeding the limit of 5%). The Council worked hard to keep its Annual Plan 2024 rates increase to just under 5%. The reason this limited was exceeded was that we have also worked very hard to ensure our rating database is up to date in terms of subdivisions and new buildings – this has resulted in there being more rateable properties, and higher rateable values, than had been forecast in the LTP.

### Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the Council's financial strategy in each of the last five years. The quantified limit is 5% in 2024, and the actual increase was 6.54%.

As for the Rates (Income) Affordability measure on the previous page, the 2024 rates increase exceeded the 5% rates increase limit for the same reasons.



## Funding Impact Statement

	Annual Plan 2023 \$'000	Actual 2023 \$'000	Annual Plan 2024 \$'000	Actual 2024 \$'000
<b>Sources of operating funding</b>				
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
<b>Total sources of operating funding (A)</b>	<u>13,332</u>	<u>14,313</u>	<u>13,137</u>	<u>14,939</u>
<b>Application of operating funding</b>				
Payments to staff and suppliers	(12,879)	(11,747)	(12,470)	(12,320)
Finance costs	(189)	(215)	(327)	(322)
Other operating funding applications	-	-	-	-
<b>Total application of operating funding (B)</b>	<u>(13,068)</u>	<u>(11,962)</u>	<u>(12,797)</u>	<u>(12,642)</u>
<b>Surplus / (deficit) of operating funding (A-B)</b>	<u>264</u>	<u>2,351</u>	<u>340</u>	<u>2,297</u>
<b>Sources of capital funding</b>				
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	-	-	-	-
<b>Total sources of capital funding (C)</b>	<u>5,938</u>	<u>1,940</u>	<u>20,200</u>	<u>7,023</u>
<b>Application of capital funding</b>				
Capital expenditure:				
- To meet additional demand	(3,535)	(1,377)	(5,271)	(2,910)
- To improve the level of service	(514)	(586)	(9,286)	(347)
- To replace existing assets	(3,835)	(2,515)	(8,326)	(5,653)
Increase / (decrease) in reserves	1,682	187	2,343	(410)
Increase / (decrease) of investments	-	-	-	-
<b>Total application of capital funding (D)</b>	<u>(6,202)</u>	<u>(4,291)</u>	<u>(20,540)</u>	<u>(9,320)</u>
<b>Surplus / (deficit) of capital funding (C-D)</b>	<u>(264)</u>	<u>(2,351)</u>	<u>(340)</u>	<u>(2,297)</u>
<b>Funding balance ((A-B) + (C-D))</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

## **Other information**

### **Kaikoura Enhancement Trust**

Kaikoura Enhancement Trust is a charitable trust established in 2000, for the purposes of progressing environmental projects, and is not intended to generate a profit.

The Kaikoura Enhancement Trust was dissolved in March 2024.

### **Innovative Waste Kaikoura Ltd**

Innovative Waste (IWK) is owned by the Kaikoura Enhancement Trust and is responsible for the day-to-day objectives of that Trust. The financial activity of Innovative Waste is included in the Council's group financial statements. IWK is the Council's leading provider of waste management services, public toilet maintenance, recycling services, three-waters maintenance services.

### **Objectives**

IWK's key objectives are:

- To implement safe working practices to maintain a safe working environment for staff, contractors, customers, and others and to recognise the Council's legal obligations under the Health and Safety at Work Act 2015.
- To maintain a strong market presence in the areas of waste minimisation, maintenance, and management of public utilities.
- To provide cost effective and efficient service delivery that meets the district and clients' expectations and maintains contract longevity.
- To provide advice and support to local businesses to divert waste from landfill.
- To operate in an environmentally friendly manner.
- To be recognised nationally as a leader in environmental sustainability.
- To operate water supply and wastewater facilities in an environmentally sustainable manner.
- To ensure that the business operates in a way that generates appropriate financial returns and dividend streams for the shareholder. To implement sound strategic and financial planning to ensure the capacity is available to meet the three waters, waste, and recycling needs of the Kaikoura District in a commercially viable manner.
- To assist the Council in empowering, educating, and encouraging the community in recycling surplus resource and waste in the community.

### **Nature and Scope of Activities**

IWK is in the business of minimising waste and maintaining and managing public infrastructure. The company's mainservice offerings currently are as follows:

- Waste minimisation and management through the provision of recycling services and landfill management.
- Environmental rehabilitation preservation and development through the Trees for Travellers programme.
- Maintaining water and wastewater infrastructure predominately for local authorities
- Maintaining public toilet facilities in Kaikoura.
- Parks and reserves.

IWK has determined several performance measures in its Statements of Intent, and actual performance is reported as follows.

### **Financial Performance Targets**

<<TABLE>>

### **Operational Performance Targets**

<<TABLE>>

**Maori Participation in Decision Making**

The Council is fortunate to have a positive relationship with Te Runanga o Kaikoura, and communication between both parties is open, frequent, and participative.

These committees are supported by Iwi representation.

- ***Kaikoura Water Zone Committee***
- ***Airport Committee (no representative appointed in the year to 30 June 2022)***

Draft

**Auditor's Report**

To the customers of Kaikoura District Council

**Independent Auditor's Report**

To the readers of Kaikoura District Council and Group's annual report for the year ended 30 June 2024

---

Draft

# Other Information



## Kaikōura Enhancement Trust

The Kaikōura Enhancement Trust was a charitable trust established in 2000, for the purposes of progressing environmental projects. It does not intend to generate a profit.

The Trust was a Council Controlled Organisation (CCO) under the provisions of the Local Government Act 2002, because the Council appoints its trustees. The Council owned 100% of the Trust, and the Trust owned 100% of the shareholding of Innovative Waste Kaikōura Ltd. The Council resolved to wind up the Trust during the year, and the Trust was removed from the Charities Register and was wound up on 29 March 2024.

The most significant objectives of the Trust continue to be performed through Innovative Waste Kaikōura Ltd, the company responsible for the day-to-day management of the district's landfill and recycling facility.

# Innovative Waste Kaikōura Ltd

Innovative Waste (IWK) is owned by the Kaikōura Enhancement Trust and is responsible for the day-to-day objectives of that Trust. The financial activity of Innovative Waste is included in the Council's group financial statements. IWK is the Council's leading provider of waste management services, public toilet maintenance, recycling services, three-waters maintenance services.

## Objectives

IWK's key objectives are:

- To implement safe working practices to maintain a safe working environment for staff, contractors, customers, and others and to recognise the Council's legal obligations under the Health and Safety at Work Act 2015.
- To maintain a strong market presence in the areas of waste minimisation, maintenance, and management of public utilities.
- To provide cost effective and efficient service delivery that meets the district and clients' expectations and maintains contract longevity.
- To provide advice and support to local businesses to divert waste from landfill.
- To operate in an environmentally friendly manner.
- To be recognised nationally as a leader in environmental sustainability
- To operate water supply and wastewater facilities in an environmentally sustainable manner.
- To ensure that the business operates in a way that generates appropriate financial returns and dividend streams for the shareholder. To implement sound strategic and financial planning to ensure the capacity is available to meet the three waters, waste, and recycling needs of the Kaikōura District in a commercially viable manner.
- To assist the Council in empowering, educating, and encouraging the community in recycling surplus resource and waste in the community.

## Nature and Scope of Activities

IWK is in the business of minimising waste and maintaining and managing public infrastructure. The company's main service offerings currently are as follows:

- Waste minimisation and management through the provision of recycling services and landfill management
- Environmental rehabilitation preservation and development through the Trees for Travellers programme
- Maintaining water and wastewater infrastructure predominately for local authorities
- Maintaining public toilet facilities in Kaikōura.
- Parks and reserves.

IWK has determined several performance measures in its Statements of Intent, and actual performance is reported as follows.

## Financial Performance Targets

	2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved
Revenue	\$2,525,088	\$2,294,714	\$2,494,348	Yes
Net Profit After Tax	(\$74,457)	\$19,235	(\$211,496)	No
Return on Equity	(8%)	2%	(16%)	No
Equity	\$896,933	\$972,658	\$685,437	No
Fixed Asset turnover	2.80	1.10	1.26	Yes
Liquidity Ratio (excl. annual leave accrual)	1.60	3.39	1.09	No
Wages as a % of revenue	42.49%	49%	49%	Yes
R&M as a % of revenue	3.7%	1%	4%	Yes



## Operational Performance Targets

Target	Performance target to achieve the output	Achievements to 30 June 2023	Achievements to 30 June 2024
Client satisfaction	98% of all urgent callouts, applicable to the contract are responded to within one hour or two hours respectively from the time of the notification to the time that service personnel depart to site.	<p><b>Results not available</b></p> <p>All service requests that have been marked as Urgent and have response time data were responded to within the target timeframe.</p>	<p><b>Not achieved</b></p> <p>84.6% for Water 86.8% for Wastewater</p>
	98% of all non-urgent call outs, applicable to the contract are responded to within 48 hours from the time of notification to the time that service personnel attend site	<p><b>Results not available</b></p> <p>All service requests that have been marked as non-urgent and have response time data were responded to within the target timeframe.</p>	<p><b>Not achieved</b></p> <p>91.7% for non-urgent call outs</p>
	Service requests received about recycling are less than 20 per year.	<p><b>Achieved</b></p> <p>Service Requests regarding recycling are rung through or entered through the Service Request portal on KDCs website for KDC to record in Ozone.</p> <p>Zero received</p>	<p><b>Achieved</b></p> <p>Zero service requests received.</p>
Contractual or legal obligations	Compliance with and provision of all KPI information as per contracts.	<p><b>Results not available</b></p> <p><i>Three waters:</i></p> <p>KPI information not complete – a significant amount of data not available due to the Adapt system not recording all response times.</p> <p><i>Resource recovery:</i></p> <p>A quarterly review is to be undertaken by the Principal.</p> <p><i>Public amenity cleaning:</i></p>	<p><b>Achieved</b></p> <p><i>Three-waters</i></p> <p>Achieved – all data is recorded and supplied as per contract requirements.</p> <p><i>Resource recovery</i></p> <p>Achieved.</p> <p><i>Public amenity cleaning</i></p> <p>Achieved – new contract to commence 1 August 2024</p>

		No contract in place.	
	Obtaining an unqualified audit opinion	<b>Not achieved</b> Qualified audit opinion received in 2022/23 in relation to the Statement of Service Performance and health and safety document.	<b>Not achieved</b> The qualified audit opinion received in 2023 remains for 2024 in relation to prior year comparatives for the Statement of Service Performance.
Service Performance	Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions	<b>Not achieved</b> 3 non-compliance notices issued to KDC in relation to the resource recovery centre.	<b>Achieved</b> No notices or infringements received.
	The number of complaints received per year due to a service request not being actioned appropriately is less than 10.	<b>Achieved</b> 2 complaints received.	<b>Achieved</b> One complaint was received.
Health & Safety	5% reduction in TRIF (Total Recordable Injury Frequency) accident rates	<b>Achieved</b> A reduction of 52% TRIFR rate for 2022/2023 was 38.56 (5 TRI x 200,000/29,939 (hours worked))	<b>Not achieved</b> TRIFE rate for 2023/2024 was 80.21 (12 TRI x 200,000 /29,921 hours worked).
	LTIFR (LTI per 200,000 hours worked) <6	<b>Not achieved</b> LTIFR rate for 2022/23 was 7.71 (1 LTI x 200,000/25,931 (hours worked)).	<b>Not achieved</b> LTIFR rate for 2023/2024 was 6.68 (1 LTI x 200,000 /29,921 hours worked).
Staff Engagement	Engagement score of 4.0 or better	New measure in 2024	<b>Not achieved</b> - Engagement 3.8
	Communications score of 4.0 or better		<b>Not achieved</b> - Communications 3.7
	Culture score of 4.0 or better		<b>Not achieved</b> - Culture 3.7
Diversion from Landfill	55% as per Ministry for the Environment methodology	<b>Not achieved</b> 52.67%	<b>Not achieved</b> 47.4%

		Of the 1637.63 tonnes landfilled, 522.5 were from commercial customers (418.62kg per capita) with domestic being 1115.13 tonnes for the year (285kg per capita). Per capita refers to per head of population which in 2023 was 3,912 for the Kaikōura district.	The drop in diversion is due to the Reuse Shop being closed or on reduced opening hours due to site development activities. Of the 1593.27 tonnes landfilled, 397.23 tonnes were from commercial customers with domestic being 1196.04 tonnes for the year (282kg per head of population (4,230)).
Education activities	24 social media posts	New measures in 2024	<b><u>Achieved</u></b>
	6 hard media advertisements		<b><u>Achieved</u></b>
	4 primary school classes (one per school) undertake an IWK-led waste reduction education programme		<b><u>Not achieved</u></b>

## Māori Participation in Decision Making

The Council is fortunate to have a positive relationship with Te Rūnanga o Kaikōura, and communication between both parties is open, frequent, and participative.

These committees are supported by Iwi representation.

- ***Kaikōura Water Zone Committee***
- ***Airport Committee (no representative appointed)***

## **Independent Auditor's Report**

**To the readers of Kaikōura District Council and Group's annual report  
for the year ended 30 June 2024**



K A I K O U R A  
T O O G O O D T O W A S T E

# Annual Report Disclosure Statement

For the year ending 30 June 2024

## What is the purpose of this statement?

The purpose of this statement is to disclose the Council’s financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, 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. Please refer to those regulations for more information, including definitions of some of the terms used in this statement.

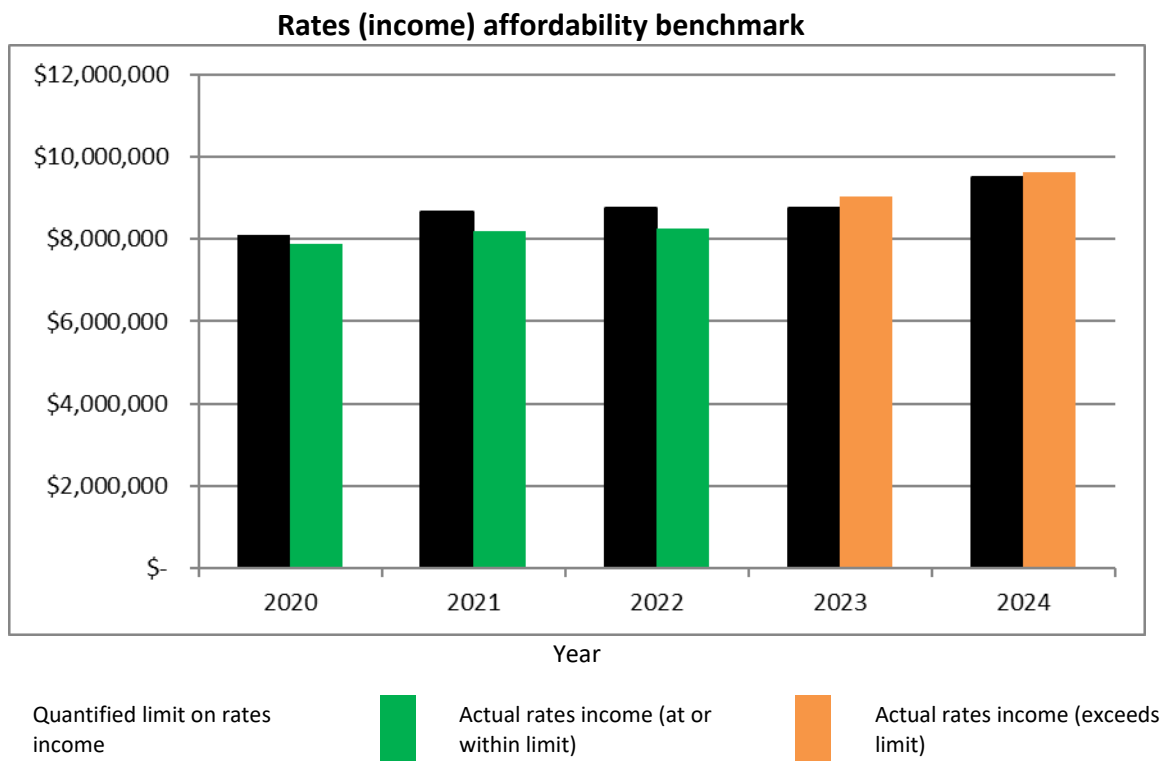
## Rates affordability benchmark

The Council meets the rates affordability benchmark if –

- actual rates income equals or is less than each quantified limit on rates; and
- actual rates increases equal or are less than each quantified limit on rates increases.

## Rates (income) affordability

The following graph compares the Council’s actual rates income with the quantified limit on rates increases contained in the financial strategy included in the Council’s LTP. The LTP set the limit on rates increases to 7% for 2022, 6% for 2023, and 5% for 2024. In dollar terms this set a cap for 2024 of \$9,488,194.

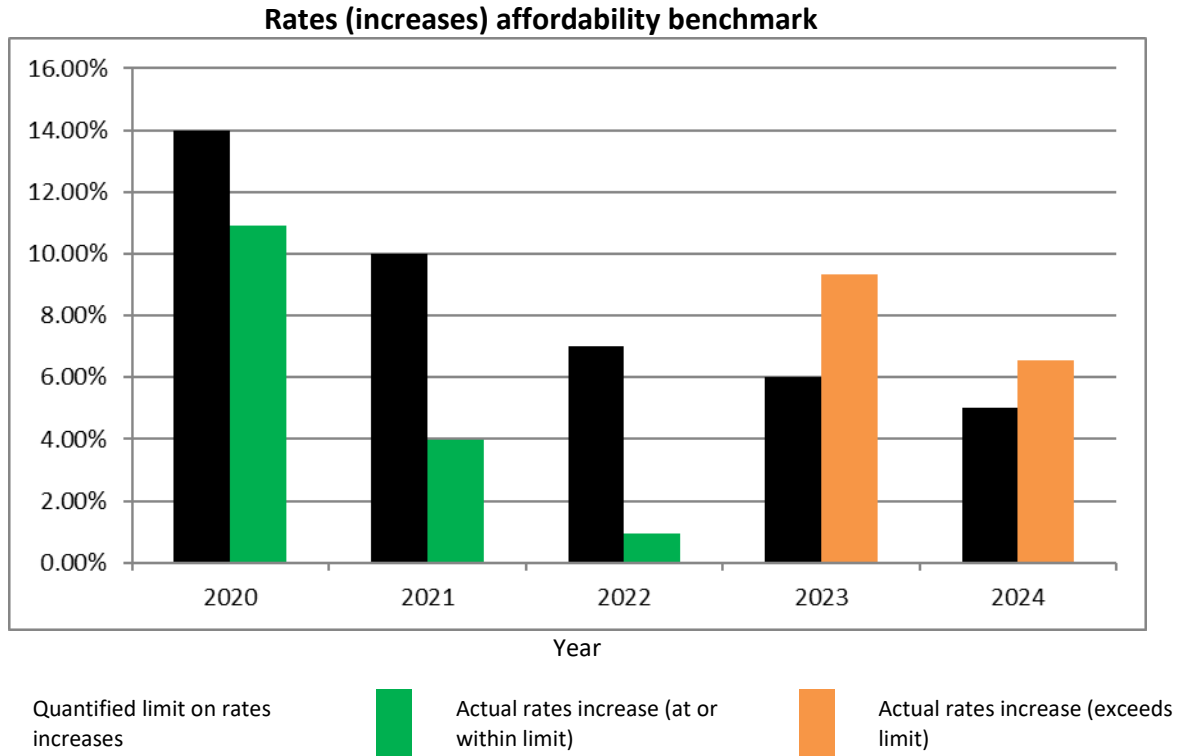


## Comment

The Council’s actual rates for the 2024 financial year were \$9,627,394, which is a 6.54% increase on the 2023 year (therefore exceeding the limit of 5%). The Council worked hard to keep its Annual Plan 2024 rates increase to just under 5%. The reason this limited was exceeded was that we have also worked very hard to ensure our rating database is up to date in terms of subdivisions and new buildings – this has resulted in there being more rateable properties, and higher rateable values, than had been forecast in the LTP.

### Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the Council's financial strategy in each of the last five years. The quantified limit is 5% in 2024, and the actual increase was 6.54%.



### Comment

As for the Rates (Income) Affordability measure on the previous page, the 2024 rates increase exceeded the 5% rates increase limit for the same reasons.

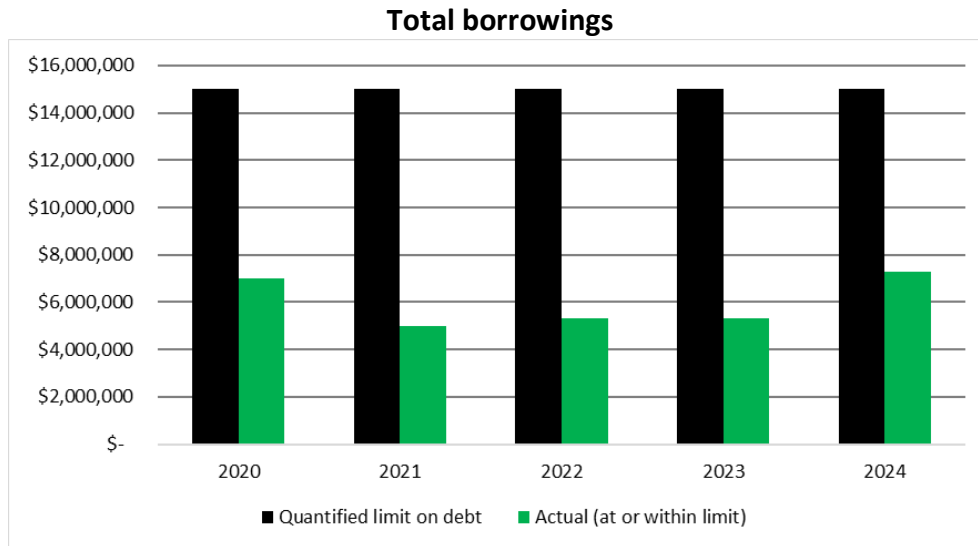


## Debt affordability benchmark

The Council meets the debt affordability benchmark if –

- total borrowings do not exceed \$15 million; and
- loan interest expense is less than 10% of total revenue.

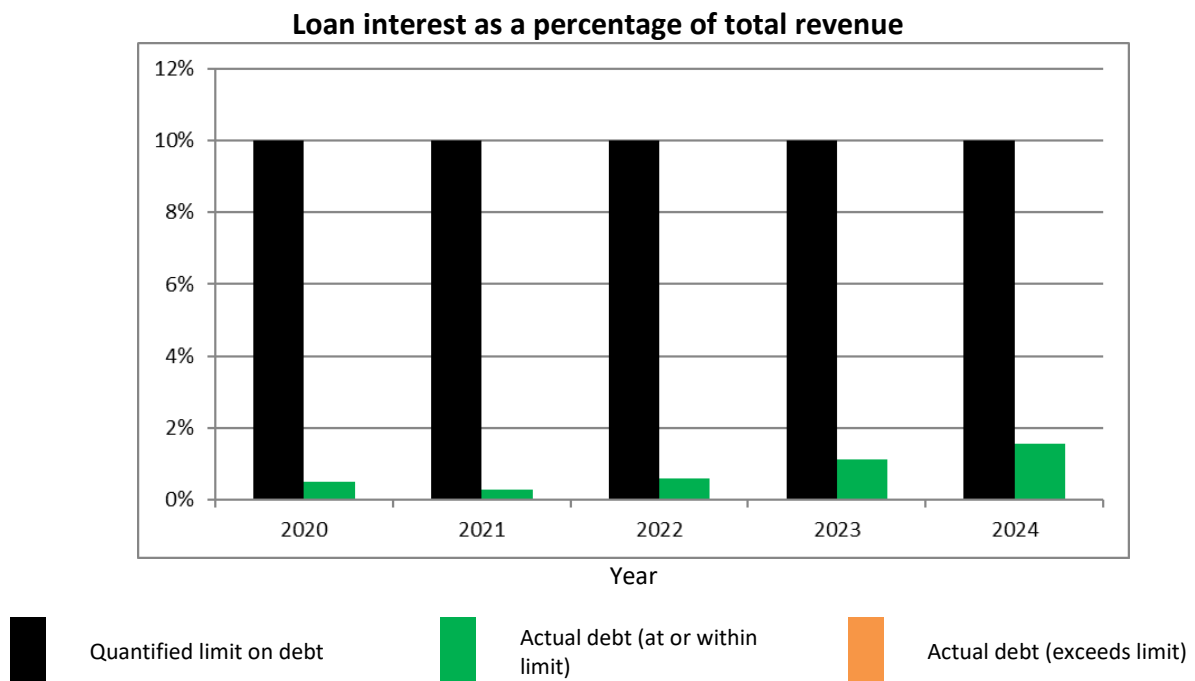
The following graph compares the Council’s actual borrowing with the quantified limit on borrowing stated in the financial strategy included in the Long-Term Plan. The quantified limit is \$15 million.



### Comment

The Council has set a self-imposed limit on borrowings, of no more than \$15 million. Actual borrowings on 30 June 2024 were \$5.3 million.

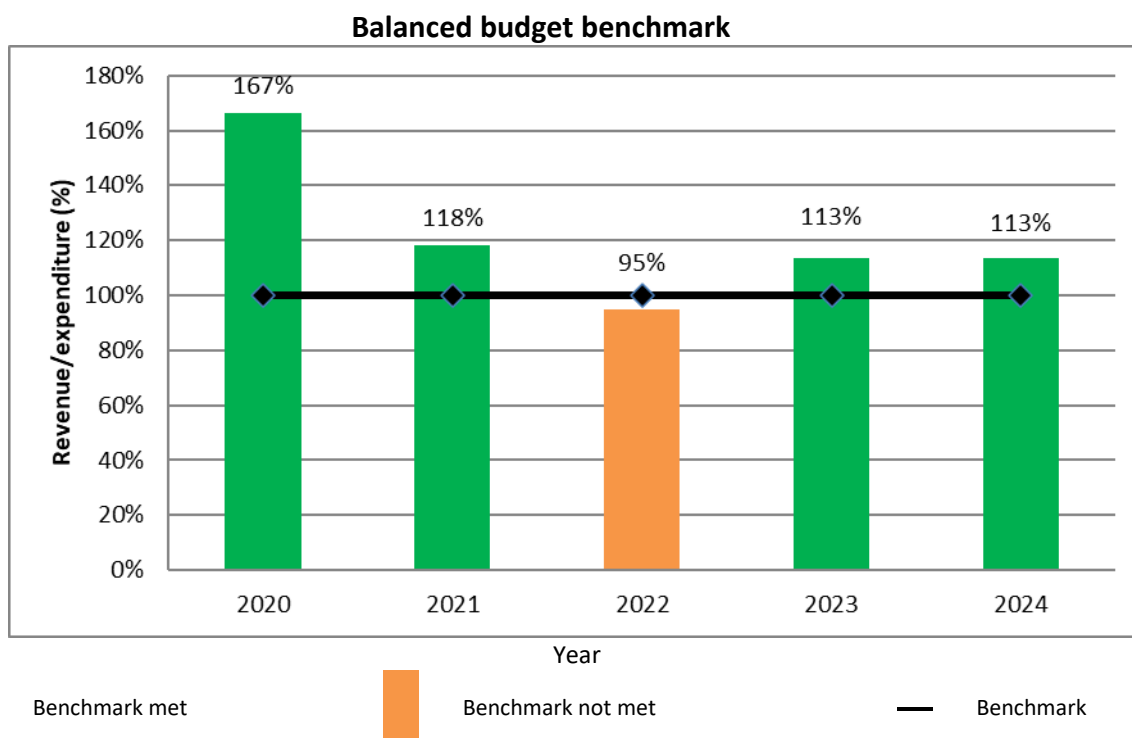
The following graph compares the Council’s actual borrowing with a quantified limit on loan interest as a percentage of total revenue. Loan interest expense has been kept at 1.56% due to savings by minimising debt.



## Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, and equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



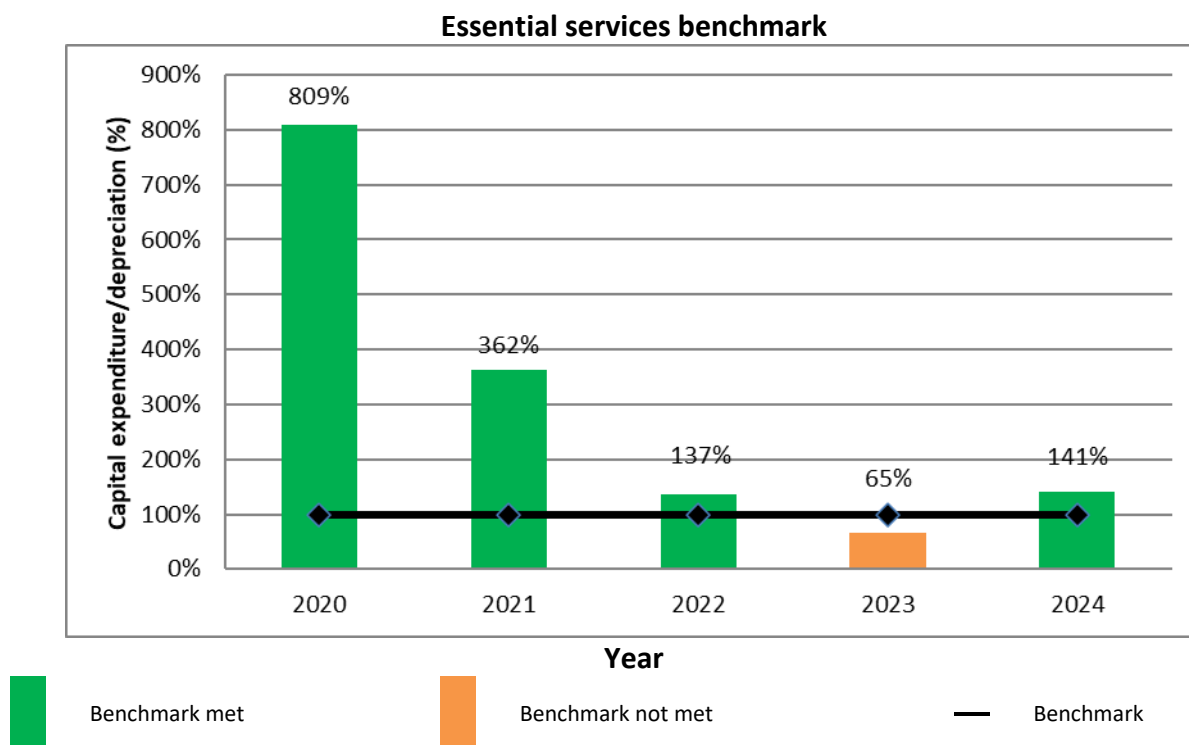
### Comment

The Council receives substantial grants and subsidies to complete various projects such as the Link Pathway and the Wakatu Quay project. Those grants and subsidies are stated as operating revenue in the Council's financial statements, but the projects are capital expenditure rather than operating, and so the expenditure is not included in the above equation.

In the 2022 financial year, operating expenses exceeded operating revenue, and therefore the benchmark was not met. In that year operating expenses included one-off items such as the demolition and write-off of the former Council offices, and significant grants paid to the community swimming pool. Both items were funded from reserves or special funds, rather than from operating revenues.

## Essential services benchmark

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



### Comment

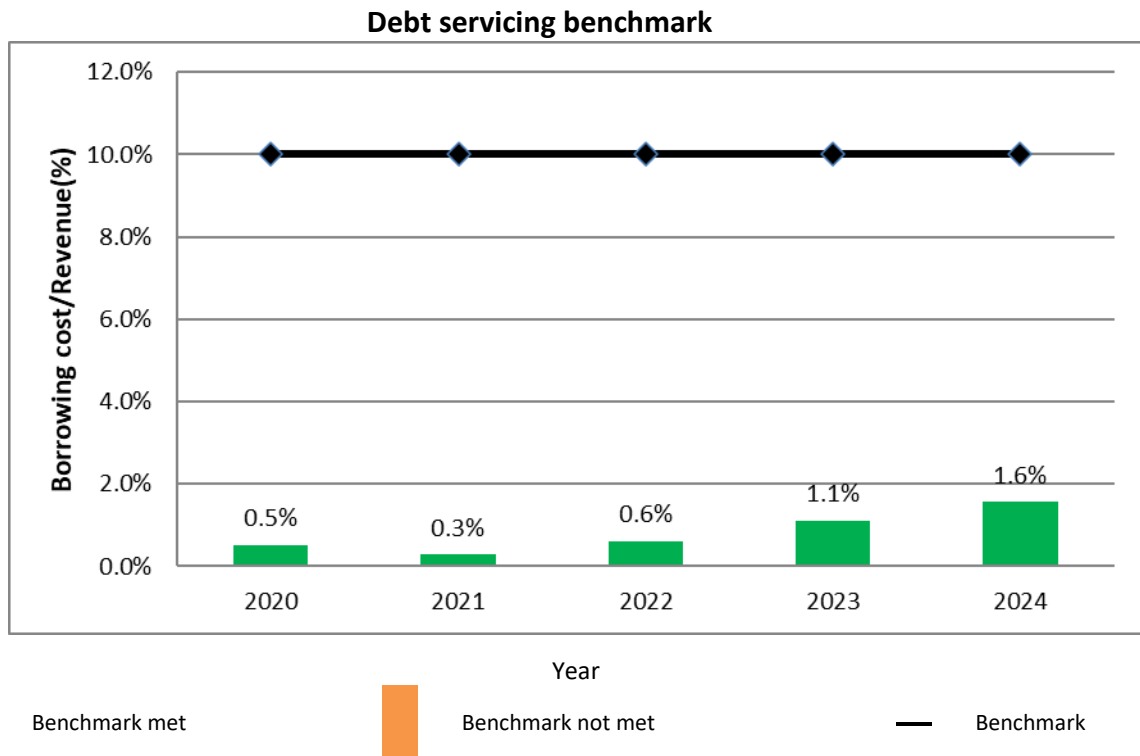
The 2020 year in the above graph highlights the extent to which the earthquake rebuilds have dominated the Council's capital spend. As the earthquake rebuild projects commenced (during 2018 and 2019), significant amounts began to be spent on the capital renewal of damaged infrastructure. The 2020 financial year represented the peak of the rebuild spend, and dwarfs both annual depreciation and usual levels of annual capex.

In 2023 very little capital work was required, as signalled in the Long-Term Plan 2021-2031, because the Council's renewal profile for all its asset categories is extremely low for the next 50 years largely due to the oldest and most vulnerable infrastructure having been fully renewed by the earthquake rebuild work.

The 2024 year saw a boost to capital expenditure, with government funding for the IAF project enabling significant roading works to link the Ocean Ridge area to the township via Green Lane and Ludstone Rd. The Council also committed to dealing with a backlog of roading work and substantially ramped up its capital programme for reseals, road subsurface rehabilitation, drainage, unsealed road metalling, and footpath upgrades.

## Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its borrowings costs equal or are less than 10% of its revenue. For the 2024 financial year, the Council's borrowing costs are 1.6% of revenue.

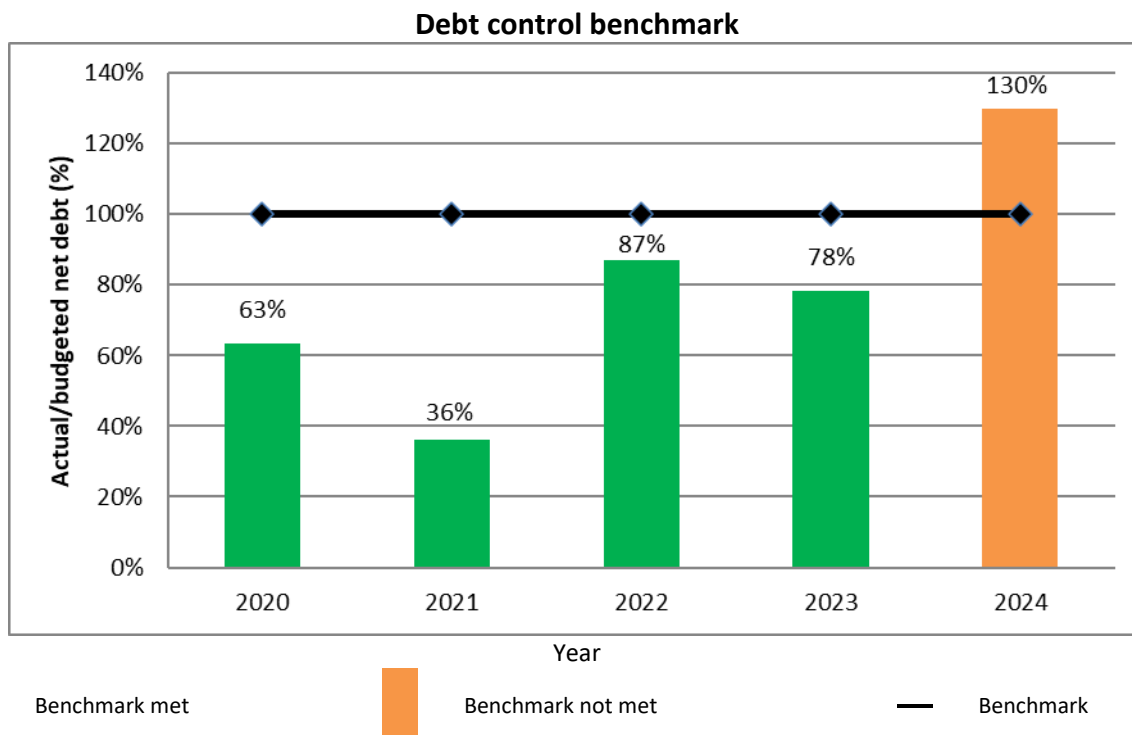


### Comment

The Council has maintained extremely low levels of debt, and is well within its debt servicing benchmark.

## Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities – which includes trade and other payables; less financial assets but excluding trade and other receivables. The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



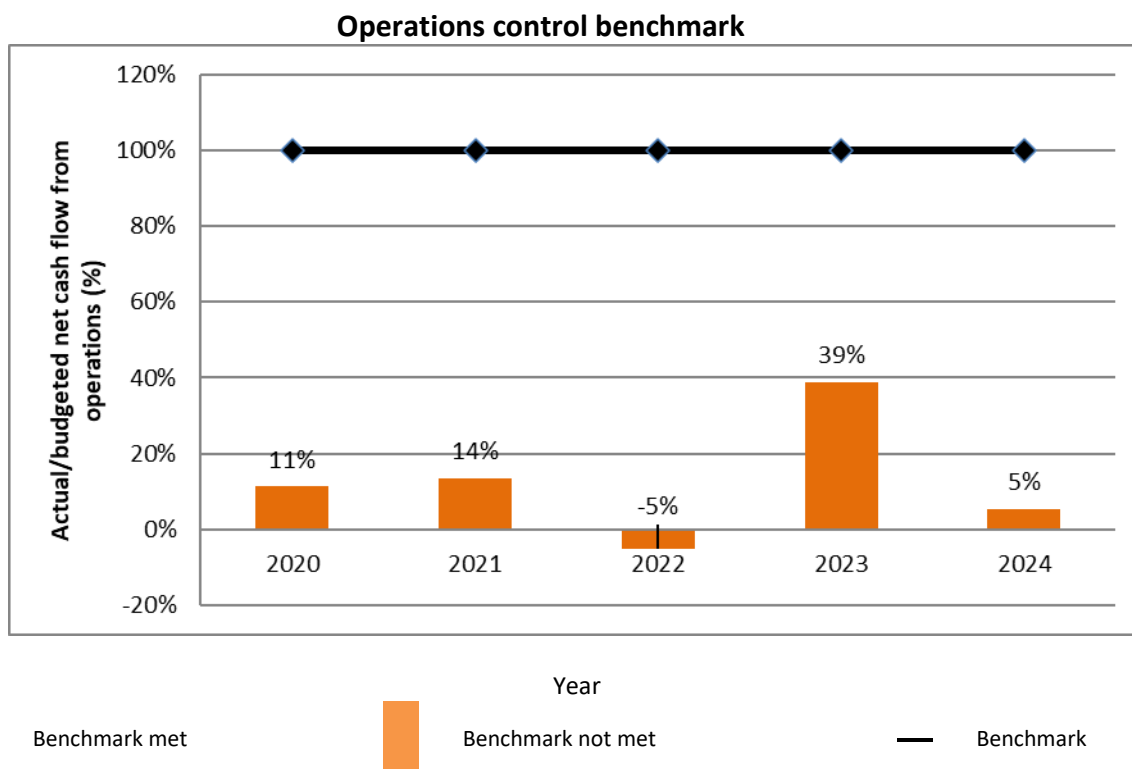
### Comment

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. With almost \$5 million held as revenue in advance, this means financial assets have been exceeded by these financial liabilities.

## 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.



### 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. Those grants should have been classified as cash inflows for investing activities.

If the planned cashflow were to exclude the forecast grants used for capital projects, the benchmark would have been met in all years except 2022. The 2022 year include significant unbudgeted payments to support the completion of the community swimming pool.