

Kaikōura District Council

Annual Report

For the year ended 30 June 2021



All Council's work over 2018-2021 supports one or more of our community outcomes, helping make sure we ...



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General Information



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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 Rangi, who found the area abundant with crayfish. He named the area “Te Ahi Kaikōura a Tama ki Te Rangi” – the fire that cooked the meal of crayfish for Tama ki Te Rangi. This was shortened to Kaikōura, kai meaning food and koura meaning crayfish.

Our District*	
Population (Census 2018)	3,912
Rateable properties	2,995
Total rating units (includes non-rateable properties)	3,258
Total capital value of district	\$1,729,880,650
Total land value of district	\$1,008,421,850

*as at 30 June 2020

Our Council~	
Represented by	1 Mayor & 7 elected representatives
Total equity	\$211,984,042
Total assets	\$223,635,143
Number of staff	33.5 FTE
Utilities & services	1 Landfill 8 Public water supplies 1 Sewerage system

~as at 30 June 2021

2020/2021 Highlights, challenges, and achievements

Completing our earthquake rebuild

- We completed the roading and three-waters rebuild projects, largely on time and on budget, with only the lining of the peninsula reservoir left to complete at year-end, delayed due to COVID-19 border restrictions
- We secured 100% funding from Waka Kotahi (NZTA) to remediate the damaged NCTIR haul routes
- The Inland Road was returned to Council control, having been reinstated to a resilient condition by Waka Kotahi (NZTA) following the November 2016 earthquake

Improving our infrastructure and facilities

- Funding from the Government’s three-waters stimulus package of \$1.88 million has enabled us to start several projects to improve the quality of drinking water, and to improve security and technology to support our three-waters systems
- The Suburban water supply has been significantly upgraded, so that its water is now sourced from the same bores as the Kaikōura Urban supply, eliminating issues with discolouration and contamination, and removing the boil water notice that has been in place since the earthquake
- The Scout Hall renovation, funded by NZ Lotteries and the Provincial Growth Fund (the PGF), was well underway by the end of June 2021 and reopened in November 2021
- Streetlights in the Kaikōura township were converted to LED, and technology installed so they can be set on timers and dimmed. These new lights will save electricity costs, reduce light pollution, and (we hope) help to prevent our Hutton’s Shearwaters from crash-landing in the urban area. We worked closely with the dark skies working group during delivery of that upgrade.
- New footpaths have been developed on Deal Street and Scarborough Street, and the footpath on Hastings Street has been substantially renewed. Footpaths elsewhere in the township have had urgent repairs.
- We have increased the standard we expect our parks and reserves to meet, and have carried out weed control and extra tidy-ups with the aim to reach that standard
- The Airport terminal and hangar earthquake repair have been completed
- The Kaikōura Marine Development Project team have been established and concept designs for the Wakatu Quay project completed – this exciting project has secured \$9.88 million from the PGF, and the team are seeking expressions of interest from potential investors. The business case for South Bay Marina is also underway.
- We successfully put together a funding application to MBIE’s Tourism Infrastructure Fund (TIF) to develop a Link Pathway, with the funding announced on 15th July 2021
- The Kaikōura Community Charitable Trust has made very good progress on the new swimming pool, with funding support from the Council of \$1 million at 30 June and a further \$1 million to come, from NZ Lotteries

Becoming more financially sustainable, efficient, and effective

- We have proven our prudent financial stewardship, achieving very low levels of debt, having cash in the bank, and showing we have a very flat future renewal programme for the next 30 years
- We have implemented a new asset management system which will streamline our customer service requests and enable us to reliably forecast asset renewals and maintenance programmes. An independent peer-review of our asset data has found the quality of our asset data to be graded “B” (reliable).
- We have developed new Roothing and Three-Waters asset management plans, to feed into the new asset management system
- We have completed a Solid Waste Assessment and developed a new Waste Management and Minimisation Plan. That Plan was fully consulted on in 2021, and has initiated several major changes to the way in which we provide our rubbish and recycling services
- We have new solid waste, public toilet cleaning and three-water services contracts with our contractor Innovative Waste Kaikōura Ltd (IWK), having gone out to tender on the solid waste contract to test the market. That tender has confirmed we are getting best value for money from IWK, which is one of our Council-Controlled Organisations.

- A review of the Natural Hazards chapter of the District Plan commenced, including technical reports and community engagement
- We have secured funding from the Library Partnerships Fund, enabling us to recruit and train new library staff, procure new technology, improve our projects and events, and provide e-books as a new service
- We geared up for a new Records Management System, putting the structures in place, and the system was successfully launched in July 2021
- We have developed a comprehensive Long-Term Plan for the next ten years from 2021 to 2031 (this is the first Long-Term Plan since 2015)
- We have agreed our new vision and community outcomes, which are core to the Long-Term Plan
- Our new CEO, Will Doughty, commenced on 1 February 2021
- We aim to have regular hui (meetings) with Iwi, and are working with Iwi on options for increased representation and/or participation in decision making
- We completed the natural hazards landowner remediation projects, which included acquiring land deemed susceptible to rockfall and no longer safe to occupy – and gifting of that land to Te Rūnanga O Kaikōura due to its cultural significance to Ngāti Kuri.
- Economic development – we are working with key developers to progress projects – Sudima Hotel, future Industrial Park, hot pools, and residential expansion

COVID-19

- Last year, community and customer services staff rolled up their sleeves during the alert level lockdowns, and helped our community with grocery deliveries, pharmacy prescription pickups, easter bunny egg deliveries and helping the medical centre with communications. We continue to support the medical centre with communications, vaccination days, and with planning for managing COVID-19 in the community.
- Initial funding of \$250k from the Mayors Taskforce for Jobs was increased to \$500k after the resounding success of the first tranche, which saw over 60 people take up new employment opportunities including apprenticeships. The project is still ongoing and continues to generate opportunities especially for youth.
- Construction delays due to alert level restrictions, loss of available workforce, and a shortage of materials has resulted in some projects carrying over into the 2021/2022 financial year.

Waiau-Toa/Clarence River access

- We engaged with Iwi on the proposal to build a new bridge over the Waiau-Toa/Clarence River, and the road protection and other resilience improvements which are essential parts of this project. The preferred solution was consulted on during the Long-Term Plan process, and following a peer review has been reconfirmed as the best solution and the only solution that Waka Kotahi will subsidise. At a forecast cost of over \$12 million, Waka Kotahi's 95% subsidy for the project is a key part of the decision to proceed. The Council will continue to work with Iwi on this issue to talk through concerns, but ultimately access for the landowners to their property is paramount.

Three-waters reform

- The government's three-waters reform agenda is gaining momentum, with confirmation that there will be four publicly owned water entities and a new water regulator, Taumata Arowai has been established. This is a significant reform for local authorities and will have ongoing impact on our communities. During the 2020/2021 year the Council provided extensive information about our three-waters assets and other financial information to the Department of Internal Affairs as required by the government.

Local govt reform and RMA reform

- Alongside the three-waters reform, the government is also pushing ahead to abandon the Resource Management Act, replacing it with three new pieces of legislation.
- A further Review into the Future for Local Government aims to reshape the system of local government to one that is "fit for purpose and has the flexibility and incentives to adapt to the future needs of local communities".
- These reviews are anticipated to evolve over the next two-to-three years.

From the Chief Executive

The 20/21 financial year was another incredibly busy year with many achievements as outlined in the previous section. It is pleasing to note that there was improvement in overall performance indicator achievement in the financial year with Council achieving 63 out of 114 performance measures (55%). This is a good improvement on last year of only 36% achieved. With a reset of the performance measures in the Long-Term Plan it is anticipated that not only can more be achieved but the percentage that can be accurately reported against will also continue to improve.

Long-Term Plan 2021-2031

The Long-Term Plan (LTP) is our most important planning document and is the Council's commitment to the community for the next ten years. The LTP 2021-2031 was our first since 2015 but our most comprehensive and well informed LTP to date. Our Infrastructure Strategy provided a solid basis to make some evidence-based decisions with regard to key priorities whilst our Financial Strategy comprehensively demonstrated that the Kaikōura District Council is financially sustainable for the foreseeable future. Our debt levels (\$5.0million at the end of June 2021), the condition of our core assets, and our knowledge of those assets puts the District in the best position it has been for some time. The draft LTP was well received by the community with a high number of submissions confirming our five main preferred option. The long-Term Plan was adopted on 28th July 2021.

Covid 19 uncertainty for the community

The closure of international borders in New Zealand continued to have an economic impact on the District particularly in the tourism sector. Council was able to provide additional financial support to Destination Kaikōura, our Regional Tourism Operator (RTO), to assist them with their strategy of reframing the domestic tourism market. It was pleasing to note that the 20/21 summer tourism season was well supported by domestic travellers, but the absence of international visitors, especially at 'shoulder seasons' was still strongly felt. Whilst the impact of the pandemic on the Council's own revenue and operations income was not substantial, the Council took steps in 2020 to assist ratepayers potential financial challenges. This included a reduction of the proposed 10% rates increase for 2020/21 to 4% including a reduction in the Council's staff numbers of nearly 20%.

Council staff also worked closely with the Health Centre and other community services groups to provide community support as required in terms of communications, outreach and welfare services.

Capital delivery and other major initiatives in the District

The total capital project spend for the 20/21 financial year was \$9.07m representing successful delivery of over 85% of the programme. This included some key projects such as the refurbishment of the Scout Hall, funded by NZ Lotteries and the Provincial Growth Fund (the PGF), completion of the concept design for the Wakatu Quay project, conversion of the local streetlights to LEDs in discussion with several environmental groups and initiatives. The last of the earthquake infrastructure rebuild projects were also completed with the overall programme coming in under budget and if not for Covid 19 on time.

Following a visit from the Minister for Tourism, the Council was also successful with a \$2m funding application to the Tourism Infrastructure Fund (TIF) to establish a link pathway from West End to Point Keane. This project will hopefully tie together a number of exciting new developments and proposals along the west end including the completion of the Sudima hotel and a potential hotpool spa and wellbeing centre at the old pool site.

Financial position

The net surplus for the year was \$6.984 million compared to a budgeted surplus of \$10.682 million. Debt remained lower than predicted levels at \$5m because there were significant unforeseen grants paid to the Council, such as from NZTA to remediate roads, three-waters stimulus funding to complete three-waters improvements, and "shovel-ready" funding for the Kaikōura Community Pool Trust to complete the new swimming pool. The Council remains well within debt limits and well within its ability to service debt. Total revenue for the year was \$27.464m including total grants received of \$11.792m. Overall as highlighted above, the Council is in the best financial position that it has been for some time.

Government reforms

All of this has been achieved whilst a number of central government reforms are underway that will majorly impact the local government sector. These include the three waters reforms, the Resource Management Act (RMA) reforms and the Future for Local Government review. The three waters has been the most dominant of the proposed reforms during this financial period. The Council has worked in good faith with the Department of Internal Affairs through the reforms and has been delivering a programme of improvements to the water and wastewater networks using the \$1.88m three-water stimulus money that was provided in 2020. It is fair to say that at the time of writing, there is a lot still to play out with the three waters reforms now that they have been made mandatory by Central Government. The Council is proud to be representing the strong local community voice in opposition to the reforms as they currently stand and the loss of local democracy and decision making. More will be known on the other two reform programmes during the 21/22 year.

Thanks and acknowledgement

It has been another challenging but exciting year at Council. My thanks to both staff and councillors for all their hard work and also for embracing me as the new Chief Executive Officer from 1st February 2021. I would also like to acknowledge my predecessor for everything she achieved in five years at the Council that has set strong foundations for us as we move into delivery of the first year of the LTP. Thanks as well to all of the groups, volunteers and our partner organisations who work tirelessly and passionately to achieve amazing things for our community.

I am looking forward to our 2021/22 financial year and getting on and delivering our LTP.



Will Doughty
Chief Executive Officer



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Independent Auditor's Report

To the readers of Kaikōura District Council and Group's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of Kaikōura District Council (the District Council) and its subsidiary (the Group). The Auditor-General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand, to report on the information in the District Council and Group's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

Our audit was completed late

Our audit was completed on 25 May 2022. This is the date at which our opinion is expressed. We acknowledge that our audit was completed later than required by the section 98(7)(a) of the Local Government Act 2002. This was due to an auditor shortage in New Zealand and the consequential effects of Covid-19, including lockdowns.

Opinion on the audited information

Qualified opinion on the financial statements and the statement of service provision (reported as Council activities)

In our opinion, except for the possible effects of the matters described in *the Basis for our opinion* section of our report:

- the financial statements on pages 81 to 129:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2021; and
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime;

- the Council Activities on pages 18 to 76:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand.

Unmodified opinion on the funding impact statements and statement about capital expenditure

In our opinion:

- the funding impact statement on page 137, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement about capital expenditure for each group of activities on pages 22 to 76, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 22 to 76, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's three-year plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 130 to 136, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan, three-year plan and annual plans.

Basis for our opinion

Financial statements: Our work was limited over the carrying value of the District Council and Group's revalued property, plant and equipment

As stated in the statement of accounting policies on page 90 and 91 to the financial statements, the District Council and the Group measures land (excluding land under roads), buildings, and infrastructure asset classes at fair value. PBE IPSAS 17 *Property, Plant and Equipment* requires entities that measure assets at fair value to carry out revaluations with sufficient regularity to ensure that revalued assets are not included at a value that is materially different to fair value.

Based on an analysis of relevant cost indices since the last revaluation, there is evidence that there could be a material change in the fair value of the revalued asset classes. As the District Council and Group have not carried out revaluations as at 30 June 2021, it is impracticable for us to determine the amount of any adjustment required.

Council activities: Our work was limited with respect to the reporting on a number of performance measures

The Council did not have sufficiently reliable systems and processes in place during the year to accurately report on a number of performance measures. Consequently, as explained in the introduction section of the Council Activities on page 18, for just under half of the performance measures, the Council is either:

- *not able* to report any performance for the year; or
- has reported performance as *incomplete*.

We also draw attention to the fact that we issued a modified opinion on the District Council’s 30 June 2020 Council Activities, which are presented as comparative information in the 30 June 2021 Council Activities.

As a result, our work was limited, and we have been unable to obtain sufficient appropriate evidence over the reported performance against these performance measures.

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Emphasis of matter – The Government’s three waters reform programme announcement

Without further modifying our opinion, we draw attention to note 36 on page 129, which outlines that the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council’s responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or



cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan and three-year plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Council Activities, as a reasonable basis for assessing the levels of service achieved and reported by the District Council and the Group.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 5 to 9, 79 to 80 and 141 to 145, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have audited the District Council's 2021-2031 long-term plan, and are carrying out a limited assurance engagement related to the District Council's debenture trust deed, which is compatible with those independence requirements. Other than the audit and our report on the disclosure requirements, we have no relationship with or interests in the District Council or its subsidiaries.



Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

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 the Local Government Act 2002, have been complied with, except for the adoption date of the Annual Report.

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 reporting.

The annual report was adopted on 25 May 2022.



Will Doughty
Chief Executive
25 May 2022



Craig Mackle
Mayor
25 May 2022



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suitable
infrastructure.



improve
quality of
life.



meet the
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improve
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Council Activities



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What we do: Our groups of 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.

The Council delivers core services as required by the Local Government Act 2002. It also delivers 'public good' services undertaken with the support of residents and ratepayers. Our services are classified into 12 groups of activities.

Across these groups this year, the Council achieved 63 out of 114 performance measures (overall achievement 55%). This is a good improvement on last year of only 36% achieved. This year, the Council was able to accurately report on 55% of our performance measures (63 of 114). For the remaining performance measures, 27 measures were incomplete (part-year, part area, or only KDC results excluding contractors). In 23 cases no results were available and 1 was not applicable.

Our annual Resident Satisfaction Survey showed that overall, 65% of community members were satisfied with services received and facilities maintained by the Council. Satisfaction with Council performance has improved over time, and in 2020/2021 was above the New Zealand benchmarking survey results of 59%. Supporting these overall perceptions, 31 out of 42 (74%) surveyed Council services and facilities rated by community members achieved satisfaction of 50% and above.

Consistent with the rest of New Zealand, the impact of COVID-19 has clearly been felt in Kaikōura. 44% of survey respondents stated the COVID-19 situation had an overall negative impact on them or their family; 36% reported no impact and 18% reported an overall positive impact. Despite the impact of COVID-19, 56% of community members stated their quality of life had improved to some extent in the last year. In addition, the perceptions about community resilience (76%) and overall community safety (86%) improved in 2020/2021.

Year	Number of measures		
	2018/2019	2019/2020	2020/2021
			114
Actual performance measure reported	63	61	63
Estimated performance measure reported	1	-	-
Incomplete performance measure reported	26	23	23
Result not available	23	29	27
Not applicable	1	1	1
Performance measures accurately reported on	69%	36%	55%

In the table of performance indicators above, estimated, 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 – a mandatory performance measure for stormwater requires reporting for flood protection and control works, however the Council does not carry out flood protection work that would meet the minimum criteria for this measure to be applicable.

Roading

Provide for the safe and reliable movement of people and goods throughout the district, connecting communities and accessing property.

What we do

The Roading 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). Council also maintains approximately 36km of footpaths and over 400 streetlights.

Key issues in 2020/2021

Our local roads were used to haul aggregates and other materials needed for the reconstruction of State Highway 1 north and south of Kaikōura. The number of heavy vehicles using these roads daily led to accelerated pavement deterioration and damage.

Whilst a significant length of these roads was repaired in 2020/21, there are still several roads that require rehabilitation, and which are programmed to be fixed over the coming summer construction season.

Footpath repairs, renewals and new footpaths were identified as an area where Council needed to prioritise funding. Council funded a significant footpath improvement programme which was implemented and largely completed. Further works are planned during 2021/22 to complete this programme.

Following the 2016 earthquake, Waka Kotahi assumed control of the Inland Road from both the Kaikōura and Hurunui District Council's. Waka Kotahi presented the Inland Road as having been fully remediated and ready for handover, in December 2020. The Council rejected the handover until a full inspection had been completed and the condition of the road surface and sublayers, bridges, and culverts, were confirmed to be of an acceptable standard. The Council took back control of the Inland Road on 1 February 2021.

The Hutton's Shearwater (Kaikōura Titi) are a seabird species endemic to Kaikōura and are vulnerable to crash landing during February to April when they

begin their migration. It has been proven that bright streetlights disorientate the birds. To assist in reducing their fallout, KDC commenced a streetlight conversion to LED luminaires. This was funded by Waka Kotahi at an 85% enhanced subsidy rate.

The Council prepared an Activity Management Plan to support their funding request for the 2021-24 National Land Transport Programme. This highlighted key areas where Council needs to prioritise spending which includes a significant amount of reseals, pavement rehabilitation and unsealed road metalling.

What we did

The first of the NCTIR haul repairs were undertaken and resulted in over 7.0km of pavement rehabilitation and resealing. The areas repaired included Schoolhouse Road and Mill Road which had been assessed as having the highest safety risk. The remaining roads requiring repair will be programmed over the summer construction season.

Council allocated \$190,000 to undertake footpath improvements across Kaikōura. This resulted in 660 metres of footpaths being resurfaced with asphaltic concrete and 325 metres of new footpath being installed in Deal St. A significant number of general repairs were also carried out to reduce trip hazards and surface level damaged paths.

Safety improvement projects were undertaken in Rorrison's Rd to improve pedestrian and vehicular safety between St. Josephs School and the High School. Similar work was also completed along West End, adjacent the I-Site building.

A programme of road metalling was carried out across the district to existing unsealed pavements. Some of these were long overdue for metalling and grading to provide new shape and life to these pavements.

The conversion of Kaikōura's urban streetlights to LED was completed, with 400 lights replaced. The Council was able to purchase 2200k and 3000k CCT (colour corrected temperature) lights which should help to reduce Kaikōura Titi fallout and improve the dark sky viewing experience for residents and visitors. We also worked closely with the dark skies working group through the delivery of that project to help support their objectives.

The Council was also able to work with Waka Kotahi to improve pedestrian and vehicular safety at the intersection of State Highway 1 / Ludstone Rd / West End / Whaleway Station Rd. Improvements included traffic calming platforms, intersection marking redesign and pedestrian out-crop islands.

What we planned to do but didn't

Safety improvement along State Highway 1 (Beach Rd) were put on hold by Waka Kotahi pending a further safety review. Work had been planned to provide a shared pathway for pedestrians and cyclists along Beach Rd, from West End to Hawthorne Rd. Council will engage further with Waka Kotahi to find a solution which improves the safety of cyclists along this dangerous section of state highway.

Community outcomes supported

	Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.		Residents and visitors enjoy an improved quality of life in our District.
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Effects on community wellbeing

	Positive effects	Negative effects
Social	Significant renewal of the NCTIR haul roads 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	Repairs to the NCTIR haul road decreases wear and tear on 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 2020/2021

Project	Planned \$000	Spent \$000	Comment
Upgrades to meet additional demand:			
Minor improvements	333	160	Including Deal St footpath and other safety improvements
Upgrades to improve level of service:			
Streetlight LED conversion	400	387	This work attracted an 85% NZTA subsidy
Renewal/replacement of existing assets:			
NCTIR haul routes rehabilitation	-	1,083	Fully funded by NCTIR
Road rehabilitation	100	100	
Sealed surface renewals	150	150	
Unsealed surface renewals	65	132	
Kerb & channel (drainage) renewals	50	-	
Traffic services	70	22	
Footpath renewals	190	134	
	625	1,621	

Total capital projects	1,358	2,168
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Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Roads & Bridges:				
The change from the previous year in the number of fatalities and serious injury crashes on the local road network expressed as a number ¹	-1	Reduction of more than one	0	Yes
The average quality of ride on the sealed local road network, measured by smooth travel exposure ²	91%	> 85%	95%	Yes
The average quality of ride on the sealed road network measured by NAASRA roughness ¹	101	< 120	93	Yes
The percentage of customer service requests relating to roading, footpath and associated faults responded to within one week	Not available	> 90%	63%	No Not available
The number of customer service requests received about the Council's roading network	236	< 365	127	Yes Incomplete
The number of complaints received due to a service request not being actioned properly	4	< 37	4	Yes Incomplete
The percentage of the sealed network that is resurfaced per annum	8%	> 5%	6.9%	Yes
The percentage of regulatory road signs incorrect or missing during an audit of the road network	0.3%	> 0.5%	0.17%	Yes
Footpaths:				
The percentage of footpaths that are poor condition (grade 4 or 5)	7.6%	< 10%	4.9%	Yes Not available
Streetlights				
The percentage of streetlights not functioning during an audit of any part of the network ³	No audit completed	< 2%	0%	No Incomplete

¹ There were no fatalities or serious injury crashes on local roads for the year (and there were none in the previous year). We consider the target to be achieved, as once there are zero serious injury crashes it is not possible to reduce this by any number.

² 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. Note the NAASRA roughness count is done every three years. The results are based on the results measured in May 2021, but the traffic count was completed in 2019.

³ 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 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,026	1,041	924
Subsidies & grants for operating purposes	533	529	689
Fees and charges	-	-	5
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	36	37	44
Total operating funding (A)	1,595	1,607	1,662
Applications of operating funding			
Payments to staff and suppliers	1,019	1,010	1,005
Finance costs	35	31	17
Internal charges and overheads applied	112	121	330
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,166	1,162	1,352
Surplus/(deficit) of operating funding (A-B)	429	445	310
Sources of capital funding			
Subsidies & grants for capital expenditure	329	339	2,950
Development and financial contributions	15	15	3
Increase/(decrease) in debt	(68)	(73)	127
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	276	281	3,081
Application of capital funding			
Capital expenditure			
- To meet additional demand	51	53	160
- To improve the level of service	29	29	387
- To replace existing assets	625	644	4,200
Increase/(decrease) in reserves	-	-	(1,355)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	705	726	3,391
Surplus/(deficit) of capital funding (C-D)	(429)	(445)	(310)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,352
Plus depreciation			1,413
Expenditure as per Note 1			2,765



provide suitable infrastructure.



improve quality of life.



meet the needs of our community.



improve the local economy.



value the environment + biodiversity.



have community participation.

Water services

Provide water infrastructure that meets the needs of the community, ensures a healthy standard of living, and minimises effects on the environment

What we do

There are eight water supplies in Kaikōura:

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

The Council has a responsibility to ensure that water supplied to consumers is safe to drink. It is also our role to ensure a continuous supply of water, with minimal interruptions, prompt response to service requests, and good consumer satisfaction with water pressure, taste, odour, and clarity of drinking water.

Key issues in 2020/2021

The three waters reform has been one of the key issues that the Council has been working through over the last year. The proposed reforms will change the way that water services are delivered in the future.

As part of the three waters reforms, the Council was allocated approximately \$1.8 million dollars for three waters improvements. The Council has programmed various improvement works throughout the district with the intention to bring all Council-managed supplies up to the required standards.

What we did

The Suburban water supply zone was connected to the Kaikōura Water Treatment Plant (WTP). This enabled the long-standing boil water notice to be lifted. The Suburban water zone now receives the same water that is supplied to the Kaikōura urban zone. This will enable both zones to benefit from the installation of the new UV disinfection unit detailed below.

Works to install a new UV disinfection system for the Kaikōura urban and suburban water supply commenced with commissioning due in September 2021. This will enable the WTP to provide treatment for Protozoa as required under the drinking water standards.

New turbidity control and treated water storage tanks were installed at the Kincaid WTP. This enables automatic diversion of high turbidity (muddy) water from the WTP during heavy rainfall events. New plastic storage tanks were installed to replace the concrete tank due to age and condition of the structure.

A new fixed generator was purchased to enable the Kaikōura WTP to continue operating during an extended power outage. Mobile generators were also purchased and will be available for smaller water supplies during extended power outage events.

A number of other smaller projects were undertaken which utilised the money received as part of the three water reforms with more projects to be completed during the 2021/22 financial year.

The re-lining of the peninsula reservoir was completed as part of the final EQ projects.

What we planned to do but didn't

The replacement of a watermain on Beach Road was deferred to enable Council to work with MainPower for a cost share solution to enable power ducting to be installed at the same time.

Community outcomes supported

	Residents and visitors enjoy an improved quality of life in our District		Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.
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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 effect 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.	Over-use can create water shortages and require water restrictions

Major projects 2020/2021

Funding from the government to help stimulate the economy (the “three-waters stimulus package”) reprioritised most of our spending in this area. The funding of \$1.88 million across water supplies, wastewater and stormwater will go a long way to improve the level of service – for example the Suburban water supply had been on a long-term boil water notice, water is now sourced from the Kaikoura Urban supply and the boil water notice has been lifted.

Project	Planned \$000	Spent \$000	Comment
Upgrades to improve level of service:			
Kaikōura Urban facilities upgrade	-	80	Flow metering, standby generators, etc
Kaikōura Urban treatment upgrade	-	36	Seismic upgrade and site security
Suburban treatment & SCADA upgrade	104	287	Now fully connected to Urban water supply
Kincaid intake upgrade	51	6	Turbidity meter
Kincaid reticulation upgrade	-	14	Increase pressure reducing valve capacity
Fernleigh upgrade	5	-	
Oaro upgrade	50	30	Treatment shed, generator & telemetry
Peketa upgrade	50	-	
Total improvements	260	453	
Renewal/replacement of existing assets:			
Kaikōura Urban pipe renewals	150	-	No major renewal needs were identified
Kaikōura Urban facilities renewals	-	64	Mackles intake work
East Coast renewals	-	9	Pump replacement
Kincaid renewals	22	55	Pump replacement
Peketa renewals	-	4	
Oaro renewals	-	1	
Total renewals	172	133	
Total major projects	432	586	

Performance indicators

Water Scheme	Compliant with the Drinking Water Standards?					
	Microbiological Compliant			Protozoal Compliant		
	2019	2020	2021	2019	2020	2021
Fernleigh Rural	No	No	Yes	No	No	No
Kaikōura Urban	Yes	Yes	Yes	No	No	No
East Coast Rural	No	No	No	No	No	No
Kincaid	Yes	No	Yes	No	No	No
Oaro	Yes	Yes	Yes	No	No	No
Ocean Ridge	Yes	Yes	Yes	No	No	No

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The extent to which the water supply complies with part 4 of the NZ Drinking Water Standards (bacteria compliance criteria)	50%	100%	67%	No
The extent to which the water supply complies with part 5 of the NZ Drinking Water Standards (protozoal compliance criteria)	0%	100%	0%	No
The extent to which the water supply complies with the testing and monitoring requirements of the NZ Drinking Water Standards	25%	100%	42%	Yes
The percentage of real water loss from networked reticulation systems	62%	< 30%	32%	No
The average consumption of drinking water per day per resident	Not available	< 200 litres	435 litres	No Not available
Fault response times:				
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:				
Attendance for urgent callouts, from the time that the local authority receives notification to the time that service personnel reach the site	No urgent callouts	< 1 hour	Not available	Not available
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	No urgent callouts	< 2 days	Not available	Not available
The percentage of urgent callouts responded to within one hour from the time of notification to the time service personnel attend the site	No urgent callouts	98%	Not available	Not available
Attendance for non-urgent callouts, from the time we received notification to the time that service personnel reach the site	1 day	< 1 day	Not available	Not available
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	Not available	< 1 week	Not available	Not available



	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Percentage of non-urgent callouts responded to within 48 hours from the time of notification to the time service personnel attend the site	Not available	98%	Not available	Not available

For the purposes of the above performance indicators, urgent callouts include major pipe bursts, and non-urgent callouts include minor leaks and equipment maintenance. The water loss calculation was carried out using the processes within the Water NZ Benchloss suite (an Excel workbook). Water supply flow data was taken from KDC’s flow and reservoir records. Population data was taken from the Statistics NZ website.

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Complaints and requests for service⁴:				
The number of customer service requests received about Council water supply schemes per year	141	< 365	91	Yes Incomplete
The number of complaints received about drinking water clarity , per year per 1,000 connections	13	< 1	0	Yes Incomplete
The number of complaints received about drinking water taste , per year per 1,000 connections	0.9182	< 5	0	Yes Incomplete
The number of complaints received about drinking water odour per year per 1,000 connections	0.4591	< 5	0.46	Yes Incomplete
The number of complaints received about drinking water pressure or flow , per year per 1,000 connections	0.4591	< 10	0.46	Yes Incomplete
The number of complaints received about drinking water continuity of supply , per year per 1,000 connections	2.2956	< 5	1.38	Yes Incomplete
The number of complaints received per year about the Council’s response to any of these issues, per 1,000 connections	6.887	< 37	6.88	Yes Incomplete

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 system. However not all service requests were recorded in the system for the financial year, and therefore the results are incomplete.

Not available – Call out response times have not been recorded or not accurately captured in the service request system for the financial year, and there is currently no method for measuring water loss from the system or actual water consumed, and therefore results are not available.

⁴ There are 2,178 properties connected to Council-owned and operated water supplies in the district

Funding Impact Statement: Water services

For the year ended 30 June 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,534	1,600	1,415
Subsidies & grants for operating purposes	-	-	-
Fees and charges	4	3	11
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	1,538	1,603	1,426
Applications of operating funding			
Payments to staff and suppliers	720	751	627
Finance costs	57	65	-
Internal charges and overheads applied	255	271	379
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,032	1,087	1,006
Surplus/(deficit) of operating funding (A-B)	506	516	420
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	940
Development and financial contributions	24	24	6
Increase/(decrease) in debt	253	1	(199)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	277	25	747
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	371	157	453
- To replace existing assets	421	434	133
Increase/(decrease) in reserves	(9)	(50)	581
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	783	541	1,167
Surplus/(deficit) of capital funding (C-D)	(506)	(516)	(420)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,006
Plus depreciation			441
Expenditure as per Note 1			1,447



Wastewater

Protect the health of the district’s residents and environment by providing an efficient and effective means of collecting, treating and disposing of sewage effluent in larger urban communities

What we do

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

- Kaikōura Urban
- Ocean Ridge
- South Bay

The wastewater (sewer) network comprises of 63km of reticulation and 10 major pump stations. The system can cope with a peak demand of 10,000 people, so has ample capacity to serve our community for the foreseeable future.

Key issues in 2020/2021

The three waters reform has been one of the key issues that the Council has been working through over the last year. The proposed reform will change the way that three waters services are delivered in the future.

As part of the three waters reforms, the Council was allocated approximately \$1.8 million dollars for three waters improvements. The Council has programmed various improvement works throughout the district including the de-sludging of the oxidation ponds at the wastewater treatment plant.

Odour complaints relating to smell emanating from sewer pump stations continuing to be an issue however Council have now identified solutions that are assisting in reducing odours at known areas.

What we did

Mobile generators were purchased for use on sewer pump stations to enable continued operation during extended power outages to prevent sewer overflows.

A new step screen was installed at the Kaikōura Wastewater Plant which is used to remove primary solids before flowing into the oxidation pond.

A number of areas experiencing odour issues have had improvements to odour beds undertaken. Some individual properties have also had non-return vents installed with feedback showing these being successful in eliminating odours.

Desludging of the anaerobic pond was completed as planned. The anaerobic pond receives wastewater from septic tanks around the district and from the State Highway 1 stock effluent facility.

A number of other smaller projects were undertaken which utilised the money received as part of the three water reforms with more projects to be completed during the 2021/22 financial year.

What we planned to do but didn't

We had planned to complete \$150k worth of renewal work, however due to the funding from the governments Covid-19 three-waters stimulus funding, work was prioritised to complete upgrades and improvements per the funding agreement.

Community outcomes supported



Residents and visitors enjoy an improved quality of life in our District.



We value, protect and enhance Kaikōura’s unique natural environment and biodiversity and sustainably manage disposal of waste.



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.

All Council's work over 2018-2021 supports one or more of our community outcomes, helping make sure we ...



provide suitable infrastructure.



improve quality of life.



meet the needs of our community.



improve the local economy.



value the environment + biodiversity.



have community participation.

Effects on community wellbeing

	Positive effects	Negative effects
Social	Safe and sanitary treatment and disposal of effluent is essential for the health and safety of the whole community	Odour continues to be an issue in some areas
Cultural	These systems ensure that offensive matter is treated and disposed of	No identified effects
Economic	Sanitary effluent disposal is essential for the commercial sector to function	No identified effects
Environmental	An efficient treatment and disposal system ensures that what is returned to the environment is not harmful	Sewer overflows damage the environment, and must be attended to urgently

Major projects 2020/2021

Project	Planned \$000	Spent \$000	Comment
Upgrades to improve level of service:			
Odour control & mobile generator	-	67	Funded by three-water stimulus
Renewal/replacement of existing assets:			
Sewer pump & pipe renewals	150	32	Pump replacements
Treatment pond desludge and new screen	-	53	Funded by three-water stimulus
	150	85	
Total capital projects	150	152	

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The number of dry weather sewage overflows, expressed per 1,000 sewer connections	0	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	0	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
Fault response times				
Where the local authority attends to sewerage 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	No Overflows	Yes Not available



	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
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	< 1 day	No Overflows	Yes Not available
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	98%	Not available	Not available
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	98%	Not available	Not available
Complaints and requests for service				
The number of complaints received about sewage odour , expressed per 1,000 connections ⁵	4.5219	< 2	5.33	No Incomplete
The number of complaints received about sewage system faults , expressed per 1,000 connections	10.9819	< 3	4.52	No Incomplete
The number of complaints received about sewage system blockages , per 1,000 connections	0.6459	< 3	0.65	Yes Incomplete
The number of complaints received about the Councils (or the Councils service providers) response to the above issues , per 1,000 connections	1.2920	< 3	0	Yes Incomplete
The number of customer service requests received about Council wastewater schemes per year	26	< 365	18	Yes Incomplete
The number of complaints received per year due to a service request not being actioned properly	2	< 37	0	Yes Incomplete

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

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 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. 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.

⁵ There are 1,548 properties connected to the Kaikoura sewerage system.

Funding Impact Statement: Wastewater

For the year ended 30 June 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	740	703	831
Subsidies & grants for operating purposes	13	13	18
Fees and charges	17	17	21
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	770	733	870
Applications of operating funding			
Payments to staff and suppliers	428	440	378
Finance costs	56	52	-
Internal charges and overheads applied	131	137	282
Other operating funding applications	-	-	-
Total applications of operating funding (B)	615	629	660
Surplus/(deficit) of operating funding (A-B)	155	104	209
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	26	26	6
Increase/(decrease) in debt	(75)	(84)	(761)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(49)	(58)	(755)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	67
- To replace existing assets	80	20	85
Increase/(decrease) in reserves	26	26	(697)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	106	46	(545)
Surplus/(deficit) of capital funding (C-D)	(155)	(104)	(209)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			660
Plus depreciation			432
Less Impairment			-
Expenditure as per Note 1			1,092



Stormwater

We protect the health and property of the district’s residents and the environment, by providing an efficient and effective means of collecting and disposing of stormwater in larger urban communities

What we do

The stormwater system predominantly protects the Kaikōura Township, including South Bay and Ocean Ridge, and comprises of approximately 17km of reticulation system that discharges to land, sea and other water courses.

The system comprises a number of small piped and open drain networks most of which discharge to sea or to Lyell Creek. The system includes that provided by kerb and channel on the roads, swales such as those found in the Seaview and Ocean Ridge subdivisions, and large drains such as Phairs Drain and Sullivans Gully.

Key issues in 2020/2021

The three waters reform has been one of the key issues that Council has been working through over the

last year. The proposed reform will change the way that stormwater services are delivered in the future.

As part of the three waters reform, Council was allocated approximately \$1.8 million dollars for three waters improvements. Council has programmed various improvement works throughout the district.

What we did

There were no specific capital projects planned and no urgent work undertaken to the stormwater network.

What we planned to do but didn't

The purchase and installation of debris nets at stormwater outfalls was carried over into the 2021/22 financial year.

Community outcomes supported



Our community is resilient, safe and well and has their essential needs met



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.

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

All Council's work over 2018-2021 supports one or more of our community outcomes, helping make sure we ...



provide suitable infrastructure.



improve quality of life.



meet the needs of our community.



improve the local economy.



value the environment + biodiversity.



have community participation.

Major projects 2020/2021

Project	Planned \$000	Spent \$	Comment
Upgrades to improve level of service:			
Stormwater upgrades	-	-	
Renewal/replacement of existing assets:			
Pipe & network renewals	10	-	No major renewal needs were identified
	10	-	

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The number of flooding events, where water enters habitable properties	0	< 1	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
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 ⁶			
	2019/2020 Actual	2020/2021 Target	2020/2021 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	0	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

⁶ **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:

- Operating expenditure of more than \$250,000 in any one year
- Capital expenditure of more than \$1 million in any one year
- Scheme and asset replacement value of more than \$10 million, or
- 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.



	2019/2020 Actual	2020/2021 Target	2020/2021 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	Not available	< 1 hour	No flooding events	Not available
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	98%	No urgent callouts	Not available
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	98%	Not available	Not available
Complaints and requests for service				
The number of complaints received about the performance of the stormwater system, expressed per 1,000 connections ⁷	2.1668	< 3	0.54	Yes Incomplete
The number of customer service requests received about Council stormwater schemes	13	< 200	4	Yes Incomplete
The number of complaints received per year due to a service request not being actioned properly	0	< 20	0	Yes Incomplete

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

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 financial year, and therefore the results are incomplete.

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. There were no flooding events or urgent callouts from which to measure response times.

⁷ There are 1,848 properties connected to the Kaikoura stormwater system

Funding Impact Statement: Stormwater

For the year ended 30 June 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	111	117	106
Subsidies & grants for operating purposes	-	-	-
Fees and charges	3	3	1
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	114	120	107
Applications of operating funding			
Payments to staff and suppliers	57	59	40
Finance costs	6	6	-
Internal charges and overheads applied	41	42	38
Other operating funding applications	-	-	-
Total applications of operating funding (B)	104	107	78
Surplus/(deficit) of operating funding (A-B)	10	13	28
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	10	10	2
Increase/(decrease) in debt	100	(2)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	110	8	2
Application of capital funding			
Capital expenditure			
- To meet additional demand	100	-	-
- To improve the level of service	-	-	-
- To replace existing assets	10	11	-
Increase/(decrease) in reserves	10	10	31
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	120	21	31
Surplus/(deficit) of capital funding (C-D)	(10)	(13)	(28)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			78
Plus depreciation			82
Expenditure as per Note 1			160



Refuse & Recycling

Our goal is to progressively decrease the volumes of solid waste sent to landfill in the district, with a view to ultimately achieving zero waste to landfill

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 2020/2021

The increased focus on the cost efficiency of refuse and recycling services that commenced in late 2019 continued into the 2020/21 year.

Community consultation was conducted in respect of the four level of service options that were outlined in the 2020/21 Annual Plan, but views on these options differed widely with no clear community preference for any of these options.

A desire for implementation of some form of kerbside refuse collection for the Kaikōura urban area was also expressed, and it was subsequently agreed by the Council that an appropriate way forward (dependent upon cost, to be determined through an open tender process) might be the provision of such a kerbside refuse service, with only a limited reduction of existing less cost-efficient recycling services.

The Council also resolved that the date for closure of the Kaikōura landfill and a move to out-of-district refuse disposal should be brought forward.

Whilst some of these Council decisions represent a move away from the previous strong 'zero waste' ethos, a practical focus on waste minimisation was retained through maximising application of user pays principles for the disposal of residual waste.

What we did

The focus of the year was primarily on determining the way forward for the future, taking account of community feedback.

The process included development, consultation and adoption of new Waste Assessment and Waste

Management and Minimisation Plan (WMMP) and subsequent tendering of a contract based on the contents of the WMMP.

This contract included a kerbside rubbish collection service and the discontinuation of kerbside recycling services outside of the Kaikōura urban area and removing the recycling drop-off point at the Suburban School.

Innovative Waste Kaikōura (IWK) was a very clear winner of the tender process for the revised package of services, offering a quality service at an affordable price that was substantially less than that of its competitors.

IWK has accordingly been awarded a contract for delivery of these services through to June 2026, and it is believed that the process has clearly demonstrated the value of IWK to the community as a provider of these services.

All changes to services were deliberately delayed until the level of service determination was completed.

We now have the clarity required to implement the agreed changes in the 2021/22 year, with confidence that this will provide the best achievable value for the community.

What we planned to do but didn't

Since 2019 capital budget allocations made for refuse and recycling services have not been spent because of the continuing uncertainty regarding the future form of KDC's solid waste services.

An externally funded budget allocation for replacing and improving recycling bins in the 2020/21 year was not used because decisions had not been made as to how recycling services would be operated.

The new contract with IWK introduces a fortnightly rubbish collection service in the urban area taking effect in December 2021, with recycling collections on the alternate fortnight.

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.	Landfills generate odours and can be visually unappealing.
Economic	Provision of cost-effective waste disposal services contributes to community economic wellbeing	Reducing the cost (or subsidy) of residual waste disposal services may not discourage waste generation.
Environmental	Providing community waste disposal services reduces potential for environmentally harmful activities such as littering, fly tipping or other inappropriate disposal practices.	As it approaches full capacity the Kaikōura landfill has had an increasingly negative visual impact on nearby properties.

Major projects 2020/2021

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet growth demands			
Improvements	-	2	Pump for leachate system
Upgrade to improve level of service:			
Landfill site development	200	-	Deferred to 2022
	200	2	

Community outcomes supported



We value, protect and enhance Kaikōura’s unique natural environment and biodiversity and sustainably manage disposal of waste.

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Residual solid waste produced (kilogram/year) per resident	418 kg	< 152 kg	471 kg	No
Compliance with the Council's resource consents for discharge from the sewerage system, measured by the number of actions taken against the Council in relation to those consents, namely;				
The number of abatement notices issued	0	0	0	Yes
The number of infringement notices issued	0	0	0	Yes
Fault response times				
The percentage of urgent callouts, being hazardous or environmental waste dumping on public land, responded to within one hour from the time of notification to the time that service personnel depart to the site	Not available	98%	100%	Yes Not available
The percentage of non-urgent callouts, being illegal dumping on public land, responded to within 48 hours from the time of notification to the time that service personnel attend site	Not available	98%	33%	No Not available
Complaints and requests for service				
The number of customer service requests received about recycling collections per year	6	< 100	1	Yes Incomplete
The number of complaints received per year (complaint being due to a service request not being actioned appropriately)	0	< 10	0	Yes Incomplete

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

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 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.

Funding Impact Statement: Refuse & Recycling

For the year ended 30 June 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	332	362	240
Targeted rates	242	251	248
Subsidies & grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	14	14	4
Total operating funding (A)	588	628	493
Applications of operating funding			
Payments to staff and suppliers	380	390	487
Finance costs	16	24	-
Internal charges and overheads applied	176	189	113
Other operating funding applications	-	-	-
Total applications of operating funding (B)	572	603	600
Surplus/(deficit) of operating funding (A-B)	16	24	(107)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	249	242	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	249	242	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	2
- To improve the level of service	-	-	-
- To replace existing assets	265	266	-
Increase/(decrease) in reserves	-	-	(109)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	265	266	(107)
Surplus/(deficit) of capital funding (C-D)	(16)	(24)	107
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			600
Plus depreciation			284
Expenditure as per Note 1			884



Community facilities

Rebuilding, improving and maintaining our physical facilities that support and develop the Kaikōura district

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 2020/2021

- Scarcity of building materials has had some impact on the timing to complete some projects, notably the Scout Hall
- The Minister for Tourism, Stuart Nash, announced funding support for Kaikōura to develop a Link Pathway, an exciting new project which is currently in planning and design phase

- The Council remains in negotiations with the key harbour operators over the facilities at South Bay, with conversations paused while those companies manage the impacts of COVID-19.

What we did

We started the project to fully renovate and strengthen the Scout Hall, with funding from the DIA's earthquake recovery fund and the PGF. That work has carried into the 2021/2022 financial year.

We continue to refurbish housing for the elderly units.

We developed helicopter pads at the airport and replaced the carpet in the terminal building.

A dispute with the airport hangar supplier has now been resolved, and the hangar fully repaired and tenanted. The airport is now operating fully in accordance with CAA requirements, due to new markings, signage and an agreed Operations Manual.

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	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

Community outcomes supported



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.



Residents and visitors enjoy an improved quality of life in our District.



Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity.

All Council's work over 2018-2021 supports one or more of our community outcomes, helping make sure we ...



provide suitable infrastructure.



improve quality of life.



meet the needs of our community.



improve the local economy.



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Parks & reserves

What we do

The Council maintains a number of areas throughout the District such as:

- Churchill Park
- Takahanga Domain
- South Bay Racecourse
- South Bay Domain
- Moa Point
- Seaview Estate
- Memorial Gardens
- Numerous smaller reserve areas
- Cemetery
- Various Walking Tracks.

Key issues in 2020/2021

The Council acquired the land and buildings comprising the Paua Rock Café and the Oceanview Motels near Oaro, as a result of the natural hazards settlements following the earthquake as the land is now unsafe to occupy.

What we did

We had an Asbestos Report completed and after safe removal of the identified asbestos, had the buildings demolished.

We then gifted the land to Te Rūnanga O Ngāi Tahu.

Property

What we do

We undertake general maintenance and upkeep of our buildings and ensure Building of Warrant inspections are done at required times to ensure buildings can be used safely. We ensure all public facilities, such as our public toilets are clean and well maintained so they are a safe environment for us all to use.

Key issues in 2020/2021

Completion of outstanding works for the Civic Centre under the building consent. Works practicably completed June 2021 and Code Compliance Certificate issued.

What we did

Works began to upgrade the Scout Hall/Drama Club-completion set for October 2021.

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 2020/2021

The Council (and operators) experienced lower than forecasted airport revenue due to COVID-19 travel restrictions and lack of international visitors.

What we did

Regular mowing has continued to keep grass lengths within specification. Construction of formal helicopter landing areas and moving the grass runway landing locations north by 100m to comply with the Civil Aviation Authority Part 157 determination has been completed. Repairs to the Hangar is completed. A new water pump and pump shed are complete and now servicing supply to all tenants.



Harbour

What we do

We manage and maintain the South Bay slipway and jetty, as well as the commercial areas including the commercial boat park. We also manage and maintain the wharf at Wakatu Quay and the Old Wharf located by Fyffe House.

Key issues in 2020/2021

A build-up of algae on the slipway at South Bay has caused the ramp to become very slippery, causing problems for users to launch or retrieve their boats. We have also had some damage to the bollards on the jetty.

What we did

The slipway now has regular water blasting at low tides to remove the algae. Bollards are being replaced as well as some handrails fitted to improve safety.

Major projects 2020/2021

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet increased demand:			
West End Amphitheatre	20	-	Carried over to 2021/2022
Pensioner flats	30	-	The budget is in upgrades, but the actual work done was classified as renewal (see below).
Airport improvements	78	-	Classified as improvements to level of service
South Bay slipway & boat parking	100	61	Slipway improvements
	228	61	
Upgrade to improve level of service:			
Scout (Drill) Hall	608	252	Funded from grants, the project has carried over into the 2021/2022 financial year
Airport safety improvements	-	21	Helicopter landing pads
	608	273	
Renewal/replacement of existing assets:			
Airport terminal building renewal	20	20	
Airport hangar major repair	40	-	
Pensioner flats	-	17	
Swimming pool	-	8	
	60	45	
Total capital projects	896	378	

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The number of Memorial Hall bookings (excluding Council use) per annum	24	75	59	No
The percentage of Council housing tenants who fit criteria one (the highest priority) in the Council's housing for the elderly policy	100%	100%	100%	Yes
The percentage of pesticides used that are biodegradable	Not available	100%	Not available	Not available
The percentage of cleaning chemicals purchased that are biodegradable	Not available	> 90%	Not available	Not available
The percentage of tracks and cycleways that are poor condition (grade 4 or 5)	5%	< 10%	5%	Yes
The number of customer service requests received about the Council's community facilities per annum	255	< 500	95	Yes Incomplete
The number of complaints received about the Council's community facilities (due to a service request not actioned properly) per annum	38	< 50	5	Yes Incomplete

In the above tables of performance indicators, incomplete measures are defined as follows:

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 financial year, and therefore the results are incomplete.

Not available – because Council contractors purchase their own pesticides, cleaning chemicals and other products, this information is not available.



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Funding Impact Statement: Community facilities

For the year ended 30 June 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	693	326	639
Targeted rates	400	421	528
Subsidies & grants for operating purposes	-	-	1,084
Fees and charges	880	1,261	648
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	53
Total operating funding (A)	1,973	2,008	2,951
Applications of operating funding			
Payments to staff and suppliers	1,064	968	2,551
Finance costs	276	282	49
Internal charges and overheads applied	487	536	473
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,827	1,786	3,073
Surplus/(deficit) of operating funding (A-B)	149	222	(122)
Sources of capital funding			
Subsidies & grants for capital expenditure	60	-	252
Development and financial contributions	8	8	1
Increase/(decrease) in debt	(188)	380	(282)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(120)	388	(29)
Application of capital funding			
Capital expenditure			
- To meet additional demand	771	421	92
- To improve the level of service	-	-	273
- To replace existing assets	581	581	45
Increase/(decrease) in reserves	(1,323)	(392)	(560)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	29	610	(151)
Surplus/(deficit) of capital funding (C-D)	(149)	(222)	122
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			3,073
Plus depreciation			710
Less Impairment/Asset Disposal			248
Expenditure as per Note 1			4,031



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Commercial activities

Forestry resources, investments and leased properties are managed in a cost-effective manner to provide the optimum financial return on these assets

What we do

This group of activities includes leased properties (Wakatu Quay, 25 Beach Rd), the small forest plantation at South Bay, and the Council's 11.5% share in the Marlborough Regional Forestry (MRF) joint venture, with the Marlborough District Council holding the balance 88.5%.

Key issues in 2020/2021

The Council's application to the Provincial Growth Fund (PGF) was successful, with \$9.88 million granted to develop Wakatu Quay into a commercial precinct. The exact nature of the development has not yet been decided. The buildings at Wakatu Quay were demolished to make way for the exciting new precinct. Most of the buildings were found to contain asbestos, including within the concrete foundations, so the site was fully cleared and remediated. The project management team has gone to tender to find a concept design and appoint a design consultancy

and is seeking a funding partner to complete the project.

The MRF has continued to provide capital distributions to the joint venture, despite the expectation that there would be very little logging done and for there to be a call on the two Council's to inject funds into the venture.

What we did

While the demolition was underway at Wakatu Quay, a steering group was established, and the project management team set up.

What we planned to do but didn't

The Annual Plan 2020/2021 had set the ambitious target of having the new precinct at Wakatu Quay already half-way through construction by 30 June 2021. The project is still in the concept design phase, and expressions of interest are being sought from potential funding partners.

Community outcomes supported



Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity.

Effects on community wellbeing

	Positive effects	Negative effects
Social	The South Bay Forest is a popular area for recreational activity, and the Wakatu Quay precinct aims to be a popular social hub	No identified effects
Cultural	The Wakatu Quay project seeks to include art and cultural works throughout the area	No identified effects
Economic	A primary driver for these activities is to provide a return on ratepayer investment. The Wakatu Quay precinct will also provide new facilities from which commercial businesses could operate.	No identified effects
Environmental	Forestry stabilises sandy ground and acts as a carbon sink	Pine forests deplete nutrients in the soil over time



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Major projects 2020/2021

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet additional demand:			
Wakatu Quay development	4,232	-	The project is in the concept design phase
	4,232	-	

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The proportion of revenue from commercial activities as a percentage of total revenue	2.64%	Minimum 2.0%	2.48%	Yes

Funding Impact Statement: Commercial activities

For the year ended 30 June 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	(377)	164	110
Targeted rates	-	-	-
Subsidies & grants for operating purposes	-	-	1,370
Fees and charges	24	25	14
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	734	122	651
Total operating funding (A)	381	311	2,144
Applications of operating funding			
Payments to staff and suppliers	571	185	2,072
Finance costs	-	-	3
Internal charges and overheads applied	110	126	62
Other operating funding applications	-	-	-
Total applications of operating funding (B)	681	311	2,137
Surplus/(deficit) of operating funding (A-B)	(300)	-	7
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	270
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	270
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	(300)	-	277
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	(300)	-	277
Surplus/(deficit) of capital funding (C-D)	300	-	(7)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			2,137
Plus depreciation			29
Expenditure as per Note 1			2,166



Leadership & governance

Provide a governance structure for effective leadership and advocacy and 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, 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.

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

Key issues in 2020/2021

The results of the resident satisfaction survey showed considerable improvements in satisfaction with the Council and our services.

A reduction in staff numbers took place in July 2020, with several roles absorbed by existing staff.

A major focus has been development of the Long-term Plan for 2021-2031 (the first LTP post-quake), now giving us some certainty about our future, and confidence about our financial sustainability. The focus of the Financial & Corporate Sustainability review has now turned to improving our capabilities, with a new asset management system, a new financial model, and a new records management system.

What we did

The Council continues to work with Te Rūnanga O Kaikōura on a “no surprises” approach with regular hui in place for governance, management and operational discussions. During the year we organised a joint Iwi/Council hui with the Department of Internal Affairs to discuss the potential for a Māori ward in Kaikōura. The joint outcome of that hui and subsequent discussions was a separate ward was not favoured for this electoral cycle. We continue to explore opportunities to improve ways for continuing to strengthen the partnership relationship with Te Rūnanga o Kaikōura and improve local Māori (mana whenua and tangata whenua/ those of non-local Māori descent) inclusion in decision making.

Community outcomes



Our community participates in decisions and planning in a way that benefits our future.

Effects on community wellbeing

	Positive effects	Negative effects
Social	Every decision the Council makes has an effect on 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

All Council’s work over 2018-2021 supports one or more of our community outcomes, helping make sure we ...



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Major projects 2020/2021

Project	Planned \$000	Spent \$000	Comment
Upgrade to level of service:			
Computers & IT equipment	40	39	New server, laptops and Wi-Fi upgrade
New asset management software	-	3	
	40	42	
Renewal/replacement of existing assets:			
Office furniture and equipment	14	7	Scanner and kitchen equipment
Vehicles and plant	25	21	2 nd hand vehicle
Total renewals/replacements	39	28	
Total major projects	79	70	

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The percentage of survey respondents who are satisfied with the Mayor, Councillors, and staff	59%	75%	62%	No
Compliance with the Local Government Act	95%	100%	95%	No
Number of regular hui with Iwi Executive	43	6	28	Yes
Council meetings allow for public participation through public forum	100%	100%	100%	Yes
The percentage of survey respondents who are satisfied that the Council consults with residents on important issues	46%	90%	49%	No

Funding Impact Statement: Leadership & governance

For the year ended 30 June 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	669	1,065	1,170
Targeted rates	-	-	-
Subsidies & grants for operating purposes	500	-	23
Fees and charges	48	35	41
Internal charges and overheads recovered	1,982	2,199	2,408
Fuel tax, fines, infringement fees & other	-	-	1
Total operating funding (A)	3,199	3,299	3,643
Applications of operating funding			
Payments to staff and suppliers	2,978	2,515	3,185
Finance costs	53	50	-
Internal charges and overheads applied	290	327	401
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,321	2,892	3,587
Surplus/(deficit) of operating funding (A-B)	(122)	407	56
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	215	(306)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	215	(306)	
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	41	42	42
- To replace existing assets	53	58	28
Increase/(decrease) in reserves	-	-	(14)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	94	101	56
Surplus/(deficit) of capital funding (C-D)	122	(407)	(56)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			3,587
Plus depreciation			142
Less Overhead recoveries			(2,408)
Expenditure as per Note 1			1,321



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Regulatory Services

We 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
- Traffic & parking control
- Dog & stock control
- Food premises & environmental health
- Liquor licensing
- Other TA regulatory functions

Key issues in 2020/2021

COVID-19 lockdowns and alert level restrictions continue to have the following impacts:

- Freedom camping enforcement once again concluded earlier than the full summer season
- Parking enforcement of the West End car park was stopped, and only inconsiderate parking was enforced
- There has been a slight decrease in building consent applications and inspections

The audit of the Building Consent Authority was carried out under trying conditions during the level 4 lockdown of 2020. Council staff worked diligently during the lockdown period to provide all necessary information for the auditors, and BCA accreditation was achieved.

Building control

What we do

All new buildings within the district must comply with the Building Act 2004 and building codes and regulations, to provide the assurance that our homes and businesses are structurally sound, accessible and weatherproof. The Building Consent Authority goes through a two-yearly accreditation process with MBIE and IANZ. MBIE and IANZ are due back in 2022. Work to ensure compliance with our Kaikōura District Council Building Consent Authority Manual has been continuing since the last successful audit to ensure that we can show what we are doing is in accordance with our manual.

Key issues in 2020/2021

During COVID-19 restrictions the Building Control team were able to deliver their core functions, with remote working making it possible to deliver building consent and code compliance certificates as normal.

Where essential services as defined by MBIE required building inspections, for example solid fuel heater installations, these were done remotely using for example Messenger video or WhatsApp.

What we did

We successfully achieved accreditation as a Building Control Authority (BCA).

We also continued to deliver building control core functions and took on two Building Control Cadets to help future proof the delivery of building control functions.



Traffic & parking control

What we do

The Council employs one full-time Regulatory Enforcement Officer (down from two Officers pre-COVID) with traffic warden duties as part of their role, to minimise irresponsible parking practices, particularly in the West End. Their duties help to ensure people are parking with consideration for others, and enforce the use of parking on disabled spaces, time-limited parking areas, loading zones, etc. Pay and display parking in the town centre is complemented by free parking spaces throughout the West End and another parking area over a footbridge opposite Lyell Creek.

Key issues in 2020/2021

With COVID-19 restrictions heavily impacting our local retail and hospitality businesses, we have eased our stance on patrolling time-limited parking to make it easier for people to use the spaces available throughout the West End, including the Pay & Display carpark.

What we did

We issued 62 parking infringements, 13 of which were for parking in excess of a time limit, 10 for parking on a footpath, and 2 for parking on disability spaces.

Dog & stock control

What we do

There are currently 1,180 known dogs in the district. As per previous years our Regulatory Enforcement Officer has spent a lot of time educating dog owners and following up unregistered dogs and is on call 24/7.

Key issues in 2020/2021

We worked toward getting our current dog impound facility fit for purpose. Further work is planned for the 2021/2022 financial year.

What we did

There were 110 complaints about dogs, including 17 for barking, 36 wandering and 4 for dog attacks.

We also responded to 22 callouts relating to stock.

We successfully implemented a new text reminder for dog owners that had not renewed their dog registrations and were potentially facing late payment penalties. The text reminder worked well, as it prompted quite a number of people to pay their dog registrations just in time.

Food premises & environmental health

What we do

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 the respective Food Notices (Guidelines) issued by the Ministry for 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, as businesses change their way of operating post COVID-19 and 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 transitional period for the Food Act 2014 is now complete and all our food business are now operating

under the new legislation. The community has received the changes well and is working towards acceptable outcomes. This verification process is aimed to be a positive visit that encourages and assists operators to meet the requirement of the Act and provide safe and suitable food.

Key issues in 2020/2021

During COVID-19 alert level restrictions, verification did not happen due to businesses being effectively locked down.

What we did

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

Liquor Licensing

What we do

The Council ensures that the sale and supply of alcohol is managed responsibly with the purpose of minimising alcohol-related harm, and that licensed premises are top quality hosts. Council recognises the requirements of the Sale and Supply of Alcohol Act 2012 to establish and maintain arrangements between the Licensing Inspector, Police and Medical Officer of Health to ensure the ongoing monitoring of licences and the enforcement of the Act, together with the need to develop and implement strategies to reduce alcohol-related harm. The Council's Licensing Inspectors maintain advocacy in a tri-agency approach to ensure that the alcohol industry performs to the requirements of the Act.

Key issues in 2020/2021

During COVID-19 liquor licensing off-license applications were still dealt with as MBIE had classified these outlets as essential services.

An Order in Council put in place during lockdown and still effective at this time saw reporting times for Police and MOH extended for liquor licensing applications to be reported on.

What we did

In most cases, there was business-as-usual delivery.

Other TA regulatory functions

What we do

Other TA functions includes noise control, litter and illegal dumping control, responsible (freedom) camping, issuing building warrant of fitness to commercial premises, and monitoring of swimming pools.

Key issues in 2020/2021

We received funding from the Ministry of Business, Innovation & Employment, to employ five short-term Responsible Camping Ambassadors. The impact of COVID-19, however, meant that freedom camping enforcement concluded earlier than the full summer season.

What we did

Noise Control

We outsource to Armourguard Security who carry out noise complaint investigations. Often these investigations are on the weekend and late evening or early hours of the morning.

Litter and Illegal Dumping

The Regulatory Enforcement Officer has been involved in several littering issues which have included

working with other agencies with some issues arising from people dumping large amounts of tyres and general rubbish in our reserves. We send out notification letters to residents where illegal dumping has identified addresses.

Responsible Camping Ambassadors

With the new Responsible Camping Bylaw in place, five temporary Reasonable Camping Ambassadors were employed over the summer season. As visitor numbers diminished this was scaled back to two Ambassadors supported by our Regulatory Enforcement Officer. Very few issues were reported over this period with 25 warnings issued and 6 infringements for non-compliant camping.

Building Warrant of Fitness (BWof)

Our Regulatory Enforcement Officer processed 84 BWof inspections, and 90 three-yearly annual audits. A Building Warrant of Fitness is a statement from a building owner that confirms the systems specified in the building's compliance schedule have been maintained and checked for the previous 12 months.

We also completed 6 investigations into Resource Management Act (RMA) issues and complaints.



Community outcomes supported



Our community is resilient, safe and well and has their essential needs met



Residents and visitors enjoy an improved quality of life in our District.

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

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Estimated parking occupancy rate in the West End pay & display carpark during November to February	18,658	> 20,000	12,206	No
The number of complaints about dogs (wandering, barking nuisance, rushing, etc)	155	< 135	65	Yes
The percentage of licensed liquor premises assessed as low to medium risk	100%	> 83.7%	100%	Yes

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Funding Impact Statement: Regulatory services

For the year ended 30 June 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	441	453	375
Targeted rates	99	106	97
Subsidies & grants for operating purposes	-	-	144
Fees and charges	404	400	763
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	37	37	8
Total operating funding (A)	981	995	1,387
Applications of operating funding			
Payments to staff and suppliers	737	724	852
Finance costs	-	-	-
Internal charges and overheads applied	243	271	187
Other operating funding applications	-	-	-
Total applications of operating funding (B)	981	995	1,040
Surplus/(deficit) of operating funding (A-B)	-	-	348
Sources of capital funding			
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	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	348
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	-	-	348
Surplus/(deficit) of capital funding (C-D)	-	-	(348)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,040
Plus depreciation			-
Expenditure as per Note 1			1,040



Community development

Move seamlessly from social recovery to community development and enable the community to take collective action and generate 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

The community Services team planned to increase COVID-19 social recovery support within existing budgets, consolidating the process where the community comes together to take collective action and generates solutions to common problems. “This strengthens community resilience, safety and wellbeing, ensuring everyone in the community has their essential needs met and enhances quality of life for residents and visitors” (*Reimagine Kaikōura*).

Key issues in 2020/2021

With staff shortages in the library, emergency management, and front of house areas, we had to utilise all existing staff in our team to be proficient in many areas, such as reception staff manning the library and vice versa.

Development of our new electronic data and information management system called Laserfiche.

Teething issues with the Community Services Committee.

What we did

The seven MBIE temporary accommodation units continue to be managed by Te Whare Putea until February 2022.

The Community Development team moved seamlessly from welfare support during and after COVID-19 lockdown to business as usual, with robust systems in place to continue to support Kaikōura Health.

We employed an Emergency Management Officer who provided comprehensive training for all staff and local first responders, including Kaikōura Health.

We invested in a major technology upgrade in the District Library to enable more online services, including e-books and audiobooks. We signed up to the NZ Library Partnership Programme in collaboration with Te Hā o Mātauranga who employed Whanau Education and Digital Inclusion advocates, some based at the library and some at Te Hā.

The implementation of our new electronic data and information management system called Laserfiche was rolled out across the organisation without many issues.

We delivered a successful Mayor’s Taskforce for Jobs employment and support programme in collaboration with Te Hā o Mātauranga.

We continued to deliver the Violence Free awareness raising contract supporting many projects in the community.

What we planned to do but didn’t

We planned to work in partnership with Te Rūnanga o Kaikōura on the Community Services Committee. COVID-19 continued to disrupt relationship building with many people and agencies who were at different stages of opening as we moved across Alert Levels.

Community outcomes supported



Our community is resilient, safe and well and has their essential needs met



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.



Our community participates in decisions and planning in a way that benefits our future.



Residents and visitors enjoy an improved quality of life in our District.

All Council’s work over 2018-2021 supports one or more of our community outcomes, helping make sure we ...



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Effects on community wellbeing

	Positive effects	Negative effects
Social	Connecting social service providers post-COVID, supporting community events, delivering emergency management training, offering a friendly, professional customer service at reception and in the library, has promoted community wellbeing.	No identified effects
Economic	Community events and the Staycation video have supported domestic tourism by bringing Kiwis to Kaikōura to support businesses	No identified effects
Environmental	Supporting Youth Council, we support the youth voice which endorses climate change initiatives, we supported the Dotterel Trust, and the dark sky initiative to achieve international Dark Sky accreditation.	No identified effects
Cultural	Community development supports Te Reo Māori initiatives, works closely with Māori organisations to protect and enhances cultural wellbeing and assist with whanau development and events.	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 provide receipting and administrative support in photocopying, booking meeting venues, etc.

Key issues in 2020/2021

We focused on providing good customer service support with timely responses. Our new Customer Services Officer moved into a LIM's Officer role in the planning team, and so we found ourselves having to recruit again.

What we did

We employed a Customer Services Officer, who in turn has taken on specific duties relating to our new document management system, with the potential to become our Information Management Officer.

What we planned to do but didn't

We planned to charge for the use of the Memorial Hall, but with the negative effects of COVID-19, we often applied the fee waiver to enable community events to take place that would otherwise not have.

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The percentage of survey respondents who are satisfied, or very satisfied, with the Council's customer services team	62%	91%	67%	No



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Community grants, events & fundraising

What we do

As the Council has such a small rate payer base, our team continually seeks external funding for additional Council activities and community support. We administer local funds such as the Sport Rural Travel Fund, the George Low Trust, and the Creative Communities Scheme.

Key issues in 2020/2021

- COVID-19 has put immense pressure on organisations needing grant funding to survive.
- Lack of community capacity to run community events.
- Lack of internal economic development support for writing funding applications.

What we did

We successfully sourced external funding for over \$1.75 million in externally funded projects, including:

1. Waterpark – \$45,000
2. Mayor’s Taskforce for Jobs – \$500,000
3. NZ Library Partnership Programme – \$117,000
4. NZ Library Partnership Programme – Extra book funding of \$52,000
5. Violence Free COVID funding – \$15,000
6. Violence Free additional extension of contract for 1 Jan 2021 – Jun 2021 - \$15,000
7. Lottery Grant – \$40,000 for Elder Support Worker
8. Link Pathway – \$1,000,000 secured to develop a new walkway/cycleway from the West End to Point Kean, and up to the peninsula lookout.

We were successful in securing ongoing funding for the Sport Rural Travel Fund and the Creative

Communities Scheme and our reporting has continued to improve. We streamlined all community fund processes.

We were successful with an application to Te Putahitanga for an inflatable Water Park, which will be erected at Gooches Beach for summer events of 2021/2022.

The Violence Free funding from the Ministry of Social Development was extended for another 6 months due to the ongoing effects of COVID-19.

Our Community Events Coordinator supported numerous community events and organised events such as the Spring Festival (postponed Winter Festival due to COVID), encouraging volunteer support. She collaborated with Destination Kaikōura to offer local expertise and a community flavour.

The Community Services Manager coordinated the application to the Tourism Infrastructure Fund (TIF), and we were successful with funding for the Link Pathway project along the Esplanade from the I-Site to Point Kean.

What we planned to do but didn’t

We planned to run a 3-day Winter Festival in the winter of 2020. However, this had to be postponed due to COVID restrictions on gatherings, and was run as a Spring Festival instead but with fewer activities and less attendance than we had hoped.

We applied to the COVID Welfare Fund to stock up the Memorial Hall but were not successful. We did, however, receive funding for our Community Older Person’s Support Worker to continue supporting older people in our community with targeted events.

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The number of externally funded community projects	1	4	8	Yes

Emergency Management

What we do

Emergency Management (formerly referred to as Civil Defence) 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 2020/2021

The focus was on staff training, liaison, and training with local first responders, updating procedures and setting up our communications technology.

What we did

Increased staff EOC training and emergency operations centre capability using D4H.

We updated our Canterbury Civil Defence Emergency Management Group (CDEM) radio channel, and it is working well with weekly check-ins from Canterbury.

Fuel plan developed.

Many plans updated, including the Pandemic Plan.

What we planned to do but didn't

We planned to erect the Tsunamis signs. This is still with the Roding Engineer to action.

COVID-19 alert level lockdowns affected our ability to meet two of our performance indicators, with one of our first responders' meetings cancelled and our plans for an all-agency exercise rejected due to workloads post-lockdown. Our emergency management officer is now planning a scaled-down exercise in the latter months of 2021.

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The percentage of survey respondents with an emergency kit	85%	90%	81%	No
The number of leadership team meetings and/or civil defence meetings attended per year	11	6	5	No
The number of all-of-staff exercises held per year (e.g. Exercise Pandora)	1	1	0	No
The average number of hours emergency management training per staff member per year	5.36 hours	12 hours	12 hours	Yes



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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 2020/2021

There is an expectation that increased community events in the library were necessary to turn the library into a modern library space – without extra event funding.

We had a major IT upgrade to keep functioning and become a modern library.

Creating a library guiding document with updated processes and procedures.

More community involvement to support Council outcomes.

What we did

We purchased a new IT upgrade and have e-book capacity. We further partnered with Te Hā o

Mātauranga to deliver the outcomes from the NZ Library Partnership Programme (NZLPP).

To support our community’s wellbeing in the post-COVID lockdowns of 2020, we substantially increased the number and variety of community events in the library. These included daily after school activity programmes, weekly embroidery, Toddler Time, Yoga, and Sit and Be Fit classes, and daily Te Kura sessions. In addition, we rented the Matariki room to agencies and organisations that bring in more local support.

We supported the Building & Regulatory team to use our e-text capability to contact dog owners by e-text.

The Kaikōura District Library Guiding Document for operating our Library was completed and all our processes are now up to date.

We started a monthly Community Library Steering Group to help deliver strategic community outcomes.

What we planned to do but didn’t

We planned to do library training, but due to time constraints had to put this on hold after our first successful session.

Project	Planned \$000	Spent \$000	Comment
Replacement of existing assets:			
Library books & resources	26	13	

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The number of library event opportunities provided to the community	162	32	608	Yes
The number of lending items per capita	8	7.7	10	Yes

In addition, we have 120 e-Platform users, and they are averaging two items per month.

Community Development

What we do

With the four well-beings of economic, environmental, cultural and social well-being returning to the Local Government Act 2002, the role of community development has been reinigorated as a central purpose of councils.

The Council's Community Development activity forms the hub of various community services and includes social recovery (both from the earthquake and COVID-19), family violence coordination, outreach support, rebuild navigation and supporting or facilitating local non-government organisations.

Key issues in 2020/2021

Our challenges were:

- Lack of business and employment support post-COVID.
- Youth well-being impacted negatively by COVID.
- Very little event funding with an expectation that Council delivers event support for community well-being.
- Lack of social service provider collaboration even on the Community Services Committee.
- Community development support with newcomers, and housing.
- Very little rūnanga and Māori engagement on committees and community groups.

What we did

We collaborated with Te Hā o Mātauranga to deliver employment coordination across the district through the Mayor's Taskforce for Jobs funding with more than 60 people employed in full-time work.

We continued to support Youth Council and Youth Council coordination through Te Hā o Mātauranga with monthly Youth Council updates to the Council.

The Community Development Officers continue to work with individuals and community groups around funding, housing support, events, and advocacy, increasing community support across the board.

We encouraged all organisations to attend the Community Services Committee meetings by trialling different times.

Newcomer's support continued in the library with a weekly morning tea and the development of a Kaikōura Newcomer's Strategy.

Te Whare Putea was supported to continue to manage the 7 MBIE housing units.

Advocacy for the pensioners in the Council Pensioner Cottages was increased.

What we planned to do but didn't

Even with a consolidated effort to include organisations on the Community Services Committee, uptake was low.

We started collaborating with Te Whare Putea to deliver the newcomer's support, but because of COVID and bad health, this was put on hold.

We planned to increase rūnanga and Māori engagement but were only marginally successful.

Performance indicators

There are no specific performance indicators for Community Development, however this role acts as coordinator for all activities within the Community and Customer Services group of activities.



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Youth Development

What we do

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

Key issues in 2020/2021

Looking for opportunities to connect, to have fun and to build resilience as the effects of COVID-19 hit home for all youth in Kaikōura.

What we did – this is the same as last year?

In addition to our regular events, Kaikōura Youth Council received funding from the Ministry of Social Development to provide wellbeing activities for young people. They were able to offer some amazing events, such as a Halloween Ball for seniors, three out of school activities for students (a movie afternoon and two trips to Hanmer Springs for different year groups). They ran a community quiz night for Youth Week and their members attended a couple of great leadership

and learning opportunities - Activate South Island Youth Connect run by Youth Voice Canterbury and a hui with the Top of the South Youth Councils. Their members reported to Kaikōura District Council regularly by providing written reports, and by attending Council meetings and speaking to the Council. They also surveyed all classes at the High School in order to increase a youth voice and collect feedback for Council's Annual Plan and Long-Term Plan submissions.

What we planned to do but didn't

They investigated options for a youth space such as the Scout Hall, but it is currently under repair. They would like to pursue the Scout Hall option.

They also explored avenues for the ongoing maintenance of the temporary skate ramp at Gooches Beach playground but have not come up with a robust plan. These are on the agenda again.

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Number of Youth Council meetings facilitated	30	10	30	Yes
Number of Youth Council activities supported	16	5	6	Yes
Number of committees with youth representation	5	3	3	Yes



Funding Impact Statement: Community development

For the year ended 30 June 2021

	2019/2020 Long Term Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	629	655	728
Targeted rates	10	10	10
Subsidies & grants for operating purposes	8	8	794
Fees and charges	48	49	37
Internal charges and overheads recovered	210	221	218
Fuel tax, fines, infringement fees & other	2	3	-
Total operating funding (A)	907	946	1,786
Applications of operating funding			
Payments to staff and suppliers	752	771	1,533
Finance costs	-	-	-
Internal charges and overheads applied	129	148	157
Other operating funding applications	-	-	-
Total applications of operating funding (B)	881	919	1,690
Surplus/(deficit) of operating funding (A-B)	26	27	96
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	32
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	32
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	26	27	13
Increase/(decrease) in reserves	-	-	115
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	26	27	128
Surplus/(deficit) of capital funding (C-D)	(26)	(27)	(96)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,690
Plus depreciation			50
Less Overhead recoveries			(218)
Expenditure as per Note 1			1,522



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District development

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:

- Strategy & policy
- District Planning
- Statutory planning
- Economic development
- Tourism & marketing

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.

What we did

The geotechnical research on natural hazards in our district has been substantially completed, with this work now providing the core information to inform a full review of the natural hazards in the District Plan.

As part of reducing costs following the impact of COVID-19 on the community, the economic development role within KDC was disestablished, however the grants paid to Destination Kaikōura were increased to allow for greater marketing of Kaikōura as a destination for domestic travellers, with the international borders closed.

Key issues in 2020/2021

The Responsible Camping Bylaw is now in place, and ambassadors were able to enforce inappropriate camping and littering when problems arose.

COVID-19 has had an unrelenting impact on many businesses in the district, particularly our tourism operators, retail and hospitality businesses.

Community outcomes supported



We value, protect and enhance Kaikōura's unique natural environment and biodiversity and sustainably manage disposal of waste.



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.



Our District is economically diverse, attractive to investment and provides certainty around business and employment continuity.



Residents and visitors enjoy an improved quality of life in our District.

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

All Council's work over 2018-2021 supports one or more of our community outcomes, helping make sure we ...



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Strategy & Policy

What we do

The Council is required to review bylaws by statute to ensure they are effective and efficient. In addition to review of bylaws Council from time to time requires new bylaws which can be made to protecting the public from nuisance; protecting, promoting, and maintaining public health and safety; minimising the potential for offensive behaviour in public places.

The Council moved away from EarthCheck as this was no longer considered relevant to the district. This enabled funds to be repurposed and to leverage other potential external opportunities. In addition to moving away from EarthCheck a review of the department was completed as part of the financial sustainability assessment of the Council. This review identified scope for improvement in the area including the need to update of bylaws, the District Plan and new National Instruments such as National Policy Statements and the need for monitoring of current plans. It however stated that the department “staffing level was bare bones”. This continues to be the case and the national shortage of planners has delayed review of a number of policies.

Key issues in 2020/2021

At present planning is a highly competitive industry with a nationwide shortage of experienced planners. This shortage has made it difficult to attract experienced staff, and with the departure of a key staff member this department came under additional pressure during the year.

What we did

We continued to support our community by supporting funding applications, providing street names and supporting responsible camping. In light of the staff vacancy core business – particularly statutory planning – became the focus of the team.

What we planned to do but didn't

The annual plan also includes several performance measures which relate to EarthCheck requirements. As we have stepped away from EarthCheck we have not provided performance indicators which relate to air quality, energy use and greenhouse gas emissions for the district.

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
District energy use in gigajoules per person	Not available	84.2	Not available	Not available
District greenhouse gas production (CO2 per person in tonnes)	Not available	4.013	Not available	Not available
Air quality – nitrogen oxide (NO2) in kilograms per hectare	Not available	0.853	Not available	Not available
Air quality – sulphur dioxide (SO2) in kilograms per hectare	Not available	0.0693	Not available	Not available
Air quality – particulates (PM10) in kilograms per hectare	Not available	3.063	Not available	Not available
Solid waste produced per person per year (kg)	Not available	75.3 kg	Not available	Not available
The percentage of the Kaikōura District's biodiversity that is under protection	Not available	49.8%	50.2%	Yes
The percentage of water way samples passing the “quality standard”	Not available	78.67%	Not available	Not available

District Planning

What we do

The Kaikōura District Plan is a document which has been created under the Resource Management Act 1991 to achieve the purposes of the Act. The Plan is the Council document which is used to manage development and provide for protection of natural and physical resources within the Kaikōura District.

District Plans are required to be reviewed every 10 years to keep up to date with community views and legislation. Our Plan was made operative in June 2008 and has since had two plan changes which became operative in March 2011.

The Council has decided on a rolling review of this Plan. This allows sections of the Plan to be reviewed as opposed to reviewing the Plan as a whole. The Council planning team is undertaking a rolling review of the District Plan, with the Natural Hazards Chapter being the first chapter being reviewed. The Natural Hazard chapter is considered to be a cornerstone chapter in that the outcome of this chapter helps set the direction for other chapters.

Key issues in 2020/2021

The push for Resource Management Act reform by major political parties has created uncertainty on the future of the planning framework within NZ. Central Government has announced that the Resource Management Act will be replaced by three new Acts; the Natural and Built Environments Act (NBA), the Strategic Planning Act (SPA) and the Climate Adaptation Act (CAA). The intention is to consolidate more than 100 resource management act policy

statements and regional district plans into about 14, simplifying national planning documents. The Council will continue to push on with the District Plan review to enable our community the ability to set our own direction while we are able to.

What we did

Last financial year we completed public consultation on the Natural Hazards chapter. We held off public notification to allow letters to be sent to properties subject to potential natural hazards in effect to increase engagement with the community. This delayed the project and was beneficial in the long run with formal public notification only resulting in a total of 16 submissions and two further submissions. The majority for these submissions were from organisations as opposed to ratepayers.

As a result of general feedback from the community, an additional technical report regarding the frequency of debris flows and fans was sought. The Council is still waiting on this information; however, we have draft staff reports and established possible hearing commissioners and hearing dates for submissions.

What we planned to do but didn't

The natural hazards chapter has not been completed by June 2020 as had been expected due to additional engagement and notification with the community and key organisations.

The effect of the delay is seen as positive, in having created greater awareness.

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Maintain or enhance resident satisfaction (measured by the percentage of survey respondents satisfied with District Planning)	42%	80%	46%	No ⁸
Progress on the natural hazards content of the District Plan (Natural hazards District Plan review to be completed by 2020/2021 financial year)	Delayed	Plan change completed	Delayed	No

⁸ While we have not met the 80% satisfaction target, we have achieved enhanced resident satisfaction through the higher level of satisfaction with our planning team and planning processes in the resident survey this year.



Natural Hazards

What we do

As a result of the November 2016 Earthquake the Council received \$1.5m from Central Government to assist property owners who had an unacceptable level of life safety risk. These property owners have been unable to stay in their property since the earthquake. The programme of works sought to reduce risk to more acceptable levels with the aim of allowing property owners use of their properties where possible.

Work involved exploring methods to reduce the level of risk and undertaking physical works to reduce the risk. Where risks could not be reduced properties were purchased.

Key issues in 2020/2021

Inclusion of the Natural Hazards project in the 2020/2021 financial year was intended to ensure the complete completion of the project. Four outstanding issues existed:

1. Demolition of two buildings with an unacceptable level of risk.
2. Physical construction of bund to properties which were exposed to an unacceptable level of risk from the November 2016 earthquake.
3. Removal of a large rocks above properties protected by a bund.

4. Ensuring all engineering structures were officially signed off.

What we did

We demolished the two properties considered to have an unacceptable level of risk, one a motel and the other a café. Both were located in an archaeological area which has significance to Ngāti Kuri and Te Rūnanga o Kaikōura. Following the completion of the demolition and tidying up the site, both properties were gifted to Te Rūnanga o Kaikōura.

We completed the construction of bunds (debris catch walls) to ensure an acceptable level of risk for houses located downhill from potential rock fall areas in Rakautara.

We listened to our residents and met with residents and engineers on site to view a large rock which residents had raised concerns about. Although this rock was known to the consulting engineering team and within design criteria, we arranged for the removal of a section of the rock which protruded from the hill side.

Finally, when all work was completed, we ensured that necessary producer statements were obtained.

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Ensure that strategies for mitigation of risk or retreat occurs for properties with unacceptable life safety risks	100%	Nil	All settlements are now complete, and land remediated as appropriate	Yes



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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 effects on the environment are avoided, remedied or mitigated.

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

Key issues in 2020/2021

The key issue for last year (the 2019/2020 financial year) was the variety of consents which the Council received as Kaikōura continued to rebuild after the November 2016 Earthquake. When COVID-19 first impacted New Zealand, we anticipated a decline in planning activity, with key economists predicting a slowdown in property prices and fewer resource consents. Kaikōura has, however, continued to build faster than anticipated, resulting in increased consent numbers.

These factors, combined with the resignation of a key staff member in the later part of the year, placed significant pressure on our resources.

What we did

We processed resource consents, project information memorandums, land information memorandums and provided information on the district plan. We kept Te Rūnanga O Kaikōura informed of the resource consent applications we have received. We received no objects or appeals in relation to resource consents.

The loss of a vital staff member to another local authority meant the remaining Council staff were required to contract external consultants to better meet our statutory requirements. We were advised by some of those consultants that they too are experiencing a shortage of resources and/or an increase in consent numbers and do not have capacity for consents processing.

We continue to advertise for a planner to support our community.

What we planned to do but didn't

We aimed to process all resource consents within statutory timeframes. Resource consents can be complex as the decision made will impact on individual's property rights and the environment. Although we intended to process all consents within statutory timeframes some consents did not meet these timeframes.

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
The percentage of resource consents processed within statutory timeframes	62%	100%	70%	No



Economic Development

What we do

The Council plays a role in supporting and promoting economic development for the district. The Council's most significant financial 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 Council is relative to the funding available for this activity.

Key issues in 2020/2021

For Kaikōura the importance of supporting economic development, both short and longer term, has been highlighted by the devastating effects on the local economy of the 2016 earthquake and the 2019 global pandemic.

COVID-19 lockdowns and border restrictions are causing low levels of business confidence as the pandemic appears to be here to stay. Retail, hospitality and tourism-based businesses continue to be the hardest hit by the effect of the pandemic.

On a positive note, the PGF funded project at Wakatu Quay is underway, with the governance group and project management team established, the design will soon be refined and funding partners will join in this exciting development.

What we did

With NZ hosting the America's Cup sailing regatta in February/March 2021, Kaikōura became one of only thirteen official fan zones in the country and purchased a large outdoor TV screen to show the live races. The screen is now available to support future events and activities.

Our Events Coordinator was very busy coordinating various groups to visit Kaikōura, including the Porsche Club, the Christchurch Vocal Collective, the Marlborough Flyer stream-train, and the Spring Festival.

We supported the Kaikōura International Dark Skies Trust to apply for international dark sky accreditation (IDA). This included ongoing support of 5 events, community outreach and various funding options, all of which are under the applications criteria. In addition, 85% of Kaikōura streetlights have been adapted to meet IDA criteria to date.

The Council itself was able to devote significant resource to applying for Government Shovel Ready funding, with some success including for the new Aquatic Centre and the refurbishment of the Scout Hall.

What we planned to do but didn't

In our Annual Plan we anticipated providing resource and funding support for the Economic Recovery Governance Group. However, the focus of this group moved to seeking Central Government funding (which was ultimately unsuccessful).

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Build conference and event business to assist with year-round visitation	The 118-bed Sudima Hotel is under construction (delayed by COVID-19). The hotel comprises a conference room and restaurant facilities	By June 2020 be recognised as a new conference destination by Conventions Incentive NZ (CINZ)	Sudima Hotel construction was further delayed due to COVID-19	No
Grow new product areas	Our application to the PGF was successful, with up to \$10.88M granted for a new Wakatu Quay development including up to \$1M for a South Bay feasibility study	By June 2020 new business attracted	COVID-19 prevented new businesses setting up in Kaikōura and the PGF projects are still in progress	No



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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. Council Community Events also coordinates visitors through a range of smaller events and information and assistance.

Key issues in 2020/2021

The COVID-19 pandemic continues to have an unprecedented impact on visitor numbers.

International visitor numbers fell to almost zero from March 2020. As the lockdown levels reduced, domestic travellers showed their support by visiting Kaikōura in late 2020. The visitor loss for attractions that target international markets was immediate, with a ripple effect through the rest of the district. Early hopes of trans-Tasman borders reopening did not occur.

What we did

The Council continued to support new ventures such as the Sudima Hotel, PGF applications, and community funding even through COVID alert level restrictions. The Events team developed a Staycation video encouraging domestic tourism, and supported a wide range of activities.

DK also received additional Government funding, however this was targeted to certain activities only. The Council funding support proved vital for DK's continued activities (retargeted to the domestic market) and the I-Site's operation. Councils staff work closely with DK through this period to assist operators and DK expanded its activities to be Kaikōura wide regardless of membership.

Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Grow international and domestic visitor spend year-on-year for three years	\$108m	Exceed pre-quake visitor spend (of \$113m), with 5% forecast growth	\$95.6m	No
Increase length of stay (guest nights)	2.2	Increase pre-quake guest nights (of 1.65) by 5%	National length of stay measures no longer produced. Information unavailable	N/A
Collaborative partnership marketing	Ongoing collaboration	Continue work with RTOs, Tourism NZ to grow visitor numbers	Increase collaboration with DK in light of COVID-19 effects	Yes
Percentage of environmentally friendly tourism operators	18%	18%	EarthCheck information no longer produced	N/A

Funding Impact Statement: District development

For the year ended 30 June 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	409	431	161
Targeted rates	626	595	484
Subsidies & grants for operating purposes	-	-	-
Fees and charges	110	113	209
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	1
Total operating funding (A)	1,145	1,139	854
Applications of operating funding			
Payments to staff and suppliers	940	912	1,263
Finance costs	-	-	-
Internal charges and overheads applied	205	227	183
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,145	1,139	1,446
Surplus/(deficit) of operating funding (A-B)	-	-	(592)
Sources of capital funding			
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	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	(592)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	-	-	(592)
Surplus/(deficit) of capital funding (C-D)	-	-	592
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,446
Plus depreciation			-
Expenditure as per Note 1			1,446



Earthquake event rebuild

Rebuilding quality infrastructure that meets the needs of the community whilst achieving long term affordability for the Council

What we do

We rebuild earthquake damaged Council-owned horizontal infrastructure including:

- Roads and bridges
- Footpaths and streetlights
- Water supply
- Sewerage
- Stormwater

We restore pre-earthquake levels of service across the infrastructure network wherever possible and improve levels of service where funding allows.

We deliver a safe and high quality rebuild programme within the funding envelope agreed with our funding partners, and we collaborate with stakeholders to achieve successful outcomes.

Key issues in 2020/2021

The COVID-19 alert level restrictions of March through to June 2020 caused delays on several of our rebuild projects, which were then carried over into the 2020/2021 financial year. This year we can celebrate the end of the rebuild programme, with only the relining of the Peninsula reservoir carrying on into 2021/2022, completed in August 2021. The Waiau-Toa Clarence Bridge is a longer term project, attracting a 95% subsidy from Waka Kotahi NZTA. The rebuild project team has now been disbanded and KDC's works and services team have assumed responsibility.

What we did

The rebuild of KDC's earthquake damaged roading and three-waters infrastructure has now been substantially completed, at a total cost of \$40 million in capital costs over the five years since 14 November 2016.

What we planned to do but didn't

It was intended that much of the consenting and detailed design work in respect to the Waiau-Toa Clarence Bridge would be completed, but concerns raised by iwi in respect to the project prevented this. It was also intended that the Peninsula reservoir works would be completed but continuing border closures delayed commencement.

Community outcomes supported



Our community is resilient, safe and well and has their essential needs met



Our infrastructure, housing and community facilities are easily accessible, cost effective and able to withstand our natural hazards.

All Council's work over 2018-2021 supports one or more of our community outcomes, helping make sure we ...



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Rebuild – Roading

What we do

The Council's role is to rebuild the earthquake damaged Council-owned roading infrastructure, and to restore pre-earthquake levels of service across the infrastructure network wherever possible. We improve levels of service where funding allows and deliver a safe and high quality rebuild programme within the funding envelope agreed with our funding partners. We collaborate with stakeholders to achieve successful outcomes.

Key issues in 2020/2021

Despite the COVID-19 alert level restrictions, much of the roading rebuild projects were completed without issues.

What we did

Almost all remaining physical works on key projects have now substantially been completed. This included:

6 x Bridges replacements

The last of the bridges were replaced, namely Greenburn (Scotts Road), Gillings Lane and Wards 2 (Mt Fyffe Road).

Minor structural repair to bridges

Middle Creek bridge had been assumed to be a minor repair, however as the physical work commenced it

became apparent that a full replacement would provide a more resilient solution. This included incorporating a wastewater main line in the bridge structure.

EQ Roading programme

Major drainage renewals were also completed early in the 2020/2021 financial year, having been delayed by the COVID-19 restrictions in March to June 2020.

Clarence Valley Access (business case and preliminary design)

Preliminary design and statutory approvals scoping reports were completed for the Waiiau Toa / Clarence bridge, and a peer review of the previously investigatory work undertaken access options was also commenced in response to iwi concerns.

What we planned to do but didn't

Progress on the Waiiau-Toa Clarence bridge has been significantly delayed while the Council attempted to work through concerns raised by Iwi. Funding from Waka Kotahi (NZTA) of 95% of the \$12.2 million project is reliant upon keeping to the originally agreed design, which has once again been confirmed as the best solution, and so it seems likely that the Council and Waka Kotahi will need to move ahead with that design without Iwi support.

Major projects 2020/2021

Project	Planned \$000	Spent \$000	Comment
Roading			
Bridge repairs (x 14)	507	311	Middle Creek bridge now complete
Bridge replacement (x 6)	276	188	Greenburn, Gillings and Wards 2
Clarence Valley access	900	116	Professional services and design
Road and drainage renewals	-	255	Carried over from 2019/2020
	1,683	870	



Rebuild – Three-waters

What we do

Our role is to rebuild earthquake damaged 3-Waters Council-owned horizontal infrastructure including water, sewer and stormwater assets. We aim to restore pre-earthquake levels of service across the infrastructure network wherever possible and to improve levels of service where funding allows. We deliver a safe and high quality rebuild programme within the funding envelope agreed with our funding partners and collaborate with stakeholders to achieve successful outcomes.

Key issues in 2020/2021

With the exception of the relining of the Peninsula reservoir and the legal registering of some

wastewater easements, all three-waters projects are now complete. The COVID-19 border restrictions prevented Australian contractors from entering New Zealand to complete some physical works, and the Peninsula reservoir was finally relined in August 2021.

What we did

With only the Peninsula reservoir physical work remaining, the earthquake rebuild is now complete.

What we planned to do but didn't

The lining of the Peninsula reservoir was not finished by the end of June, instead it was completed in August 2021.

Major projects 2020/2021

Project	Planned \$000	Spent \$000	Comment
Water supplies			
Kaikōura urban reticulation (pipe work)	481	617	Esplanade, West End, etc
Fords reservoir	75	40	
Peninsula reservoir	313	-	Delayed due to border restrictions
Ground water bore (intake)	114	28	
	983	685	
Wastewater			
South Bay reticulation (pipe work)	325	68	
Beach Road reticulation	240	397	
Esplanade reticulation	104	50	
Ocean Ridge reticulation	221	77	
Lyell Creek reticulation	329	99	
Lyell Creek pump station	585	467	
Totara Lane pump station	-	1	
Aeration lagoon	123	157	
Manholes	130	1	
	2,057	1,317	
Stormwater			
Renewals	360	222	
	360	222	
Total renewals/replacements	5,084	2,224	



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Performance indicators

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved?
Rebuild programme completed on time and within budget	Rebuild now projected to be complete by December 2020, with the exception of Fords Reservoir which is delayed by COVID-19 restrictions on overseas workers entering NZ	Rebuild complete by June 2020	Peninsula Reservoir completion further delayed by border issues.	No
The rebuild is delivered safely	Zero fatalities	Zero fatalities	Zero fatalities	Yes
Compliance with statutory requirements	No major transgressions on consent conditions	No major transgressions on consent conditions	No major transgressions on consent conditions	Yes
Customer satisfaction with rebuild outcomes	59%	Over 80% satisfaction in ratepayer survey	67%	No
Handover of acceptable asset data on time and to KDC requirements	Not measurable as no major project completed three months before 30 June 2020	Council asset management system updated within three months of project completion	No significant new assets created in 2020/21	Yes
Quality rebuild outcomes	Less than 1% rework across the rebuild programme	Less than 5% rework across the rebuild programme	No rework undertaken	Yes

Effects on community wellbeing

	Positive effects	Negative effects
Social	Restoring services that were lost due to the earthquake has also restored our social wellbeing – water, sewer, and roads are essential for societies to function	No identified effects
Economic	The rebuild has brought contractors and other organisations to the district in large numbers; effectively a new economic base after the earthquake	No identified effects
Environmental	The rebuild has restored essential services such as sewer lines, pump stations and the wastewater treatment plant, and so human waste is collected, treated and disposed of as the sewer system intended	No identified effects
Cultural	As the rebuild has progressed, a number of cultural artefacts or remains have been discovered, enabling those items to be culturally acknowledged.	The unplanned discovery of artefacts and remains is a culturally sensitive area that must be appropriately managed.



Funding Impact Statement: Earthquake event

For the year ended 30 June 2021

	2019/2020 Three-Year Plan \$000	2020/2021 Three-Year Plan \$000	2020/2021 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	230	213	123
Subsidies & grants for operating purposes	254	-	311
Fees and charges	-	-	769
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	1
Total operating funding (A)	484	213	1,204
Applications of operating funding			
Payments to staff and suppliers	296	-	419
Finance costs	94	100	-
Internal charges and overheads applied	21	-	20
Other operating funding applications	-	-	-
Total applications of operating funding (B)	411	100	439
Surplus/(deficit) of operating funding (A-B)	74	113	765
Sources of capital funding			
Subsidies & grants for capital expenditure	7,176	-	3,187
Development and financial contributions	-	-	-
Increase/(decrease) in debt	313	(113)	(340)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	7,488	(113)	2,847
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	400	-	-
- To replace existing assets	8,369	-	3,093
Increase/(decrease) in reserves	(1,207)	-	519
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	7,562	-	3,612
Surplus/(deficit) of capital funding (C-D)	(74)	(113)	(765)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			439
Plus depreciation			3
Expenditure as per Note 1			442



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Financial Information



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Financial overview

The year to 30 June 2021 produced a surplus of \$6.98 million. The Council was the recipient of several unexpected sources of revenue, including \$2.27 million from Waka Kotahi (NZTA) to remediate the NCTIR haul routes which were damaged due to the heavy vehicles used to rebuild the state highway and rail networks after the 2016 earthquake. The first tranche of the government's three-waters stimulus packages was paid out to local authorities across NZ, for Kaikōura this was \$940k, to help stimulate the economy and enable local authorities to upgrade their water supplies and wastewater treatment facilities. The second tranche of the same value is expected during 2021/2022 with the upgrades also required to be completed during the year.

The government's COVID-19 financial support included funding "shovel-ready" projects, and the Council successfully applied for \$1 million to help construct the new swimming pool. We also received \$500k from the Mayor's Taskforce for Jobs, to find sustainable employment for youth and people displaced from their employment due to COVID-19. We have assisted 63 people into fulltime work since October 2020.

Due to delays on the Wakatu Quay and South Bay marine development projects, which have been predominantly in the establishment phase during 2021, the corresponding PGF funding has also been delayed, with \$1.33 million received out of the total PGF funding of \$10.88 million.

Expenses were largely within budget, with depreciation costs \$656k higher than budget, and the gifting of land to Ngati Kuri posting a loss on asset disposal of \$244k. Both are non-cash expenses.

Valuations of roading and three-waters assets

During the year, the Council's inhouse engineers and earthquake rebuild team completed an extensive asset data collection and validation process, to ensure that we have accurate and reliable information on our roading and three-waters assets. This included compiling all earthquake rebuild projects where we have excellent information about our new assets, and also 'ground-truthing' against as-built plans and other historical records for our older infrastructure and evaluating the condition of road surfaces and footpaths.

The reason for this work was two-fold. The asset information was used to:

- support the development of the Council's 2021-2031 Long-Term Plan, in particular the Infrastructure Strategy which planned for asset renewal and maintenance, and
- populate our new digital asset management system ADAPT, which provides a comprehensive inventory upon which our inhouse engineers were able to complete a reliable asset valuation.

The result is that the Council has completed a revaluation of its roading and three-waters assets dated 1 July 2020, that is based on asset information of a vastly improved quality than before. An independent review of the Council's asset valuation by WSP has assigned a confidence rating of "B" (Reliable) to the data on which the valuation was based. This is a significant improvement on previous valuations, for which assigned confidence levels had ranges from "C" (Uncertain) to "D" (Very Uncertain).

The valuation (and the quality of asset information supporting it) has resulted in an increase in asset values of \$6.5 million and has changed the depreciation profile of these assets. In the 12 months since the valuation dated 1 July 2020, global inflationary pressure suggests that the fair value of these assets may already be understated and that a further valuation is required as at 30 June 2021 (two years earlier than normally required). The Council has not prepared an early revaluation due to time and resource constraints, and the enormous financial cost to undertake this exercise.

It is for this reason that the Auditors Report contains a statement regarding the valuation of these assets.



COVID-19 impact on financial statements

The impact of COVID-19 is ongoing and is being felt across the district. The lack of visitors is impacting the Council's revenues as well, and although there were no expenses incurred directly relating to COVID-19 in the 2020/2021 financial year, there were tangible impacts on visitor-related revenue such as West End car parking fees, parking infringements and airport landing fees. A small number of lessees of Council property were granted short-term lease concessions in recognition of the impact of COVID-19 on their business.

Overall, the impact of COVID-19 on the Council's financial performance has been evaluated per the table below.

	2019/2020		2020/2021
COVID-19 Impact on Revenue			
Lease & rent revenue	18,638	Lease & rent revenue	14,733
Pay & display parking fees (estimated)	5,000	Pay & display parking fees (estimated)	17,000
Airport landing fees (estimated)	2,500	Airport landing fees (estimated)	36,000
Other (hall hire cancellations, etc)	394	Parking infringements (estimated)	15,000
Loss of revenue	26,532	Loss of revenue	82,733
COVID-19 Impact on Expenditure			
Direct welfare costs	29,533		
Less NEMA subsidy and recoveries	(10,425)		
Net COVID-19 response costs	19,108		
Savings in public toilet cleaning	(9,336)		
Kerbside rubbish collection	39,442		
Capital project stand-down costs	210,000		
Additional costs	278,322		
Total financial impact of COVID-19	251,790	Total financial impact of COVID-19	82,733



provide suitable infrastructure.



improve quality of life.



meet the needs of our community.



improve the local economy.



value the environment + biodiversity.



have community participation.

Statement of Comprehensive Revenue & Expense

For the year ended 30 June 2021

	NOTE	COUNCIL			GROUP	
		2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Revenue						
Rates	2	8,065	8,189	7,876	8,189	7,876
Fees & charges	3	1,390	2,520	1,759	3,627	2,741
Development & financial contributions		-	18	31	18	31
Grants & subsidies	4	17,176	11,792	17,637	11,845	17,822
Interest revenue	5	14	6	2	6	2
Other revenue	6	369	761	815	764	967
Gains	7 / 12	-	4,179	892	4,179	892
Total revenue		27,014	27,465	29,012	28,628	30,331
Expenses						
Personnel costs	8	3,395	3,353	4,077	4,687	5,338
Depreciation & amortisation	9	2,885	3,587	2,946	3,752	3,063
Finance costs	5	133	69	152	70	155
Other expenses	10	9,919	11,834	9,801	11,279	9,575
Losses	7	-	1,681	429	1,681	429
Total expenses		16,332	20,524	17,405	21,469	18,560
Operating surplus/(deficit)		10,682	6,941	11,607	7,159	11,771
Environment Canterbury share of Marlborough Regional Forestry (Surplus)/Deficit	11	-	43	(104)	43	(104)
Surplus/(Deficit) before tax	1	10,682	6,984	11,503	7,202	11,667
Income tax expense	29	-	-	-	(66)	57
Net Surplus/(Deficit) after tax		10,682	6,984	11,503	7,136	11,724
Other comprehensive revenue & expense						
Gains/(losses) on asset revaluation	7 / 12	-	6,491	16	6,491	16
Impairment reversal/(impairment charge)	7	-	-	-	-	-
Total other comprehensive revenue & expense		10,682	6,491	16	6,491	16
Total comprehensive revenue & expense		10,682	13,475	11,519	13,627	11,740

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

Statement of Changes in Equity

For the year ended 30 June 2021

	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Equity at start of year	201,563	197,790	186,271	198,736	186,996
Comprehensive revenue & expense					
Net surplus/(deficit)	10,682	6,984	11,503	7,136	11,724
Gains/(losses) on asset revaluation	-	6,491	16	6,491	16
Total comprehensive revenue & expense	10,682	13,475	11,519	13,627	11,740
Equity at end of year	212,245	211,265	197,790	212,363	198,736

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 2021

	NOTE	COUNCIL			GROUP	
		2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Assets						
Current assets						
Cash and cash equivalents	13	7,183	5,436	4,331	5,777	4,633
Receivables from non-exchange transactions	14	1,849	766	2,820	766	2,841
Receivables from exchange transactions	14	-	724	274	752	344
Prepayments	15	98	209	204	224	204
Other financial assets	16	-	20	-	-	-
Work in Progress		-	-	-	-	51
Total current assets		9,130	7,154	7,629	7,519	8,073
Non-current assets						
Other financial assets	16	-	182	57	107	57
Forestry assets	17	2,583	2,410	2,957	2,410	2,957
Investment property	18	2,513	2,365	2,070	2,365	2,070
Property, plant & equipment	19	211,376	210,662	198,890	211,661	199,754
Intangible assets	20	-	143	76	143	76
Total non-current assets		216,472	215,762	204,050	216,686	204,914
Total assets		<u>225,602</u>	<u>222,916</u>	<u>211,679</u>	<u>224,205</u>	<u>212,987</u>
Liabilities						
Current liabilities						
Payables and deferred revenue under exchange transactions	21	1,871	2,017	2,496	1,953	2,592
Payables and deferred revenue under non-exchange transactions	21	-	2,381	1,952	2,382	1,952
Employee entitlements	22	150	296	357	487	527
Borrowings	23	602	3,000	4,000	3,000	4,015
Current tax liability	29	-	-	-	43	58
Total current liabilities		2,623	7,695	8,806	7,865	9,144
Non-current liabilities						
Borrowings	23	10,170	2,000	3,000	2,000	3,000
Deferred tax liability	29	-	-	-	21	23
Provisions	24	-	1,548	1,616	1,548	1,616
Other term liabilities	25	564	408	468	408	468
Total non-current liabilities		10,734	3,956	5,084	3,977	5,107
Equity	26	212,245	211,265	197,790	212,363	198,736
Total equity		212,245	211,265	197,790	212,363	198,736
Total liabilities & equity		<u>225,602</u>	<u>222,916</u>	<u>211,679</u>	<u>224,205</u>	<u>212,987</u>

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 2021

	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
<u>Operating Activities</u>					
Receipts from rates (excl. water meter charges)	7,978	8,146	7,972	8,146	7,792
Interest received	14	6	2	6	2
Receipts from other revenue	19,233	8,569	7,759	9,556	9,148
Payments to supplier and employees	(13,130)	(14,864)	(13,847)	(15,530)	(15,010)
Interest paid	(133)	(69)	(152)	(69)	(155)
GST (net) and company tax	-	102	119	44	114
Net cash from operating activities	13,962	1,890	1,853	2,153	2,071
<u>Investing Activities</u>					
Grants received for purchase of assets	-	7,360	11,589	7,360	11,589
Purchase of property, plant & equipment	(15,051)	(6,408)	(16,246)	(6,717)	(16,356)
Sale of property, plant & equipment	143	289	15	289	39
Purchase of forestry assets	-	(1)	(35)	(1)	(35)
Sale of forestry assets	-	276	363	276	363
Purchase of investment properties	-	-	(575)	-	(575)
Purchase of intangible assets	-	(156)	(7)	(156)	(7)
Purchase of other financial assets	-	(145)	(48)	(50)	(48)
Acquisition of term deposits	-	-	-	-	-
Net cash from investing activities	(14,908)	1,215	(4,944)	1,001	(5,030)
<u>Financing Activities</u>					
Proceeds from borrowings	4,147	-	6,353	-	6,366
Repayment of borrowings	(375)	(2,000)	(855)	(2,010)	(893)
Net cash from financing activities	3,772	(2,000)	5,498	(2,010)	5,473
Net increase/(decrease) in cash & cash equivalents	2,826	1,105	2,406	1,144	2,514
Cash & cash equivalents at the beginning of the year	4,357	4,331	1,925	4,633	2,119
Cash & cash equivalents at the end of the year (note 13)	7,183	5,436	4,331	5,777	4,633

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

Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared on an ongoing 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 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).

Reporting Entity

The Kaikōura District Council group consists of the ultimate parent, Kaikōura District Council, and its subsidiary, the Kaikōura Enhancement Trust, a charitable trust owned by the Council. That trust in turn owns 100% of Innovative Waste Kaikōura Ltd. The Council has an 11.5% interest in the Marlborough Regional Forestry joint operation.

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

The financial statements of the Council are for the year ended 30 June 2021. The financial statements were authorised for issue by the Council on [DATE].

Changes in accounting policies

There have been no changes in accounting policies.

Standards issued and not yet effective, and not early adopted

Standards and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council and group are:

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance.

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The Council does not intend to early adopt the amendment.

Financial instruments

In January 2017, the XRB issued PBE IPSAS 41 Financial Instruments. PBE IPSAS 41 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.

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 so as 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.

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.

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. The Council has not recognised the expenditure incurred by Waka Kotahi in the operation of the Inland Road – Route 70 since November 2016 earthquake as Waka Kotahi had total control over the Inland Road. Had Waka Kotahi not had control over the

Inland Road, the Council would have recognised the amount incurred as subsidy income and expenditure, either as operational or capital expenditure. The Council has taken control over the road from Waka Kotahi in February 2021, once the road had been remediated to an appropriate standard following the earthquake damage.

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 is released to revenue as the conditions are met (for example, 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.

Sale 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.

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.

Borrowing costs

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

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.

Foreign currency transactions

Foreign currency transactions (including those for which 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.

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 is 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.

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.

Cash and cash equivalents

Cash and cash equivalents includes cash in 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.

Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Derivative financial instruments and hedge accounting

The Council does not engage in the use of derivative financial instruments and hedging activities.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- Fair value through surplus or deficit
- Loans and receivables
- Held to maturity investments
- Fair value through other comprehensive revenue and expense

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

The Council's investments in this category include bank term deposits.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date.

The Council includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity
- Shareholdings that it holds for strategic purposes

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

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.

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.

Property, plant and equipment

Property, plant and equipment consists of:

- Operational assets
These include land, buildings, harbour assets, library books, plant and equipment, and motor vehicles.
- Restricted assets
Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets
Infrastructure assets are the fixed utility systems owned by the Council. 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.

- 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 as at 30 June 2019. The balance of land and buildings were valued effective as at 30 June 2019 by Cameron Ferguson, (B.Com, VPM) of Quotable Value NZ, at fair value as determined from market-based evidence. Carrying values for those specific assets are shown less accumulated depreciation and plus any subsequent additions at cost.
- 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 as at 30 June 2019 at fair value as determined from market-based evidence.

- **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 as at 1 July 2020, and peer reviewed by WSP Ltd.

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 as 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 which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The estimated useful economic lives of major classes of assets have been estimated as follows:

Infrastructural assets	Years	Rate (rounded)
<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%
Operational assets		
Buildings – structure	50	2%
Buildings – services	15 – 33	From 3% to 7%
Buildings – internal fit out	4 – 33	From 6% to 25%
Harbour seawall & wharf	30 – 50	From 2% to 4%
Computer equipment	5	20%
Plant, vehicles and machinery	5 - 50	From 2% to 20%
Land		Not depreciated
Library books	12	8%



Library non-books	5	20%
Restricted assets		
Parks & reserves buildings	50	2%
Parks & reserves land		Not depreciated
Parks furniture & other assets	8 – 50	From 2% to 12%
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.

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 as at 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 Kaikōura 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.

Forestry assets

Forestry assets owned via the Marlborough Regional Forestry joint operation, and also 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 (2020: by Forme Consulting Group), and by Merrill & Ring Ltd for the South Bay plantation. 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 point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit.

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 and losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Intangible assets

- **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.
- **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.

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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

- **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, a 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.
- **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.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

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.

Employee entitlements

- Short-term benefits

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 compensated 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.

- Long-term benefits

- 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.

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.

Provisions

A provision for future expenditure of uncertain amount or timing is recognised when there is a present obligation (either legal or constructive) as a result 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.

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 a number of 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.

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.

Budget figures

The budget figures are those approved by the Council in its 2020/2021 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.

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.

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.

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:

- **COVID-19 impact on value of assets**
The Council has performed a fair value assessment of asset values between valuation years, for all of its asset types. The assessment shows that COVID-19 is unlikely to have had a material impact on the value of Council-owned assets (roads, three water infrastructure, land and buildings), and that a valuation outside the normal three-yearly cycle is not required.
- **Landfill aftercare provision**
Note 24 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.
- **Infrastructural assets**
There are a number of assumptions and estimates used when performing optimised DRC valuations over infrastructural assets.

These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset;
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk, the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives further assurance over useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

- **Impairment**
The Council has not yet completed detailed assessments of its community facilities and some harbour assets. This meant that, in the absence of detailed damage information, the determination of the impairment of these assets required the Council to broadly estimate the proportion of the assets that are damaged. This uncertainty required it to exercise judgement making an estimate of the damage and the impairment determination
- **Earthquake related asset expenditure**
Management is required to exercise judgement when determining whether earthquake related expenditure to assets is repairs and maintenance, which should be expensed in the current year, or capital expenditure. In performing this assessment, management makes judgements about the expected length of service potential of the asset, including the likelihood of it becoming obsolete as a result of other more permanent repairs.

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 2021:

- **Classification of property**
The Council owns a number of 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.

Notes to the Financial Statements

1 Summary revenue and expense for groups of activities

	COUNCIL		
	2021 REVENUE \$000	2021 EXPENSE \$000	2021 NET RESULT \$000
Activity revenue & expense			
Roading	7,876	2,765	5,111
Water supplies	2,372	1,447	925
Sewerage/wastewater	876	1,093	(217)
Stormwater	109	160	(51)
Refuse & recycling	253	884	(631)
Community facilities	2,565	4,031	(1,466)
Commercial activities	2,034	2,165	(131)
Leadership & governance	69	1,321	(1,252)
Building & regulatory services	1,013	1,040	(27)
Community & customer services	872	1,522	(650)
District development	872	1,446	(752)
Earthquake event	4,390	442	3,949
Total activity revenue & expense	23,122	18,316	4,806
Non-activity revenue & expense			
Plus general rates, uniform annual general charges, and penalties (less remissions)			3,422
Plus interest and dividends received			5
Plus net gain/(losses) on forestry assets			(271)
Plus/(less) gains on investment properties			900
Plus/(less) gains/(losses) on sale or disposal of assets			-
Plus/(less) Environment Canterbury share of MRF surplus/deficit			43
Plus/(less) bad debt movement in provision			(774)
Plus/(less) Revaluation in excess			(1,147)
Less bad debt expenses (net of bad debts recovered)			-
Less IRD Penalties			-
Total non-activity revenue & expense			2,178
Net surplus/(deficit) per Statement of Comprehensive Revenue & Expense			6,984



2 Rates

	COUNCIL & GROUP		
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
General rate	1,865	1,887	1,489
Uniform annual general charge	1,520	1,519	1,480
Earthquake rate	18	18	20
Earthquake levy	106	106	118
Roading rate	760	767	981
District planning rate	220	222	216
Kaikoura water annual charge	900	915	868
Kaikoura water loan charge	55	55	42
Suburban water unit charge	28	17	37
Ocean Ridge water charge	40	41	39
East Coast water unit charge	86	86	86
Kincaid water unit charge	93	97	121
Ferneleigh water unit charge	26	27	26
Oaro water unit charge	33	33	33
Peketa water charge	9	9	9
Stormwater rate	106	106	105
Sewerage loan rate	119	121	138
Sewerage charges	683	729	667
Commercial rate	380	380	374
Accommodation sector charge	74	72	74
Registered premises charge	39	37	38
Stock control rate	11	11	13
Footpath & streetlight rate	158	160	154
Harbour rate	85	86	85
Town centre rate	78	78	68
Kerbside recycling charge	174	174	169
Rural recycling charge	45	45	54
Public rubbish bin charge	32	32	32
Civic centre rate	235	235	158
Rate penalties	-	56	124

Continued ...

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	COUNCIL & GROUP		
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Rates (continued) ...			
Rates remissions, rebates & write offs	-	(70)	(85)
Water meter charges	87	138	143
Total revenue from rates	8,065	8,189	7,876

Overall, rates were consistent with the annual plan when viewed by individual rate code. We anticipated a drop in water consumption by meter (predicting the impact of COVID-19 restrictions would reduce water consumption by visitor accommodation premises), however this did not eventuate, and water meter charges were consistent with prior years.

3 Fees and charges

	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Building & resource consent fees	306	709	637	709	637
Lease & rental revenue	312	347	313	347	313
License fees	133	201	189	201	189
Parking and slipway fees	125	126	131	126	131
Other fees and charges	289	1,136	489	2,244	1,471
Total fees and charges	1,164	2,520	1,759	3,627	2,741

Building consent revenue continued at a level substantially higher than forecast, as the earthquake rebuild work is ongoing for both residential and commercial landowners. The outsourcing of building consent processing is charged to applicants, which also inflates revenue from building consents. In 2021 these revenues were even higher than 2020 due to the extraordinarily high value of some building work (some consent fees are charged as a percentage of construction value).

Other fees and charges of \$1.136 million includes \$937k of cost recoveries (the on-charging of direct costs incurred in undertaking an activity, such as passing on the cost of a water connection to the property owner). In 2021 these cost recoveries include an invoice for harbour remediation.



4 Grants & subsidies

The Council is very fortunate to have received close to \$40 million in funding assistance since November 2016 from multiple organisations, agencies, and kind donors, in response to the Kaikōura earthquake. In the 2021 financial year, over \$1.8 million in grants and subsidies from the Crown has been vital in completing our water and wastewater infrastructure rebuilds. Waka Kotahi (NZTA) subsidies have provided almost \$1.5 million funding assistance during the year, at 95% of the total cost of rebuilding earthquake-damaged roads and bridges.

Aside from earthquake-related support, the Crown has also paid \$940k in three-waters stimulus funding, to enable the Council to upgrade its water and wastewater networks, and to keep momentum in the three-waters services industry during the COVID-19 alert level restrictions.

Waka Kotahi, in addition to the \$1.5 million in emergency earthquake subsidies, has paid a further \$2.27 million to cover 100% of the cost to remediate the NCTIR haul roads, which incurred surface damage due to the movement of heavy machinery as NCTIR attended to Kaikōura's rebuild. Waka Kotahi have also subsidised Kaikōura's streetlight conversion to LED lighting, at 85% subsidy rate (\$326k received). In the business-as-usual roading activities, Waka Kotahi continue to support the Council's roading maintenance and renewal programme, at 52% subsidy, or over \$1.0 million in 2021 (2020: \$925k).

MBIE, through the Provincial Growth Fund (PGF) and Tourism Infrastructure Fund (TIF) has paid over \$2.5 million in total during the 2021 financial year, for the Wakatu Quay development, South Bay feasibility study, freedom camping ambassadors, and for the Kaikōura Community Facilities Trust for the new swimming pool. NZ Lotteries have supported the Scout Hall strengthening and refurbishment, in 2020 helped fund similar work on the Memorial Hall.

	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
NZ Crown (Department of Prime Minister & Cabinet, Ministry of Civil Defence & Emergency Management)	2,175	2,884	8,983	2,937	9,148
Waka Kotahi (NZTA)	2,917	5,225	7,155	5,225	7,155
Department of Internal Affairs (DIA)	3	254	500	254	500
North Canterbury Transport Infrastructure Recovery (NCTIR)	200	46	187	46	187
NZ Lottery grants	608	204	471	204	471
Ministry of Business, Innovation & Employment (MBIE, PGF & TIF)	11,000	2,514	226	2,514	226
Ministry of Social Development (MSD)	305	585	25	585	25
Other grants, subsidies & donations	27	80	90	83	110
Total grants & subsidies	17,235	11,792	17,637	11,848	17,822

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5 Interest revenue & finance costs

	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Interest revenue					
Interest on term deposits	14	6	2	6	2
Total financing revenue	14	6	2	6	2
Financing expense					
Interest on borrowings	134	69	148	70	151
Penalties Paid	-	-	4	-	4
Unwinding of landfill provision	-	-	-	-	-
Total financing expense	134	69	152	70	155
Net finance cost	(120)	(63)	(150)	(64)	(153)

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 minimised its financing costs. Last year (2020) the Council paid \$4k in late penalties to the IRD for late payment of PAYE in one instance.

6 Other revenue

	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Share of Marlborough Regional Forestry joint operation other revenue	317	651	712	651	712
Wage subsidy	-	-	-	-	152
Petrol tax	38	44	42	44	42
Waste minimisation levies	14	4	11	4	11
Sale of land	143	3	10	3	-
Infringement fees & other revenue	58	60	40	60	50
Total other revenue	570	761	815	761	967

The Council accounts for its 11.5% share of the Marlborough Regional Forestry joint operation revenue. Infringement fees & other revenue includes an insurance-related settlement, and in 2020 includes a dividend from shares in Civic Financial Services.



7 Fair value gains and losses

	COUNCIL & GROUP		
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Gains			
Forestry asset revaluation gains	-	-	881
Investment property revaluation gains	-	915	8
Gain on sale/disposal of asset	-	4	2
Gain from vested asset	-	3,260	1
Total Gains	-	4,179	892
Losses			
Loss on sale/disposal of asset	-	(248)	-
Forestry asset revaluation losses	-	(271)	-
Investment property revaluation losses	-	(15)	(429)
Losses in excess of revaluation reserves	-	(1,147)	-
Total Losses	-	(1,681)	(429)
Gains/(Losses) through other comprehensive income expense			
Gain/(Losses) on asset revaluations	-	6,491	16
Total (Gains)/Losses through other comprehensive expense	-	6,491	16
Net Gains/(Losses)	-	8,989	479

The decrepit buildings at Wakatu Quay have been demolished, and the site completely cleared (including the removal of several layers of concrete contaminated with asbestos). The site has been valued accordingly, resulting in a large gain on fair value.



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8 Personnel expense

	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Salaries, wages and honorarium	3,310	3,338	3,839	4,672	5,100
Employer contributions to defined contribution plans	76	86	94	86	94
Increase/(decrease) in employee entitlements	-	(71)	144	(71)	144
Total personnel expense	3,386	3,353	4,077	4,687	5,338

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 27 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.

9 Depreciation & amortisation by group of activity

	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Roading	1,184	1,414	1,229	1,414	1,229
Water supplies	452	441	446	441	446
Sewerage/wastewater	372	432	212	432	212
Stormwater	54	82	53	82	53
Refuse & recycling	113	284	122	449	239
Community facilities	700	710	694	710	694
Commercial activities	34	29	30	29	30
Leadership & governance	66	142	108	142	108
Building & regulatory services	-	-	-	-	-
Community & customer services	11	50	49	50	49
District development	-	-	-	-	-
Earthquake event	-	3	3	3	3
Total depreciation & amortisation	2,985	3,587	2,946	3,752	3,063



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10 Other expenses

	COUNCIL			GROUP	
	2021 BUDGET \$000	2021 ACTUAL \$000	2020 ACTUAL \$000	2021 ACTUAL \$000	2020 ACTUAL \$000
Audit fees to principal auditor:					
- Audit for the Council	178	147	94	173	119
- Audit for other Council- Controlled Entity	-	6	5	6	5
Contractors	2,399	2,646	3,043	2,646	3,045
Demolition expenses	-	1,066	16	1,066	16
Donations and grants paid out	1,461	1,962	341	1,962	467
Insurance premiums	367	433	414	470	446
Legal fees	396	35	107	35	107
Receivables written off	-	-	4	2	5
Movement in provision for impairment of receivables	-	774	83	774	83
Operating lease expense	47	20	29	20	35
Share of MRF joint operation expenses	467	694	763	694	763
Personnel related expenses	383	270	349	270	349
Other operating expense	3,723	2,992	2,831	2,372	2,415
Freedom (responsible) camping	37	23	115	23	115
Earthquake – response & recovery	12	5	4	5	4
Earthquake – external resources and damage assessments	460	127	498	127	498
Earthquake – natural hazards	-	480	217	480	217
Earthquake – emergency repairs	-	154	886	154	886
Total other expenses	9,930	11,834	9,801	11,279	9,575

Of the above expense categories, contractors includes 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.

Other operating expense 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.

11 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 30). 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 12), are shown in the statement of comprehensive revenue and expense, and the total share is disclosed as a non-current liability (note 25).

	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Marlborough Regional Forestry joint operation surplus/(deficit)	(320)	780
Environment Canterbury share @ 13.37%	43	(104)

12 Gains/(losses) on asset revaluation

The Council revalued most of its asset classes as at 30 June 2019, as part of a normal three-yearly revaluation cycle. For the 2020 financial year, the Council had performed a fair value assessment of asset values between valuation years, for its main asset types (roads, three water infrastructure, land and buildings). That assessment showed that COVID-19 was unlikely to have had a material impact on the value of Council-owned assets, and that a valuation outside the normal three-yearly cycle was not required.

The Council did perform a revaluation of its roading and three waters assets at 1 July 2020, mainly to support the process of implementing a new asset management system and the development of a new Infrastructure Strategy. In the 12 months since then, however, global inflationary pressure suggests that the fair value of these assets may already be understated and that a further valuation is required at 30 June 2021 (two years earlier than normally required). The Council has not prepared an early revaluation due to time and resource constraints, and the enormous financial cost to undertake this exercise.

It is for this reason that the Auditors Report contains a statement regarding the valuation of these assets.

	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Land	-	-
Buildings	-	-
Roading	2,787	-
Stormwater	632	-
Water	2,993	-
Sewerage	-	-
Marlborough Regional Forestry joint operation revaluation	92	19
Environment Canterbury share of MRF revaluation (13.37%)	(12)	(3)
Total gains/(losses) on asset revaluation	6,491	16



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13 Cash & cash equivalents

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Cash at bank and in hand	3,419	2,302	3,760	2,604
Term deposits with a maturity of three months or less at acquisition	2,000	2,001	2,000	2,001
MRF bank accounts	17	28	17	28
Total cash & cash equivalents	5,436	4,331	5,777	4,663

Financial assets recognised in a non-exchange transaction that are subject to restrictions

The Council holds unspent funds, included in cash at bank and investments, of \$7,432,169 (2020: \$6,483,248), that are subject to restrictions. These unspent 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 on pages 117-121.

14 Trade & other receivables

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Rates receivables	796	905	796	905
Debtor receivables	1,275	2,501	1,304	2,592
Debtor accruals	714	209	714	209
Receivables prior to impairment	2,785	3,615	2,814	3,706
Less provision for impairment	(1,295)	(521)	(1,295)	(521)
Total trade & other receivables	1,490	3,094	1,518	3,185
Total receivables comprise:				
Receivables from non-exchange transactions – this includes rates, grants & subsidies, and development contributions	766	2,820	766	2,841
Receivables from exchange transactions – including fees and charges, lease revenue and consent fees	724	274	752	344
	1,490	3,094	1,518	3,185

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.

Movements in the provision for impairment of receivables are as follows:

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
At 1 July	521	438	521	438
<i>Additional provisions</i>				
Increase/(decrease) in provision	774	83	55	83
Receivables written off	-	-	-	-
Total provision	1,295	521	576	521

15 Prepayments

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Prepayments	209	204	209	204
Total prepayments	209	204	209	204

16 Other financial assets

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Current portion				
Loans to Subsidiaries	20	-	-	-
<i>Total current portion</i>	<i>20</i>	<i>-</i>	<i>-</i>	<i>-</i>
Non-current portion				
Unlisted shares in Civic Financial Services Ltd	9	9	9	9
Borrower Notes	98	48	98	48
Loans to Subsidiaries	75	-	-	-
<i>Total non-current portion</i>	<i>182</i>	<i>57</i>	<i>107</i>	<i>57</i>
Total other financial assets	202	57	107	57

The Council joined the Local Government Funding Agency Ltd (LGFA) in December 2019, as a non-guaranteeing member. During the year, the Council borrowed \$2,000,000 in security stock and retained \$50,000 in borrower notes (added to the \$48,000 in borrower notes already held). These borrower notes are repaid by LGFA when the loans mature. Other borrowing with LGFA of a further \$2m is a commercial paper which does not retain borrower notes.

Due to the immaterial size and nature of the Council's investment in Civic Financial Services Ltd, the Council has estimated the fair value of this investment based on Civics' net asset backing as at 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.

The Council has provided a loan to Innovative Waste Kaikōura Ltd (IWK) for a five-year term, to enable IWK to purchase a truck for the kerbside collection service.

17 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 continued its normal logging activity during the year, the Council's share of the sales revenue after direct costs was a loss of \$321,248 (2020: surplus of \$780,005). The joint operation has completed almost all of 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 (2020: \$nil).

	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Opening balance 1 July	2,957	2,405
Increases due to purchases	1	35
Gains/(Losses) arising from changes in fair value attributable to physical changes	(39)	621
Gains/(Losses) arising from changes in fair value attributable to price changes	(232)	258
Decreases due to sales (harvest)	(276)	(363)
Closing balance 30 June	2,411	2,957

Valuation assumptions

Forme Consulting Group valued the Marlborough Regional Forestry assets at 30 June 2021 and 2020, 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% (2020: 7.5%) 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 cash flows have been adjusted for inflation, and
- 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 is considering logging during 2022 financial year if there is financial benefit in doing so. Merrill & Ring Ltd valued the South Bay forest as at 30 June for the 2021 and 2020 years.

Sensitivity analysis

The sensitivity of crop value to discount rate is shown below:

	As at 30 June 2021		
	6%	6.5% (as used)	7%
The Council's 11.5% share of MRF tree crop value (\$000's)	1,924	2,219	2,553



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18 Investment property

The Council's investment properties have included 25 Beach Road (currently occupied by the Opshop), and the land at Wakatu Quay. In preparing the Long-term Plan 2021-2031, the Council has decided that 25 Beach Road no longer meets the definition of an investment property, as the property is not expected to generate any returns to the Council. In the past 25 Beach Road had been held for sale in anticipation of making a gain, which had triggered its classification as an investment property. In the 2021 year, it has been reclassified as property, plant & equipment (Note 19).

	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Opening balance 1 July	2,070	1,915
Additions from subsequent expenditure	-	575
Disposals	-	-
Reclassification as property, plant & equipment	(605)	-
Fair value gains/(losses) on valuation	900	(420)
Loss on impairment	-	-
Closing balance 30 June	2,365	2,070

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

	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Current portion		
Investment property held for sale	-	-
Non-current portion		
Investment property	2,365	2,070
	2,365	2,070

Investment properties are valued at fair market value by Andrew Parkyn (Registered Valuer, B.Com (VPM)) of Quotable Values Limited as at 30 June 2021, and by Cameron Ferguson (Registered Valuer, B.Com (VPM)) of Quotable Values Limited as at 30 June 2020. 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.

Last year (2020) the valuer noted in his valuation report that it had been prepared with 'significant valuation uncertainty' due to the impacts and uncertainties of the global pandemic COVID-19. This year (2021) there has been sustained increases in values of land and buildings, and this is reflected in the substantial gain on valuation.

19 Property, plant & equipment

Land and buildings were valued at fair value as at 30 June 2019, by Cameron Ferguson of Quotable Values.

Roading, water supplies, sewerage and stormwater systems were valued as at 1 July 2020 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 as 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, artworks, or harbour assets.

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. At 30 June 2021 this land has a carrying value of \$6,149,270 (2020: \$4,747,420). Building values include restricted buildings, playgrounds, and other structures, that at 30 June 2021 have a carrying value of \$2,490,030 (2020: \$2,501,780).

Land under roads of \$18,237,242 (2020: \$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 as at 30 June 2001 as deemed cost. Land under roads is no longer revalued.

Following the earthquake, "Route 70 – Inland Road" which was operated and maintained by the Council, an agreement was made between Waka Kotahi (NZTA) and the Council to transfer the powers of the Council to Waka Kotahi to operate the Inland Road with the purposes of providing vehicle access to Kaikōura and providing an alternative to State Highway 1. Both these are functions of Waka Kotahi and not of the Council.

This was a unique arrangement which did not fall neatly within one accounting standard, therefore the Council has applied judgement in determining the appropriate accounting treatment for the following areas:

- (a) Operational expenditure
- (b) Capital expenditure
- (c) Carrying value and depreciation
- (d) Impairment

The Inland Road was handed over from NZTA back to the Council on 1 February 2021, once the Council was satisfied that the road is in a permanent resilient state.

(a) Operational expenditure

No operational expenditure has been recognised in the Annual Report as this expenditure relates to an NZTA function as they are managing and controlling the road.

(b) Carrying value and depreciation

While the Council does not currently control the Inland Road, the Council does still own the asset and is providing service potential to the community, and as depreciable assets are depreciated annually. The carrying value remains on the basis of prior to the earthquakes less an allowance for depreciation and impairment.

(c) Impairment

Some of the road asset were impaired as a result of the earthquake. The Council recognised an impairment provision as at 30 June 2017 and this has been reassessed based on the work NZTA has undertaken in operating the road.

(d) Capital expenditure

Capital expenditure has been incurred as a result of the works undertaken by NZTA. The project is considered a single resilient solution project, therefore the Council will account for the capital improvement costs when the project is complete and in effect the improvements vested in the Council.

2021	Cost/ revaluation 1 Jul 2020 \$000	Accumulated depreciation 1 Jul 2020 \$000	Carrying amount 1 Jul 2020 \$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 2021 \$000	Accumulated depreciation 30 Jun 2021 \$000	Carrying amount 30 Jun 2021 \$000
Land	12,585	-	12,585	-	(248)	370	-	-	12,707	-	12,707
Buildings	15,372	(516)	14,856	58	-	262	(528)	-	15,692	(1,044)	14,648
Landfill Provision	1,068	(470)	598	(68)	-	-	(266)	-	1,000	(736)	264
Office equipment	450	(328)	122	43	-	-	(43)	-	493	(371)	122
Vehicles & plant	571	(408)	163	21	(41)	-	(19)	-	551	(427)	124
Park furniture & other	398	(121)	276	41	-	-	(20)	-	439	(141)	298
Library books	621	(563)	57	13	-	-	(50)	-	634	(613)	21
Artwork	89	-	89	-	-	-	-	-	89	-	89
Harbour	7,916	(754)	7,162	61	-	-	(166)	-	7,977	(920)	7,057
Roading	123,262	(1,229)	122,031	6,181	-	2,414	(1,413)	2,787	133,425	(1,423)	132,002
Stormwater	4,055	(53)	4,002	222	-	7	(81)	632	4,863	(81)	4,783
Water supplies	12,766	(455)	12,321	907	-	1,544	(441)	2,993	17,765	(441)	17,324
Sewerage	16,159	(212)	15,947	1,813	-	2,679	(432)	(1,147)	19,292	(432)	18,860
MRF PPE	1,816	(413)	1,403	-	(378)	-	(28)	525	1,962	(441)	1,521
Work in progress	7,276	-	7,276	387	-	(6,820)	-	-	843	-	843
Council total	204,404	(5,512)	198,890	9,679	(667)	456	(3,487)	5,790	217,733	(7,070)	210,662
Subsidiary buildings	432	(161)	272	-	-	-	(8)	-	432	(169)	263
Subsidiary plant & equip	1,450	(857)	592	303	(130)	-	(157)	-	1,623	(887)	736
Group total	206,286	(6,530)	199,754	9,982	(797)	456	(3,652)	5,790	219,788	(8,126)	211,661



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2020	Cost/ revaluation 1 Jul 2019 \$000	Accumulated depreciation 1 Jul 2019 \$000	Carrying amount 1 Jul 2019 \$000	Current year additions \$000	Current year transfers \$000	Current year depreciation \$000	Current year disposals/ impairments \$000	Cost/ revaluation 30 Jun 2020 \$000	Accumulated depreciation 30 Jun 2020 \$000	Carrying amount 30 Jun 2020 \$000
Land	12,347	-	12,347	238	-	-	-	12,585	-	12,585
Buildings	14,025	-	14,025	1,347	-	(516)	-	15,372	(516)	14,856
Landfill Provision	931	(373)	558	137	-	(97)	-	1,068	(470)	598
Office equipment	413	(289)	124	37	-	(39)	-	450	(328)	122
Vehicles & plant	538	(390)	148	48	(15)	(33)	-	571	(408)	163
Park furniture & other	395	(105)	290	3	-	(16)	-	398	(121)	276
Library books	603	(515)	88	18	-	(48)	-	621	(563)	57
Artwork	89	-	89	-	-	-	-	89	-	89
Harbour	7,900	(589)	7,311	16	-	(165)	-	7,916	(754)	7,162
Roading	118,528	-	118,528	4,734	-	(1,229)	-	123,262	(1,229)	122,031
Stormwater	4,055	-	4,055	-	-	(53)	-	4,055	(53)	4,002
Water supplies	12,260	-	12,260	506	-	(445)	-	12,766	(455)	12,321
Sewerage	9,371	-	9,371	6,788	-	(212)	-	16,159	(212)	15,947
MRF PPE	1,739	(383)	1,356	609	-	(30)	(532)	1,816	(413)	1,403
Work in progress	3,949	-	3,949	3,327	-	-	-	7,276	-	7,276
Council total	187,143	(2,644)	184,499	17,808	(15)	(2,883)	(532)	204,404	(5,512)	198,890
Subsidiary buildings	432	(152)	280	-	-	(8)	-	432	(160)	272
Subsidiary plant & equip	1,388	(764)	624	102	(40)	(93)	-	1,450	(858)	592
Group total	188,963	(3,560)	185,403	17,910	(55)	(2,984)	(532)	206,286	(6,532)	199,754

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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 at 30 June \$000	Additions constructed by the Council \$000	Additions transferred to the Council \$000	Replacement cost estimate for revalued assets \$000
2021				
Water supply:				
- treatment plants & facilities	2,728	185	-	5,537
- other assets	14,595	2,266	-	21,257
Sewerage:				
- treatment plants & facilities	9,464	3,843	-	11,556
- other assets	9,396	649	-	11,332
Stormwater drainage	4,782	229	-	6,474
Roads and footpaths	132,002	5,345	2,569	136,802
2020				
Water supply:				
- treatment plants and facilities	2,990	473	-	5,272
- other assets	9,331	33	-	19,682
Sewerage:				
- treatment plants and facilities	7,067	3,819	-	5,621
- other assets	8,880	2,969	-	8,357
Stormwater drainage	4,003	-	-	5,462
Roads and footpaths	122,031	4,734	-	126,633

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 at 1 July 2020 for all disclosed categories.



20 Intangible assets

Computer software

In November 2015 the Council implemented a new software solution, Ozone, supplied by Datacom NZ Ltd. This whole-of-Council software solution provides financial, rates, customer service and regulatory modules. Last year (2020), the Council upgraded its library software, Liberty, which now provides an improved cataloguing system.

This year (2021), the Council has implemented a new asset management system, Adapt, which is now providing us with a platform to collect more asset information and to forecast renewal and maintenance expenditure.

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
COMPUTER SOFTWARE				
Opening balance 1 July	77	130	77	130
Additions	156	7	156	7
Disposals	-	-	-	-
Amortisation	(90)	(60)	(90)	(60)
Closing balance 30 June	143	77	143	77

21 Payables and deferred revenue

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Current portion				
Payables and deferred revenue under exchange transactions:				
Trade payables, deferred revenue and accrued expenses	2,001	2,442	1,937	2,537
Marlborough Regional Forestry creditors	16	55	16	55
Salaries and wages	-	-	-	-
Total	2,017	2,496	1,953	2,592
Payables and deferred revenue under non-exchange transactions:				
Rates paid in advance	151	157	151	157
Goods & services tax	-	203	-	203
Deposits and bonds held	295	271	295	271
Environmental Canterbury liability	250	244	250	244
Grant liabilities	1,686	1,079	1,686	1,079
Total	2,381	1,952	2,382	1,952
Total current portion	4,399	4,449	4,335	4,544

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.

22 Employee benefit liabilities

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Accrued salaries & wages, PAYE and FBT	37	27	100	94
Annual leave	229	223	357	326
Sick leave	11	2	11	2
Long service leave	19	20	19	20
Change Proposal – redundancy provision	-	85	-	85
Total employee benefit liabilities	296	357	487	527

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.

23 Borrowings

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<i>Current</i>				
Secured loans	3,000	4,000	3,000	4,015
Short term loan (cash advance)	-	-	-	-
Total current borrowings	3,000	4,000	3,000	4,015
<i>Non-current</i>				
Secured loans	2,000	3,000	2,000	3,000
Total non-current borrowings	2,000	3,000	2,000	3,000
Total borrowings	5,000	7,000	5,000	7,015

Security

The Council joined the Local Government Funding Agency (LGFA) in December 2019 as a non-guaranteeing member. 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. The Council has also retained a committed cash advance facility with the Bank of New Zealand (BNZ), secured by negative pledge.

At balance date, \$5,000,000 in borrowings has been drawn with LGFA (2020: \$7,000,000). No loans are held with the BNZ (2020: Nil).

Maturity analysis and effective interest rates

The following is a maturity analysis of the Council's borrowings.

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Less than one year	3,000	4,000	3,000	4,015
<i>Weighted average effective interest rate</i>	<i>0.79%</i>	<i>0.783%</i>	<i>0.79%</i>	<i>0.79%</i>
Later than one year but not more than five years	2,000	3,000	2,000	3,000
<i>Weighted average effective interest rate</i>	<i>0.52%</i>	<i>1.31%</i>	<i>0.52%</i>	<i>1.31%</i>
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.

24 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, estimated closure is expected to be 2024. The cash outflows for landfill post-closure are expected to occur between 2024 and 2059. 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 0.38% to 4.30% (2020: 1.6% to 3.42%), and a multi-factored inflation rate ranging from 1.88% to 2.0% (2020: 0.83% to 1.84%).

CURRENT VS. NON-CURRENT	COUNCIL & GROUP	
	2021 \$000	2020 \$000
<i>Current</i>		
Landfill aftercare costs	-	-
<i>Non-current</i>		
Landfill aftercare costs	1,548	1,616
Total provisions	1,548	1,616

MOVEMENTS IN PROVISIONS	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Opening balance 1 July	1,616	1,478
Amount used	-	-
Unwinding of landfill provision	-	-
Additional provisions made	(68)	138
Closing balance 30 June	1,548	1,616



25 Other term liabilities

	COUNCIL & GROUP	
	2021 \$000	2020 \$000
<i>Current</i>		
Current portion of other term liabilities	-	-
<i>Non-current</i>		
Share of interest in MRF held on behalf of Environment Canterbury	408	468
Total other term liabilities	408	468

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.

				2021 \$000
Marlborough District Council loan	KDC share at 11.5%	5,348,402	11.5%	615,066
Kaikōura District Council loan	KDC's claim from MDC's share	694,990	88.5%	(615,066)
Total liability				-

26 Equity

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Public equity	111,703	105,668	112,838	106,414
Special reserves & special funds	7,432	6,483	7,432	6,483
Asset revaluation reserves	92,130	85,639	92,812	85,639
Total equity	211,265	197,790	213,082	198,736

Public Equity

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Opening balance 1 July	105,668	98,866	106,614	99,591
Net surplus/(deficit)	6,984	11,503	7,173	11,724
Change to opening balance of special funds and reserves	-	(881)	-	(881)
Transfers (to)/from special reserves	(2,600)	(4,913)	(2,600)	(4,913)
Transfers (to)/from special funds	1,651	1,093	1,651	1,093
Transfer (to)/from revaluation reserve		-	-	-
Closing balance 30 June	111,703	105,668	112,838	106,614



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.

	Purpose	Opening balance \$,000s	Transfers in \$,000s	Transfers out \$,000s	Closing balance \$,000s
Special Reserves					
Kaikōura water	All costs for the Kaikōura, Ocean Ridge, Suburban, Oaro, and Peketa water supplies	279	862	(942)	199
East Coast water	Maintenance, administration, upgrading and loan costs	15	15	(8)	23
Kincaid water	Maintenance, administration, and upgrading costs	255	88	(152)	191
Ferneigh water	Maintenance, administration, and upgrading costs	(5)	(38)	(89)	47
Roading	Maintenance and upgrading of local roads and bridges	178	6,604	(5,014)	1,768
Roading events	Responding to flooding and other events, and repairing damage to roads and bridges	147	48	(10)	185
Footpaths & streetlights	Maintenance, administration, upgrading and loan costs	211	311	(504)	18
Recycling	Recycling collection and sorting, and recycling stations	11	217	(193)	35
District Plan	All costs in relation to the District Plan	92	221	(253)	61
Stormwater	Maintenance, administration, upgrading and loan costs	133	109	(51)	191
Sewerage	Maintenance, administration, upgrading and loan costs	226	420	(400)	245
Tourism & Marketing	Support for the i-Site and Destination Kaikōura	(34)	221	(225)	(38)
Commercial Rate	A portion of the cost of providing traffic control, public toilets, public rubbish bins	(130)	135	(5)	-
Harbour	South Bay & North Wharf maintenance, administration, upgrading and loan costs	(167)	965	(90)	708
Registered Premises	The net cost of food and liquor premises inspection and certification	(42)	119	(76)	-
West End town centre	Car park, village green, public toilets and town centre maintenance, administration, upgrading and loan costs	14	(75)	(61)	-



Financial information					
Civic centre	Maintenance, administration, upgrading and loan costs	(15)	(825)	(431)	(409)
Stock control	All costs including enforcement and control	31	11	(13)	29
Earthquake – Roading	Roading rebuild associated with the November 2016 quake	(605)	1,803	(1,198)	-
Earthquake – Rebuild director	Project management and resourcing the rebuild	53	401	(455)	-
		647	11,613	(9,006)	3,253

	Purpose	Opening balance \$,000s	Transfers in \$,000s	Transfers out \$,000s	Closing balance \$,000s
Special funds					
Social services	Social projects & committee costs	7	-	(1)	6
Tourism strategy	Tourism strategy costs	35	-	-	35
Creative communities	Arts funding available by application	5	21	(14)	12
George Low bequest	Sports & recreation funding available by application	64	-	(9)	55
Economic development	Economic development projects	-	63	(23)	40
3W Stimulus Package	Improvements to drinking water supplies and wastewater treatment systems	-	940	(483)	457
Forestry	Net costs of forestry, and surpluses for strategic investment	911	213	(37)	1,087
Significant natural areas	Biodiversity projects	22	-	-	22
Parks & reserves	Upgrades and new parks/reserves assets	64	1	-	65
Pensioner flats	Maintenance, upgrades, administration, and loan costs	103	(72)	(9)	41
Investment property	Maintenance, upgrades, administration, and loan costs	-	(324)	324	-
Community facilities	Maintenance, upgrades, administration, and loan costs	1,458	2,732	(3,143)	1,048
Vehicles and plant	New/replacement vehicles and plant	(55)	57	(2)	-
Waste minimisation levy	Waste minimisation project	52	4	-	56
Landfill development	New/upgrades to landfill	81	-	-	81
Landfill aftercare	Landfill closure expenses	139	8	-	146
Library grants	Library resources	3	1	-	4
Family violence	Service coordination	30	76	(77)	30
Natural hazards project	Settlement and remediation for landowners	466	-	(466)	-
Mayoral fund	Discretionary funds	7	1	25	32
Airport	Debt Repayment and capital projects	-	179	(81)	98



Responsible Camping	Grant funding for bylaw & enforcement	116	144	(144)	116
Financial Sustainability	Financial & Corporate Sustainability (FCS) DIA funded review	295	-	(134)	161
Earthquake fund	Earthquake recovery	48	-	(48)	-
Three waters EQ fund	Water, sewer, and stormwater rebuild	1,787	427	(2,214)	-
Mayoral EQ relief	Hardship grants	28	1	(29)	-
Winter warmer project	Weather-proof and heating work for EQ damaged homes	54	-	(25)	31
Rebuild navigator	Support landowners with insurance settlements	(5)	8	(3)	-
Legal challenges	Court costs and legal advice	100	-	-	100
Building accreditation	Building control authority accreditation	37	148	(4)	181
Wakatu Quay	PGF funded Wakatu Quay project	(16)	1,603	(1,338)	249
South Bay feasibility	PGF funded South Bay Project	-	36	(36)	-
Environmental planning fund	Environmental projects and grants	-	42	(14)	28
		5,836	6,322	(7,979)	4,179

Asset Revaluation Reserves

	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Opening balance 1 July	85,639	85,622
Revaluation gains/(losses)	6,504	19
Environment Canterbury's share of MRF Revaluation (gains)/losses	(12)	(3)
Closing balance 30 June	92,130	85,639

The Asset Revaluation Reserves consist of:

	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Land	5,369	5,369
Buildings	3,651	3,651
MRF Land & Improvements	(18)	192
Library Books	65	65
Roading	73,121	70,334
Stormwater	2,083	1,451
Water Supply	7,569	4,577
Sewerage	-	-
Other Assets	289	-
	92,130	85,639

27 Remuneration

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$220,703 (2020: \$201,453). Remuneration in 2020 included use of a vehicle, which is subject to fringe benefit tax. The former Chief Executive, Angela Oosthuizen, completed her five-year contract at the end of January 2021. Will Doughty began his term as Chief Executive on 1 February 2021.

Elected Representatives

The Mayor and Councillors of the Kaikōura District Council received the following honorarium and attendance fees.

	COUNCIL	
	2021 \$000	2020 \$000
Mayor Craig Mackle	84	61
Deputy-Mayor Julie Howden	40	30
Councillor Vicki Gulleford	26	18
Councillor Lisa Bond	26	25
Councillor Tony Blunt	26	25
Councillor Neil Pablecheque	26	25
Councillor Robby Roche	26	18

Councillor Derrick Milton	26	25
Ex-Mayor Winston Gray	-	29
Ex-Councillor Celeste Harnett	-	6
Total elected representative remuneration	282	262

Key management personnel

Key management personnel includes that of the Mayor, Councillors, Chief Executive, and Senior Managers.

	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Total key management personnel remuneration	866	463
Total full-time equivalent key management personnel	11	9

Due to difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

In 2021 the definition of key management personnel was reviewed and concluded that the two Senior Managers should be included due to their role as advisors to the Chief Executive and Council. They were not included in 2020.

Council employees

At balance date, the Council employed 26 full-time employees (2020: 29), with the balance of staff representing 7.5 full-time equivalent employees (2020: 9.4). A full-time employee is determined on the basis of a 40-hour working week.

COUNCIL			
Total annual remuneration by band for employees as at 30 June:			
	2021		2020
<\$60,000	17	< \$60,000	19
\$60,000 - \$79,999	9	\$60,000 - \$79,999	11
\$80,000 - \$139,999	7	\$80,000 - \$139,999	9
\$140,000 - \$239,999	3	\$140,000 - \$219,999	3
Total employees	36	Total employees	42

During the year, the Council made no severance payments to employees, in 2020 severance payments were made to 3 employees: \$19,080, \$28,500, \$39,391 totalling \$86,971.

28 Financial instrument categories

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

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Loans and receivables				
Cash & cash equivalents	5,436	4,331	5,777	4,633
Trade & other receivables	1,489	3,094	1,518	3,185
Other financial assets	202	57	107	57
	7,847	7,481	8,121	7,875

Financial liabilities at amortised costs				
Trade & other payables	4,399	4,448	4,335	5,071
Secured loans	5,000	7,000	5,000	7,015
MRF share held on behalf of Environment Canterbury	408	468	408	468
	9,807	11,916	9,743	12,554

29 Taxation

The Council's harbour activities attract taxation. A deferred tax asset has not been recognised in relation to unused tax losses of \$947,316 (2020: \$896,192), which are available to carry forward and offset against future taxable profits. The tax effect of the losses is \$265,248 (2020: \$250,934), based on a tax rate of 28%.

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Components of tax expense recognised in statement of comprehensive revenue and expense:				
Current Taxation	-	-	68	35
Deferred Taxation	-	-	(2)	(92)
Income tax expense	-	-	66	(57)
Components of deferred tax recognised directly in equity:				
	-	-	-	-
Income tax expense	-	-	66	(57)
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	6,984	11,503	7,202	11,667
Tax at 28%	1,955	3,221	2,016	3,267
<i>Add/(less) tax effect of:</i>				
(Non-taxable Income)	(1,955)	(3,221)	(1,961)	(3,228)
Non-deductible expenditure	-	-	-	(86)
Deferred Taxation	-	-	11	-
Prior period adjustments	-	-	-	-
	-	-	66	(57)
Movement in tax (refund)/payable:				
Balance at start of year	-	-	35	-
Taxation (paid)/refunded	-	-	(60)	-
Provided for this year	-	-	68	35
Under/(over) provision prior year	-	-	-	-
Balance at the end of the year	-	-	43	35



Movement in temporary differences	2021 Group only			
	Balance 30/6/2020	Recognised in income	Recognised in equity	Balance 30/6/2021
Property, plant and equipment	(54)	3	-	(50)
Employee benefits	30	(1)	-	29
Accrued expenses	-	-	-	-
Losses to carry forward	-	-	-	-
	(23)	2	-	(21)
	2020 Group only			
	Balance 30/6/2019	Recognised in income	Recognised in equity	Balance 30/6/2020
Property, plant and equipment	(165)	111	-	(54)
Employee benefits	26	4	-	30
Accrued expenses	-	-	-	-
Losses to carry forward	23	(23)	-	-
	(115)	92	-	(23)

Innovative Waste Kaikōura Limited recognises its tax obligations.

30 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:

	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Current assets	25	100
Non-current assets	3,741	4,147
Total assets	3,766	4,247
Current liabilities	16	55
Non-current liabilities	695	695
Total liabilities	711	750
Share of net assets employed	3,055	3,497
Share of net surplus/(deficit)	(321)	780

The Council has no capital commitments, contingent liabilities, or contingent assets in relation to Marlborough Regional Forestry.

31 Related party transactions

Intergroup

Innovative Waste Kaikōura Ltd

During the year, through the ordinary course of business, the Council has paid \$1,656,673 (excluding GST) in fees and grants to Innovative Waste Kaikōura Ltd (2020: \$1,281,693) and received \$4,950 (excluding GST) from Innovative Waste Kaikōura Ltd (2020: \$4,950). The transactions include the day-to-day operations of the resource recovery centre and landfill, the kerbside recycling collection, normal maintenance and operations of the three waters (water supplies, stormwater and wastewater), public toilet cleaning, and emptying of public rubbish bins.

At year end there was \$247,577 (including GST) (2020: \$13,828) payable by the Council to Innovative Waste Kaikōura Ltd and \$11,385 (including GST) (2020: \$5,693) receivable by Council from Innovative Waste Kaikōura Ltd.

Kaikōura Enhancement Trust

The Enhancement Trust is 100% owned by the Council. The Council pays the annual audit fee for the Enhancement Trust, which in 2021 is \$3,204 (2020: \$5,727).

Key management personnel

Key management personnel includes that of the Mayor, Councillors, Chief Executive, and Senior Managers.

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 (2020: \$nil).

32 Commitments as lessee, and contingent liabilities

No restrictions are placed on the Council by the following leasing arrangements.

	COUNCIL		GROUP	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
<i>Non-cancellable operating leases as lessee</i>				
Not later than one year	23	23	23	23
Later than one year and not later than five years	48	83	48	83
Later than five years	-	-	-	-
	71	106	71	106

Capital commitments

The earthquake rebuild programme is almost entirely complete as at 30 June 2021, with only the lining of the Peninsula reservoir outstanding, the delay due to COVID-19 border restrictions preventing contractors from overseas coming into New Zealand to complete the contract works.

CONTRACTS	COUNCIL & GROUP	
	2021 \$000	2020 \$000
Six bridges design and build	-	279
Wastewater treatment plant & aeration lagoon	-	786
Fords Kaikōura Urban water reservoir	-	77
3 Waters project	-	76
Peninsula Reservoir	261	141
Minor structural repairs for 14 bridges	-	495
3 Waters reticulation earthquake repairs	-	836
	261	2,690

Housing NZ Corporation funding

Housing New Zealand Corporation has provided \$497,776 (2020: \$497,776) towards the construction of social housing. This advance would be payable if the Council were to withdraw its investment in the joint funded social 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.

As at 31 March 2021, the scheme had a past service deficit of \$1.26 million excluding Employer Superannuation Contribution Tax (2020: \$2.77 million deficit). This deficit 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 as employer contribution rate sufficient to meet the accrued and future liabilities of the scheme. Based on the latest review, completed as at 31 March 2020, the Actuary recommended the employer contribution rate be set at 4.0 times contributors' contributions from 1 April 2021 with a further scheduled increase in 2022 to 6 times contributors' contributions. The recommendation was endorsed by the Board.

33 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 as at 30 June 2021, either on its own account or as a joint venture operation partner in MRF.

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	
	2021 \$000	2020 \$000	2021 \$000	2020 \$000
Not later than one year	222	202	222	197
Later than one year, but not later than five years	516	525	516	522
Later than five years	573	471	573	471
	1,310	1,198	1,310	1,190

34 Insurance on assets

Buildings and building contents

The assets covered by the Council's material damage policy carry a total depreciated value as at 30 June 2021 of \$36,454,131 (2020: \$38,181,732), and have a total sum insured of \$39,489,494 (2020: \$40,763,126). The insured value takes into account the cost to replace/rebuild the assets including demolition (if any). The carrying value of community buildings has been revalued as at 30 June 2019, and for three-waters buildings such as pump stations and reservoirs has been revalued as at 1 July 2020. 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 at 30 June 2021 of \$94,729 (2020: \$123,224), with insurance cover for replacement value of \$146,000 (2020: \$146,000). Insured cover includes windscreen replacement for all vehicles.

Water, sewerage, and stormwater assets

These activities have a total asset value for insurance purposes of \$67,377,585 (2020: \$62,676,823), with protection under the NZ Local Authority Protection Programme (LAPP) for up to three events, the highest being \$140 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 the 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 as at 30 June 2021 of \$26,776,103 (2020: \$18,723,715).

Roads, bridges and footpaths

These assets have a total carrying value at 30 June 2021 of \$115,124,995 excluding land under roads, and after impairment, (2020: \$103,893,307). For normal maintenance work, the Council receives 52% subsidy from the NZTA. The subsidy for emergency repairs and reinstatement to repair the damage caused by the earthquake, is 95%. With a rebuild programme estimated at over \$25 million, this leaves the Council to find \$1.25 million, from reserves in the first instance and then from loans. As at 30 June 2021, the Council has no cash in the roading special reserve, having spent all available funds on emergency roading repairs (2020: \$Nil).

There is \$4,117,883 of assets that the Council considers to be uninsured within this group of activities (2020: \$3,368,616). These include sea walls and footpaths.

35 Explanation of major variations against budget

Just as the Council completed the earthquake rebuild projects, the COVID-19 pandemic hit NZ and the Kaikōura district. The government's funding packages to stimulate the economy have been unprecedented and dominate the Council's revenue streams.

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 2021 was an \$6.98 million surplus, against a budgeted surplus for the same period of \$10.68 million.

Revenue was \$27.5 million, less than the budgeted \$27.0 million. While the result is very close to budget, there were significant ups and downs within Council's activities. The Wakatu Quay project is the main timing issue, as we had optimistically forecast the project to be mid-construction by June 2021 and for \$9.8 million in grant revenue from the Provincial Growth Fund (PGF) to have already been received. In reality we received \$1.33 million. The project is progressing through the concept phase and the Council is seeking expressions of interest from investors.

We also received unforeseen funds from Waka Kotahi (NZTA) of \$2.27 million to remediate the NCTIR haul routes, a \$1.0 million grant from the government to complete the swimming pool, and three-waters stimulus funding from the government of \$940k to undertake a range of three-waters projects to improve drinking water and wastewater services. We also received an additional \$250k for the Mayoral Taskforce for Jobs (on top of the \$250k forecast), plus \$118k for a library partnership programme. A \$3.26 million gain through vesting of the Inland Road back into Council control, recording the value of the work done by NCTIR to repair the roads and bridges that were damaged by the earthquake.

Operating expenditure of \$20.5 million is \$4.1 million more than budget; \$1.68 million of this is due to fair value losses following the valuation of three-waters and forestry assets, and the gifting of land at Boat Harbour (affected by natural hazards) to Ngati Kuri.

Other areas where expenditure exceeded budget were:

- Demolition of the former fisheries buildings at Wakatu Quay, which were found to have asbestos throughout multiple layers of concrete foundations and floors,
- Natural hazards project, which had been assumed would be complete by 30 June 2020 so was unbudgeted,
- Earthquake repair delays due to COVID-19 meant expenditure unbudgeted for 2021 financial year,
- Unforeseen grant revenue paid over to other organisations (such as Mayoral Taskforce and swimming pool),
- The share of Marlborough Regional Forestry expenses (\$575k higher than budget), and
- Depreciation was \$602k higher than budget due to the change in assessed remaining useful lives of assets.

The last two points above are both non-cash items, as are the fair value losses.

Statement of Financial Position

The forecasts for the Wakatu Quay project and South Bay feasibility study had assumed the Council would receive the entire \$10.88 million from the PGF in advance, and that there would be \$7.2 million held as cash in the bank as a result (ready to spend on the projects). The grant is being paid over in much smaller tranches as milestones are being met, and so cash is only \$5.4 million.

With all the funding being paid out by the government to stimulate the economy during the COVID-19 pandemic, the Council has kept borrowing at only \$5 million, against a forecast \$10.7 million.

Statement of Cash Flows

Cash increased over the year by \$1.1 million, to a balance of \$5.4 million at 30 June 2021.

- Grants and subsidies formed the bulk of the increased cash.
- A \$2 million tranche of loans were repaid during the year.

36 Post balance date events

On 18 August 2021 the whole of New Zealand entered a level 4 lockdown due to a COVID-19 cluster developing in Auckland traced to the Delta strain. At the time of writing, New Zealand has transitioned to the traffic light system, enabling relative freedom of movement for those with a vaccine pass, restricted to capacity limits and, of course, mask wearing and location tracing remains mandatory. Omicron has emerged as the latest variant and is proving to be even more contagious than the Delta strain. It is now inevitable that COVID-19 will emerge in communities around New Zealand and that the Kaikoura community will be affected.

The Council assesses that COVID-19 has had, and will continue to have, minimal impact on its financial performance and position. The Council may, however, be required to provide additional support to the Kaikōura medical centre and to vulnerable people in the community, to minimise harm from the virus. Additionally, if Council staff were to become sick from COVID-19, it is likely that our ability to deliver our usual level of service will be affected.

Three-Waters Reform

In 2020, the Government announced it was commencing the three waters reform programme, with the aim of improving three waters services. In 2021, the Government outlined its proposal to reform the three waters service delivery by creating four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. In October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated “all in” approach.

The proposed reforms and announcements will mean Kaikoura District Council (the Council) is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024, and this is likely to have an impact on the Group’s three waters contracts with the Council from that date, although the extent of that impact is uncertain (2020: the same disclosure applied).

37 Breach of statutory deadline

The Council was required under section 98(7)(a) of the Local Government Act 2002 to complete and adopt its audited financial statements and service performance information by 31 December 2021. This timeframe was not met because Audit New Zealand was unable to complete the audit within this timeframe due to an auditor shortage and the consequential effects of Covid-19, including lockdowns.

Annual Report Disclosure Statement

For the year ending 30 June 2021

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

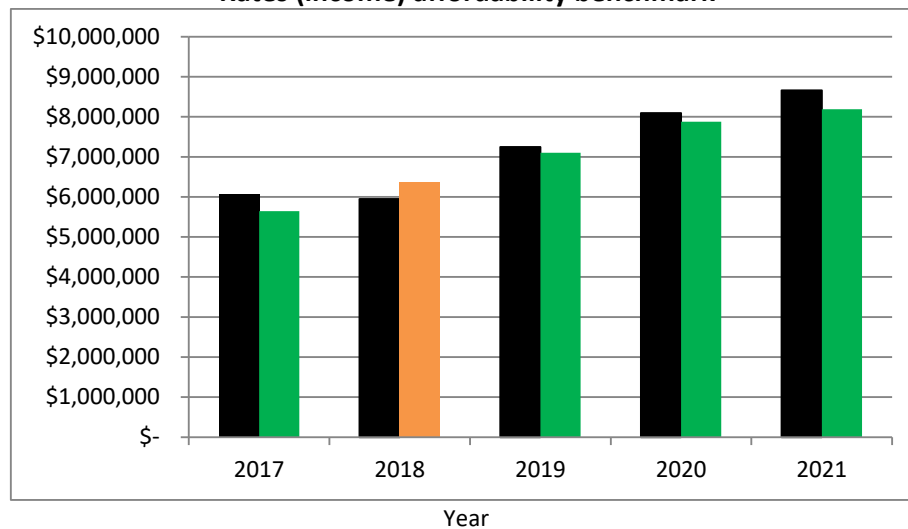
The Council meets the rates affordability benchmark if –

- 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 Three-Year Plan. The Council set its limit on rates increases to 14% for the 2019 and 2020 financial years, and 10% for the 2021 year, in order to meet the costs of our earthquake rebuild. In dollar terms this sets a cap for 2021 of \$8,663,812. The Council’s actual rates for the 2021 financial year were \$8,188,672, which is within the cap.

Rates (income) affordability benchmark

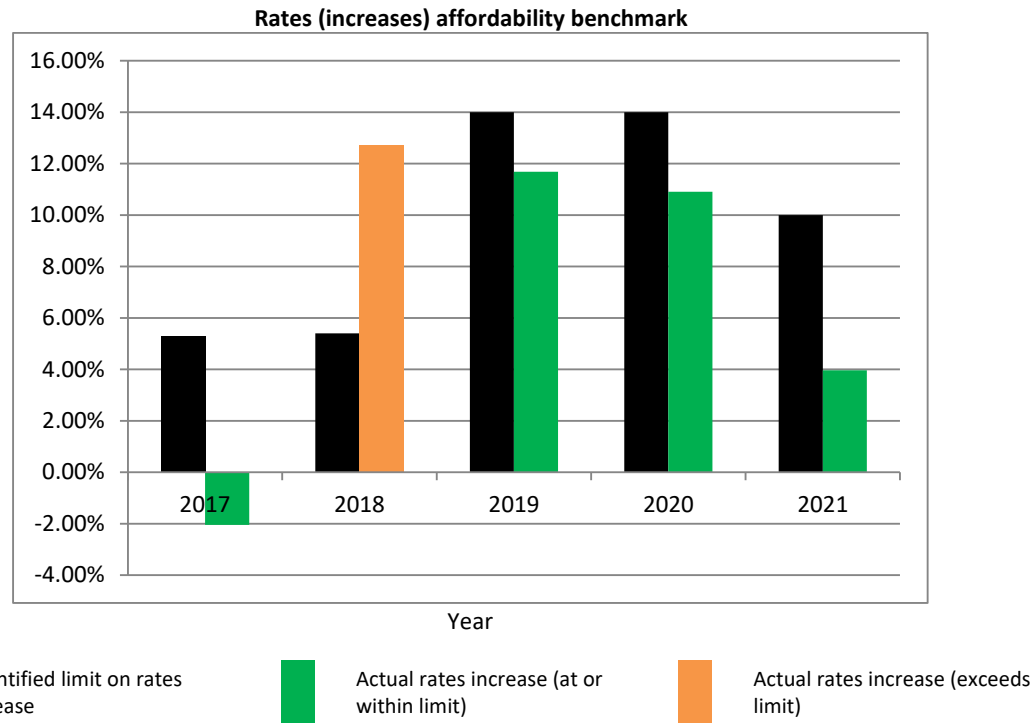


Quantified limit on rates income
 Actual rates income (at or within limit)
 Actual rates income (exceeds limit)

The rates increase for 2018 exceeded the rates limit set in the 2015-2018 Long Term Plan, because that Plan did not foresee the earthquake and its impact on the Council’s financial needs.

Rates (increases) affordability

The following graph compares the Council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Council’s Three-Year Plan. The quantified limit is 10%, and the actual increase was 3.97%.



Comment

In response to the 2016 Kaikōura earthquake, which occurred in the 2017 financial year, the Council needed to set rates much higher than predicted in the 2015-2025 Long-term Plan. The actual rates increase was almost 12% over that of 2017. The Council introduced two new rates – the earthquake rate based on capital value, and the earthquake levy which is a fixed dollar amount. Rates penalties applied to overdue rates were much higher than had been predicted, and rates remissions for earthquake damage were substantially less than had been forecast. These factors combined were the main contributors to the rates increase exceeding the rates limit for 2018.

The 2017 financial year included rates remissions following the earthquake, for damaged properties and also for the Kaikōura Hospital rate, due to the Canterbury District Health Board granting the Council sufficient funds to repay the hospital debt. In that year, rates reduced by 2.04%.

For the 2019 and 2020 financial years, the Council set its limit on rates increases to 14% so as to meet the costs of our earthquake rebuild programme. The actual increases were within the cap at 11.69% and 10.91% respectively.

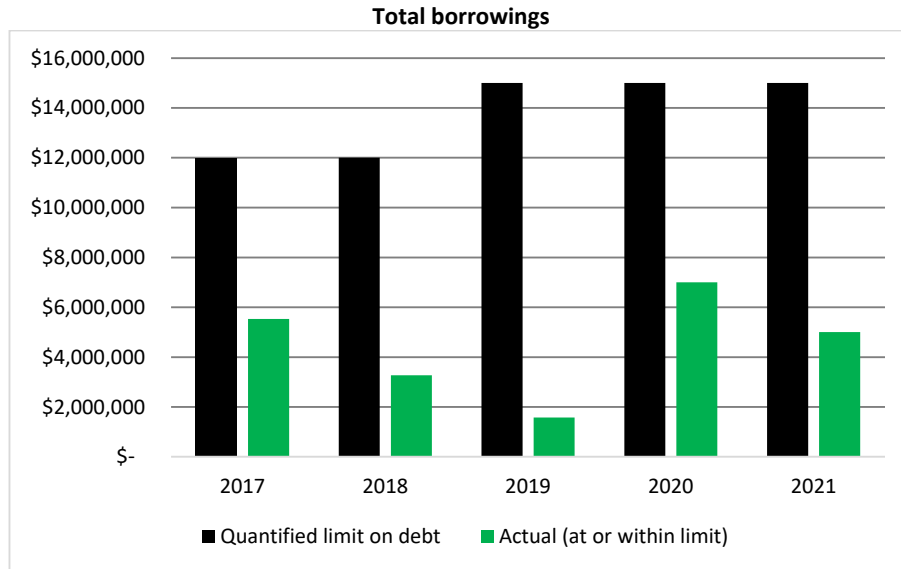
For the 2021 financial year, the Three-Year Plan 2018-2021 limited rates increased to 10%, having assumed that the rebuild would still be underway but nearing completion. When the COVID-19 pandemic hit New Zealand, the Council worked hard to reduce the rates increase to 4.0%, and the actual rates increase for the year (after remissions, etc), was 3.97%.

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.

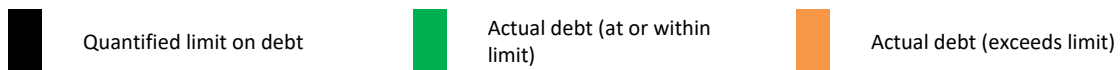
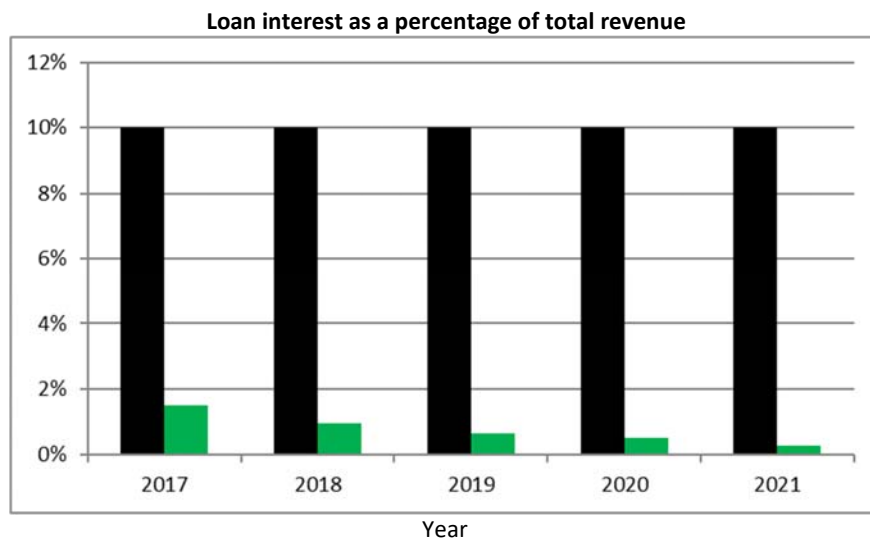
The following graph compares the Council’s actual borrowing with the quantified limit on borrowing stated in the financial strategy included in the Three-Year Plan. The quantified limit is \$15 million.



Comment

The Council increased its debt limit from \$12 million to \$15 million for the Three-Year Plan 2018-2021 in preparation for new borrowings to fund the earthquake rebuild. In reality, due to the delay in the rebuild works, the Council has used available cash to reduce debt while we prepare for the rebuild to commence.

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 is less than 1% due to savings by paying off debt.



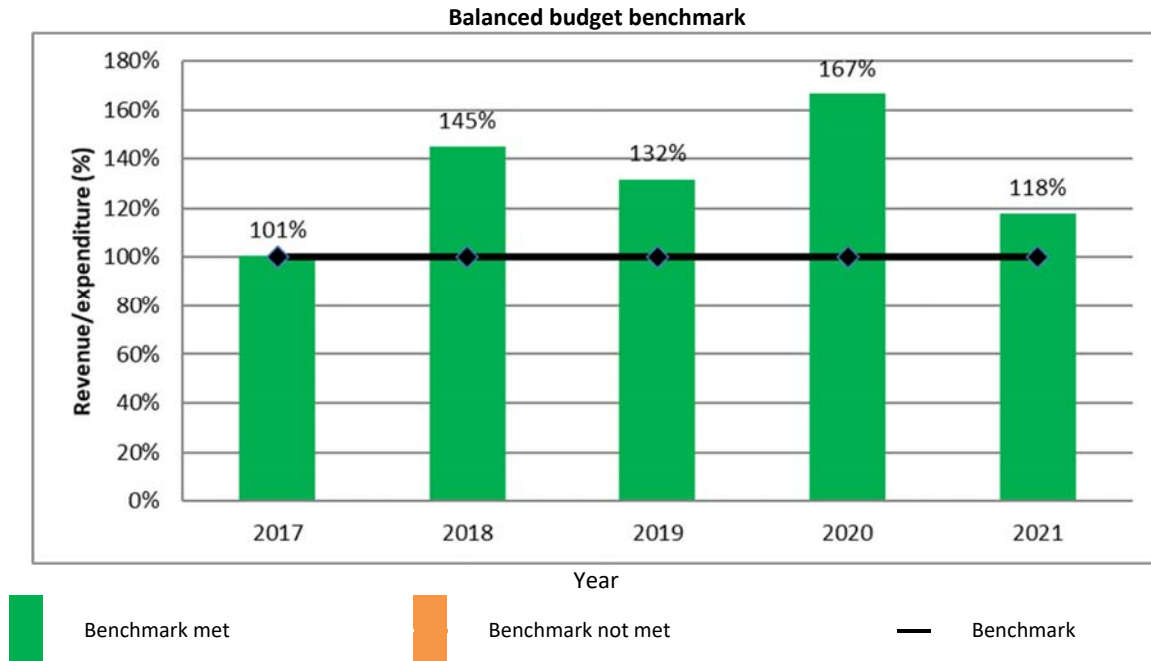
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Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, 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.

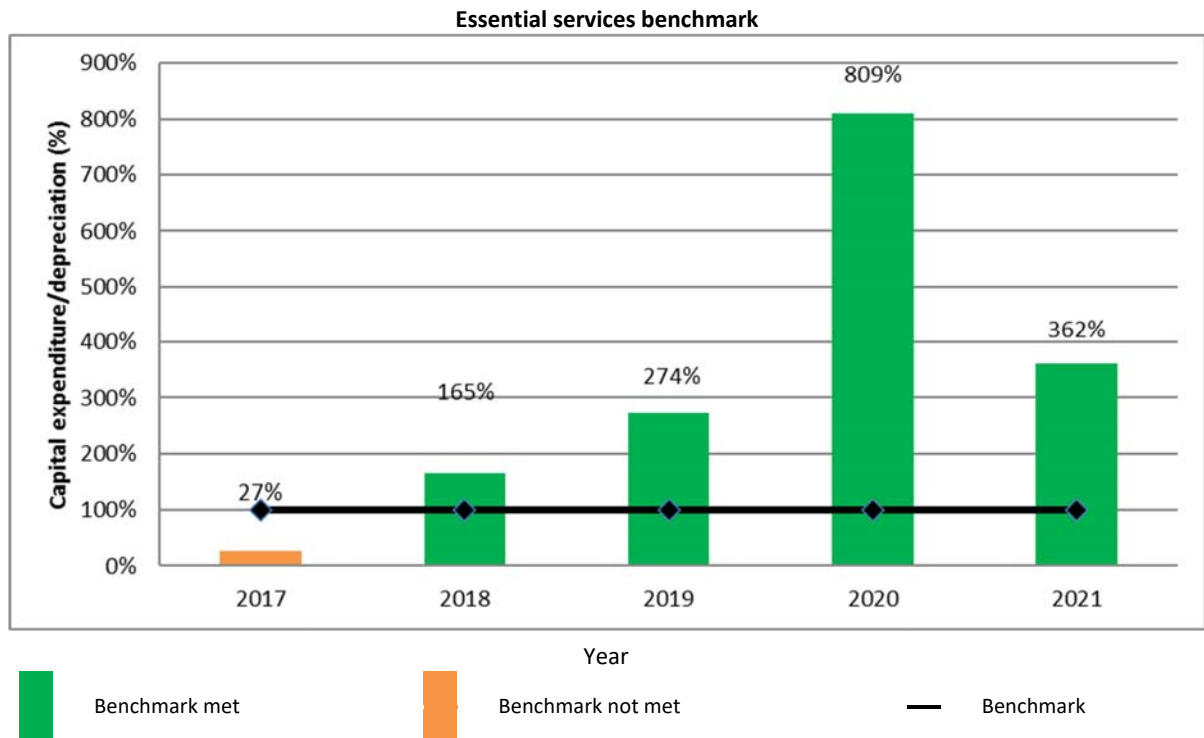


For the last five years, the Council has received substantial grants and subsidies to complete the earthquake rebuild projects. Those grants and subsidies are stated as operating revenue in the Council's financial statements, but the rebuild expenses are capital expenditure rather than operating expenses, and so are not included in the above equation.



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 above graph highlights the extent to which the earthquake rebuild projects have dominated the Council’s operating and capital spend. In the 2017 financial year, the emergency response to the earthquake meant all previously planned capital projects were put on hold or cancelled, and work instead focussed on immediate restoration of services – which are an operating expense and therefore do not form part of the above equation.

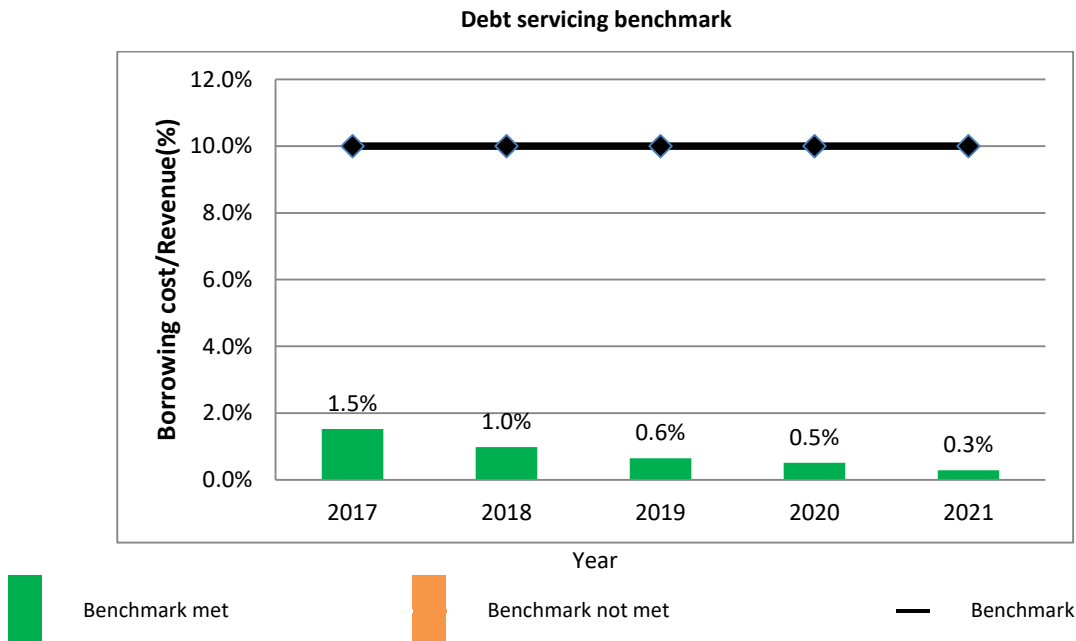
As the rebuild projects commenced (during 2018 and 2019), significant amounts began to be spent on the capital renewal of damaged infrastructure. The 2020 financial year represented the peak of the rebuild spend, and dwarfs both annual depreciation and prior year capex.

For 2021, the last of the earthquake rebuild projects were completed (with the exception of the Peninsula reservoir, which was delayed by the COVID-19 border closures), and the Council returns to business-as-usual renewal works.

Debt servicing benchmark

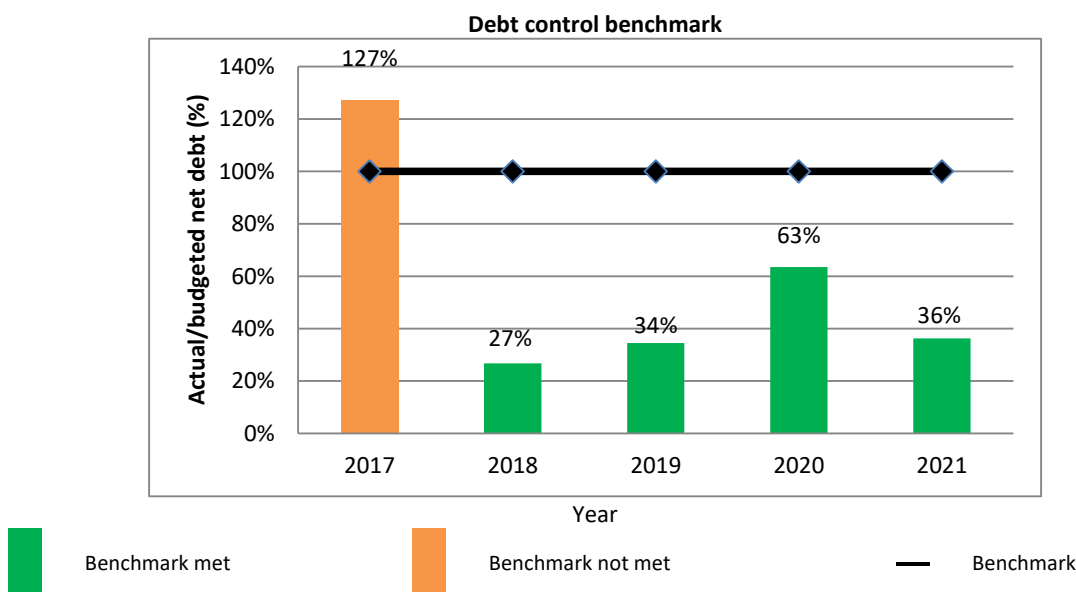
The following graph displays the Council’s borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

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 2021 financial year, the Council’s borrowing costs are 0.3% of revenue.



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.



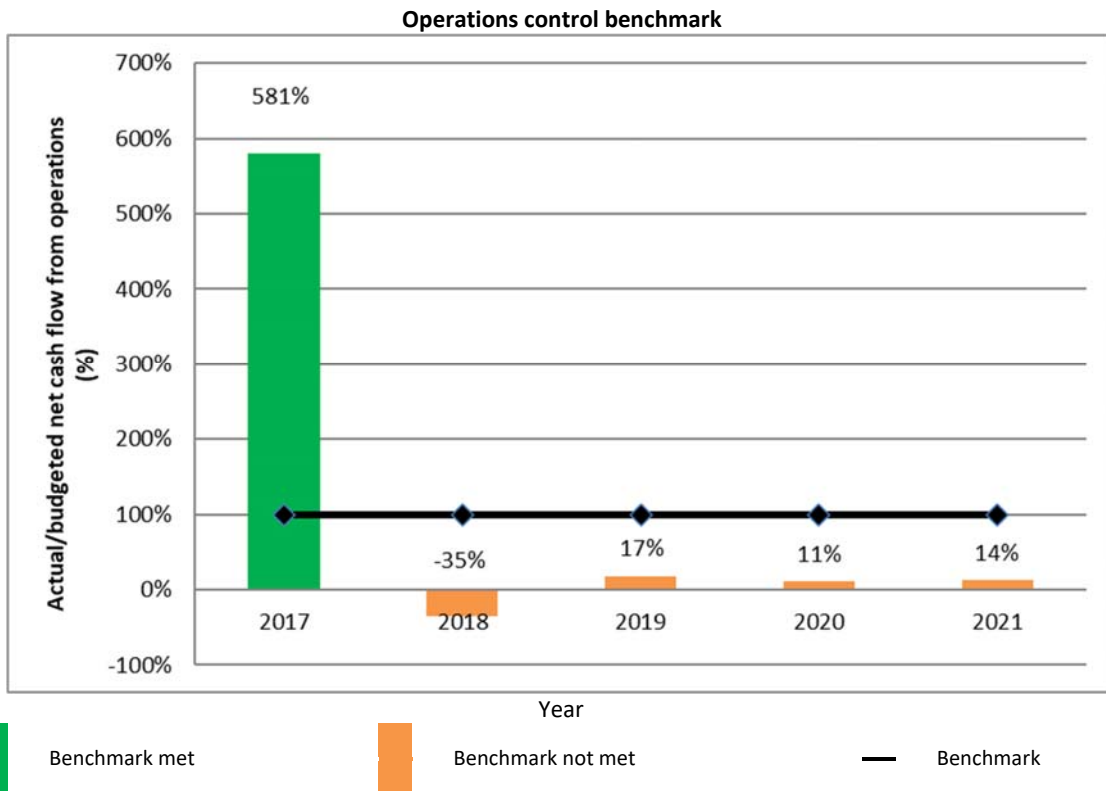
Comment

The loans that the Council forecast would be required did not eventuate. This is mainly because the Council has been the beneficiary of several unforeseen grant payments, such as \$940k in three-waters stimulus funding, \$1million grant for the Kaikōura Community Charitable Trust to progress the swimming pool, 100% subsidy from Waka Kotahi (NZTA) to remediate the NCTIR haul routes, and others. Not only has this meant loans were not required, it also boosted our cash balances. We anticipate, given the extent to which these projects are still underway, that our cash on hand will reduce as the projects progress.

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 Report and dividing it by the planned cashflow from operations in the Council’s Annual Plans. It should be noted that, during the audit of Council’s Annual Reports, the Council has been required to eliminate grants received for capital projects from its cashflow from operations. The planned (or known) grants received for capital projects are, however, still required to be part of the planned cashflow from operations, as this is how they were published in the Annual Plans. We will correct this issue by amending how we report our cashflows in the Annual Plan.

In 2017, cash flow from operations had been substantially better than forecast, with several millions in unforeseen grants, subsidies, and donations received to enable the Council to undertake emergency earthquake repairs (which are operating expenses).

Funding Impact Statement

For the years ended 30 June (whole of Council)

	2020 Annual Plan \$000	2020 Actual \$000	2021 Annual Plan \$000	2021 Actual \$000
Sources of operating funding				
General rates, UAGCs, rates penalties	2,948	3,008	3,385	3,422
Targeted rates (incl. water meter charges)	4,850	4,868	4,680	4,767
Subsidies & grants for operating purposes	3,789	5,695	2,985	4,431
Fees & charges	1,534	1,759	1,371	2,520
Interest & dividends from investments	19	2	14	6
Fuel tax, fines, infringement fees & other receipts	802	815	389	761
Total operating funding (A)	13,942	16,146	12,824	15,907
Applications of operating funding				
Payments to staff and suppliers	13,938	13,790	13,391	14,425
Finance costs	323	152	134	69
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	14,261	13,941	13,525	14,494
Surplus/(deficit) of operating funding (A-B)	(319)	2,205	(701)	1,413
Sources of capital funding				
Subsidies & grants for capital expenditure	18,145	11,942	14,191	7,360
Development and financial contributions	82	31	-	18
Increase/(decrease) in debt	5,097	5,423	3,772	(2,000)
Gross proceeds from sale of assets	-	-	143	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	23,324	17,396	18,106	5,379
Application of capital funding				
Capital expenditure				
- To meet additional demand	1,057	260	4,793	254
- To improve the level of service	2,337	834	1,307	1,223
- To replace existing assets	22,006	16,552	6,367	7,597
Increase/(decrease) in reserves	(2,395)	1,956	4,938	(2,281)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	23,005	19,601	17,405	6,792
Surplus/(deficit) of capital funding (C-D)	319	(2,205)	701	(1,413)
Funding balance ((A-B) + (C-D))	-	-	-	-



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Other Information



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Kaikōura Enhancement Trust

Kaikōura Enhancement Trust is a charitable trust established in 2000, for the purposes of progressing environmental projects. It does not intend to generate a profit.

The trust, when established, was considered to be a Council Controlled Organisation (CCO) under the provisions of the Local Government Act 2002, because the Council appoints its trustees. The Council has resolved to exempt the Kaikōura Enhancement Trust from being a CCO.

The trust's objectives are generally:

- The collection and disposal of waste in an ecologically sound manner including but not limited to management of refuse facilities and including sewerage treatment programmes;
- To protect, enhance and sustain the natural and physical resources of the Kaikōura District particularly through sustainable waste management practices and more widely to encourage development of similar practice in other areas;
- The establishment, improvement and promotion of recycling programmes and programmes generally to reduce waste;
- Raise public awareness of the effects of alternative waste disposal methods through education and generally to create public awareness of sustainable management of resources;
- To make grants or provide other assistance for the research, development, distribution and implementation of alternative waste disposal methods, including waste reduction methods;
- To promote ecologically sound waste management processes and practices generally;
- To do all such things as may be necessary and consistent with creating a better living environment whilst sustaining the natural environment for future generations.

The most significant objectives of the trust are performed through its subsidiary, Innovative Waste Kaikōura Ltd, the company responsible for the day-to-day management of the district's landfill and recycling facility.

The trust will continue to be involved in environmental issues that meet the above objectives. It is the nature of the trust that these projects may be spontaneously approved during the course of any given year, generally subject to sufficient funds being sourced or otherwise with the specific approval from the trustees.

The financial activity of the trust is included in the Council's group financial statements.

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 a number of performance measures in its Statement of Intent for the year to 30 June 2020, and actual performance is reported as follows.

Financial Performance Targets

	2019/2020 Actual	2020/2021 Target	2020/2021 Actual	Achieved
Revenue	\$2,268,731	\$2,256,399	\$2,765,450	Yes
Net Profit After Tax	\$161,731	\$60,472	\$236,160	Yes
Return on Equity	8%	8%	21%	Yes
Equity	\$874,601	\$734,875	\$1,110,861	Yes
Liquidity Ratio	N/A	1.31	3.01%	Yes
Wages as a % of revenue	N/A	53.37%	48.23%	Yes
R&M as a % of revenue	N/A	6.37%	1.54%	Yes



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Operational Performance Targets

Target	Performance target to achieve the output	Achievements at 30 June 2020	Achievements at 30 June 2021
Client satisfaction	98% of all urgent or callouts to the contract are responded to within one hour or two hours respectively from the time of notification to the time that service personnel depart to the site	Results not available All service requests are logged through KDC's Ozone programme and advised via phone and/or email to IWK. All responses are then checked on a weekly/monthly basis with KDC. All urgent requests are attended to immediately.	Results not available All service requests are logged through KDCs Ozone programme and advised via phone and/or email to IWK. KDC have implemented an Asset Management system to capture all calls and send direct to IWK, where IWK can update all info required, however, the system is not yet fully operational. All 0800 calls are captured on job sheets (to be charged out). All Urgent requests are attended to immediately.
	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	Results not available All non-urgent call outs are responded to within 24 hours.	Results not available All non-urgent call outs are responded to within 24 hours.
	Service requests received about recycling are less than 20 per year	Achieved Service requests regarding recycling are rung through to KDC to be recorded in Ozone. Three requests received.	Achieved Service Requests regarding recycling are rung through or entered through the Service Request portal on KDCs website for KDC to record in Ozone. 1 received
Contractual or legal obligations	Compliance with and provision of all KPI information as per contracts	Results not available No current contracts have any KPIs attached to them	Measure not relevant for 2021 New contract for 3 Waters started 1 July 2020 (3-year term) – no further KPIs than service response attached. New contract for Resource Recovery implemented 1 October 2021 (5-year term) and has KPIs attached
	Obtaining an unqualified audit opinion	Results not available Audit still to be completed for 2019/20 year, however due to the ongoing issues with capturing the correct information in relation to Service Requests Performance Measures (above)	Not achieved Not achieved due to SSP audit qualification



Service Performance	Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions	Achieved No non-compliance notices or infringements issued to KDC.	Achieved No non-compliance notices or infringements issued to KDC
	The number of complaints received per year being due to a service request not being actioned appropriately is less than 10.	Achieved Nil complaints in total	Achieved 0 complaints in total
Health & Safety	5% reduction in TRIF (Total Recordable Incident Frequency) accident rates	Achieved TRIFR rate for 2018/19 was 18.41 (3 TRI x 200,000/32,590 (hours worked)). TRIFR rate for 2019/20 was 0.00 (0 TRI x 200,000/26,572 (hours worked))	Not achieved TRIFR rate for 2019/20 was 0.00 (0 TRI x 200,000/26,572 (hours worked)). TRIFR rate for 2020/21 was 7.37 (1 TRI x 200,000/27,116 (hours worked)).
	LTIFR (LTI per 200,000 hours worked) <6	Achieved LTIFR rate for 2019/20 was 0.00 (0 LTI x 200,000/26,572 (hours worked))	Not achieved LTIFR rate for 2020/21 was 7.37 (1 LTI x 200,000/27,116 (hours worked)). One injury to a staff member occurred (January 2021 – tweaked shoulder loading the baler, had the following day off work).
Staff Engagement	Establish baseline of staff satisfaction through annual survey (2019 4.0)	Achieved Average engagement score of 4.2	Not achieved Average engagement score of 4.0
Diversion from Landfill	55% as per Ministry for the Environment methodology	Not achieved There was 48.01% total diversion of recyclable material from landfill in this financial year against last years 55.18%. Of the 1721.96 tonnes landfilled (440.17kg per head of population (3912)), 970.3 tonnes were from Commercial customers with domestic being 751.63 tonnes for the year.	Not achieved There was 53.28% total diversion of recyclable material from landfill in this financial year against last year's 48.01%. Of the 1846.06 tonnes landfilled (471.9kg per head of population (3912)), 772.15 tonnes were from commercial customers, with domestic being 1073.91 tonnes for the year.

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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 as at 30 June 2021)***



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