

Kaikōura District Council

Annual Report

For the year ended 30 June 2022



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Cover image; Kaikōura township

General Information



Kaikōura: a great place to live

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

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

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

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

Our District*	
Population (Census 2018)	3,912
Rateable properties	3,018
Total rating units (includes non-rateable properties)	3,278
Total capital value of district	\$2,348,327,150
Total land value of district	\$1,399,777,750

*On 30 June 2021

Our Council~	
Represented by	1 Mayor & 7 elected representatives
Total equity	\$285,808,706
Total assets	\$296,508,763
Number of staff	31.0 FTE
Utilities & services	1 Landfill 7 Public water supplies 1 Sewerage system

~on 30 June 2022

2021/2022 Highlights, challenges, and achievements

Improving our infrastructure and facilities

- Government funding for three-waters upgrades of \$1.88 million over the last two years has enabled the Council to upgrade our water supplies to improve our compliance with NZ Drinking Water Standards. Improvements include amalgamating the Suburban water scheme with the Kaikōura Urban supply, splitting the Clarence village scheme from the East Coast rural scheme, and treatment upgrades for all eight Council-owned water supplies. These upgrades have lifted the permanent boil-water notices that were in place for Suburban, Kincaid, Fernleigh and the Clarence Village.
- The Kaikōura Marine Development Project team have been working through commercial arrangements with our funding partner, Cooper Developments Ltd, for the new development at Wakatu Quay. Prominent architectural firm Warren & Mahoney have designed a set of buildings which collectively provide social, cultural, hospitality and commercial operator spaces. The business case for South Bay Marina is also underway.
- The proposed new Link Pathway, a \$1.9 million project funded by MBIE's Tourism Infrastructure Fund (TIF), has progressed through the consent stage and archaeological reports are being prepared.
- The new swimming pool, owned and operated by the Kaikōura Community Charitable Trust, opened on the 14th of November 2021, with funding support from the Council of \$1 million, a further \$1 million from NZ Lotteries, and an enormous fundraising effort from the Kaikōura community.
- The Scout Hall has been strengthened and substantially refurbished, bringing the building up to modern standards. Community fundraising will now be required to upgrade the kitchen and toilet facilities.
- The Council has delivered on its promise to start addressing the backlog of road refurbishment that was identified in our Long-Term Plan 2021-2031 and spent an extra \$1.5 million on roads in 2021/2022.

Becoming more financially sustainable, efficient, and effective

- We have implemented our new Records Management System, Laserfiche, and are transferring our electronic documents into the new system as well as scanning paper records including property files.
- We have also implemented our new Asset Management System, Adapt, which has enabled our three-waters contractors to log information while out on the field – and therefore we can now measure our response times as required for service performance reporting.
- The review of the Kaikōura District Plan is underway, with the Natural Hazards chapter almost completed in June 2022.
- We have been working on a funding application to the Infrastructure Acceleration Fund (the IAF) to support over 400 potential new homes to be built, including housing for the elderly and those on low incomes. The project will extend Green Lane to Ocean Ridge, with adjacent cycleway, plus a new footpath connecting Ludstone Road to schools and the town centre, to enable a new residential development at the former NCTIR village site and expansion of Ocean Ridge. The IAF announced our funding application is successful in July 2022, pledging \$7.8 million to the Council to start work on the project in the 2022/2023 year.

COVID-19 & other global impacts

- Since the pandemic began in March 2020, community and customer services staff have been helping our community with grocery deliveries, pharmacy prescription pickups, and supporting Kaikōura Health with communications, vaccination days, and with planning for managing COVID-19 in the community.
- The Mayors Taskforce for Jobs received a further \$500k after the resounding success of its first year, which saw over 60 people take up new employment opportunities including apprenticeships. In 2022 another 50 people were supported into employment, and we are waiting to hear if funding will be confirmed for 2022/2023.
- Global supply chain problems, construction delays due to alert level restrictions, loss of available workforce, and the ever-increasing cost of materials has continued to bite in 2021/2022. The Council is fortunate that most of its construction projects are either substantially completed, or externally funded, which has largely protected our budgets from the worst of the impacts. The price of oil products (which includes bitumen for roads) has had a relatively minor impact on the projects completed during the year.

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

- The annual resident satisfaction survey results are in and show strong increases in satisfaction over the last three years. Satisfaction with the Mayor, Councillors and staff was 71% in 2022, up from 62% in 2021 and well above the New Zealand benchmark of 39%.

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 2021/2022 year the Council has continued to provide 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. While the three-waters reform has been at the forefront of public opinion, the reform of the Resource Management Act is slipping through the legislative process comparatively quietly – and yet arguably this reform will have just as significant an impact on communities due its direct effect on place-shaping, including where and how people can build and neighbourhoods can develop.
- 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”. Draft reports have been presented, which include recommendations for the Council term to be four years (instead of three), for more Māori representation at the Council table (by appointment rather than being voted in), and lowering the voting age to 16.
- These reviews will continue to evolve over the next two-to-three years.

From the Chief Executive

The 2021-2022 financial year was another incredibly busy year. It is great to see the list of highlights and achievements from the year despite the ongoing challenges of Covid-19 on the organisation, our community and the country. It is in times like a global pandemic or natural disaster that the importance of localism and local democracy comes to the front. As a Council, we have been able to provide support to Kaikōura Health and our community in the welfare space. The benefits of pulling together as a community in times of adversity are invaluable.

The number of larger projects starting up, either being led by Council or by external parties, is really exciting for the District and fit within our overall goal of Moving Kaikōura Forward. Having secured the funding, our challenge in the current climate will be keeping the momentum going to ensure we end up with fantastic outcomes for each of them. We are also starting to deliver on our commitments made in the LTP, especially with regard to footpaths and roading which we have consistently heard from the community needs to be a council focus for funding. It is fantastic to see our overall residents satisfaction increasing year on year over the last three years. Satisfaction with the Mayor, Councillors and staff was 71% in 2022, up from 62% in 2021 and well above the New Zealand benchmark of 39%. This again speaks to the importance of having local representation that focus on local issues.

The Central Government reform agenda is gaining momentum which will influence multiple aspects of local government. In the short term this is a distraction in terms of needing to respond to multiple requests for information and submit on various policy and legislation drafts. There is potential that this amount of reform all at one go will result in less than optimal outcomes for our community. We have heard a strong voice from our community against aspects of the proposed three waters reform so far and so will continue to promote and advocate our the views of our community as the agenda unfolds and the various implications of the reforms become clearer.

The net deficit for the year was \$227k compared to a budget surplus of \$1.739 million. Debt remained lower than predicted levels at \$5.3 million, which was once again predominantly the result of significant unforeseen grants paid to Council. The Council continues to remain well within our self-imposed debt limit and within our ability to service debt. Total revenue for the year was \$16.1 million including total grants received of \$4.5 million. Our current financial position remains very strong.

My thanks once again to both the Council team and elected members for all their hard work through the year. It has been a challenging, but very rewarding one. Thanks must also go to all of the community groups, volunteers and our partner organisations who year on year tirelessly contribute to making Kaikōura a very special place.



Will Doughty
Chief Executive Officer

Independent Auditor's Report

To the readers of Kaikōura District Council and Group's annual report for the year ended 30 June 2022

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

We are also required to report on:

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

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

Our audit was completed late

Our audit was completed on 29 March 2023. 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) 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 73 to 117:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2022; 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 17 to 66:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2022, 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 126, 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 long-term plan;
- the statement about capital expenditure for each group of activities on pages 18 to 67, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and
- the funding impact statement for each group of activities on pages 20 to 67, 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 long-term 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 118 to 125, 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 comparative year carrying value of the District Council and Group's revalued property, plant and equipment assets and the depreciation expense and asset revaluation movement in the current year

As stated in the statement of accounting policies on page 82 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.

Our audit report on the 30 June 2021 financial statements was qualified because we considered that there were reliable indicators that there could be a material increase in the fair value of asset classes not revalued during the 30 June 2021 financial year. However, because the District Council did not carry out a revaluation as at 30 June 2021, it was impracticable to determine the amount of the adjustment required.

As disclosed in note 20 to the financial statements, the District Council has valued its property, plant and equipment asset classes held at fair value as at 30 June 2022 resulting in a revaluation movement of \$74.509 million recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2022. We have obtained sufficient appropriate evidence over this valuation however any misstatement of the property, plant and equipment's carrying value as at 30 June 2021 would consequently affect the amount of depreciation for these revalued assets for the year ended 30 June 2022, and the revaluation movement recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2022.

As a result of the matter described above, we are unable to obtain sufficient audit evidence to support:

- the carrying value of property, plant, and equipment in the statement of financial position as at 30 June 2021;
- the amount of depreciation for these revalued assets for the year ended 30 June 2022; and
- the asset revaluation movement for the year ended 30 June 2022, that has been recognised in the other comprehensive revenue and expense section of the statement of comprehensive revenue and expense, and the statement of changes in equity.

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 16, for just over a quarter 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 2021 Council Activities, which are presented as comparative information in the 30 June 2022 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 37 on page 116, which outlines that the Water Services Entities Act 2022 received royal assent on 14 December 2022. The Act establishes four publicly owned water services entities to take over responsibilities for three waters service delivery and infrastructure from local authorities from 1 July 2024, or earlier by Order in Council. In December 2022, the Government introduced two additional water services Bills, one of which will enable the transfer of three waters related assets and liabilities to the water services entities. Until the Bills receive royal assent, the financial impact of the transfer on the District Council remains uncertain.

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 long-term 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 obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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. Our responsibilities arise from the Public Audit Act 2001.

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 8, 71 to 72 and 129 to 133, 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, and we do not express any form of audit opinion or assurance conclusion thereon.

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 carried 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.



Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

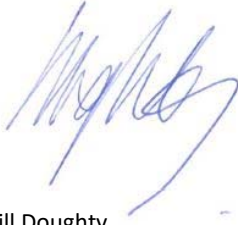
Statement of Compliance

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 29 March 2023.



Will Doughty
Chief Executive



Craig Mackle
Mayor

Council Activities

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 10 groups of activities. Last year there were 12 activities, however with the development of the Long-Term Plan 2021-2031, Commercial Activities have been combined with Community Facilities and renamed "Facilities", and any remaining activity relating to the earthquake rebuild has been absorbed into business-as-usual (whether Roothing, Water Supplies or Wastewater).

Many performance measures were introduced for the first time in the Long-Term Plan 2021-2031. This 2021/2022 year is the first year these measures were recorded, therefore several measures report "New measure" in the 2020/2021 comparative year.

Across these groups this year, the Council achieved 60 out of 87 performance measures (overall achievement 69%), up from 55% last year.

Our annual Resident Satisfaction Survey showed that 74% of community members were satisfied with Council facilities, and 62% were satisfied with services provided by the Council. Satisfaction with Council performance has improved over time, and in 2021/2022 the overall result of 68% satisfied was above the New Zealand benchmarking survey results of 44%.

Overall, community members expressed mixed feelings about current life in the Kaikōura District: under half believing that quality of life is improving (45%) or that their own quality of life has improved (48%) - with declines since 2020/21. However, most (69%) believed their community is resilient and safe, and the majority (78%) were confident their business or workplace will remain open over the next year.

Performance achievement

Year	Number of measures		
	2019/2020	2020/2021	2021/2022
Actual performance measure reported	61	63	62
Incomplete performance measure reported	23	23	12
Result not available	29	27	11
Not applicable	1	1	2
Total performance measures	114	114	87
Performance measures accurately reported on	36%	55%	71%

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

Roading

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

What we do

The Roothing group of activities includes;

- Roads & bridges
- Footpaths & cycleways
- Streetlights

The Council maintains 208km of local roads and 40 bridges in our district. Approximately half of our roads are sealed. Of the bridges, 32 are single lane and 6 apply weight restrictions. Waka Kotahi (NZTA) owns and maintains State Highway One, which includes Churchill Street and Beach Road (within the township). The Council also maintains approximately 36km of footpaths and over 400 streetlights.

Key issues in 2021/2022

The Long-Term Plan 2021-2031 (the LTP) identified a significant backlog of road rehabilitation and reseal work, and made the commitment to address the backlog over the ten years of the LTP. This 2021/2022 year is the first year of the LTP, and over \$1.96 million has been spent in road renewals and improvements for the year – more than double the usual spend in the years before the earthquake.

The renewal work included completing the last of the \$2.27 million in North Canterbury Transport Infrastructure Recovery (NCTIR) funded projects, with \$800k spent this year remediating the haul routes that were damaged by heavy vehicles during the rebuild of the state highway and rail networks.

What we did

Substantial reseals and road rehabilitation was completed on Hawthorne, Red Swamp, Mill, Mt Fyffe, Postmans and Schoolhouse Roads, resulting in 20% of the sealed road network being resurfaced this year.

The new LED streetlights all performing well, no audit was done but CSR system records that any light found not working was repaired in a timely manner.

What we planned to do but didn't

The planned safety improvements along State Highway 1 (Beach Rd) were put on hold by Waka Kotahi in 2021 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. The Council will engage further with Waka Kotahi to find a solution which improves the safety of cyclists along this dangerous section of state highway.

Work towards the restoration of access to the upper Waiau-Toa/Clarence Valley following the loss of the Glen Alton bridge has continued following delays to the project caused by the opposition of Te Rūnanga o Kaikōura to the form of the proposed solution. Work undertaken during the year has included technical investigations to refine the design to construct the new bridge 500 metres downstream of the former bridge, applying for the necessary resource consents and development of a procurement strategy. Waka Kotahi continued to indicate a willingness to fund 95% of the project cost up to a maximum of \$12 million.

Community outcomes supported



Development

We promote and support the development of our economy



Future

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



Services

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



Environment

We value and protect our environment

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

Project	Planned \$000	Spent \$000	Comment
Upgrades to meet additional demand:			
Seal extensions	30	33	Wai Kaukau Road to the Aquatic Centre
Minor improvements	-	28	New streetlights and other improvements
	30	61	
Upgrades to improve level of service:			
Safety improvements	287	77	Scarborough St walkway
Streetlight conversion to LED	-	3	Shield covers
	287	80	
Renewal/replacement of existing assets			
Waiau-Toa/Clarence River Bridge	1,400	298	Project delayed pending Runanga concerns
NCTIR haul roads renewal	1,337	799	100% funded by NCTIR
Sealed surface renewals	552	542	Work completed as planned
Sublayer rehabilitation	330	259	Work completed as planned
Unsealed surface renewals	180	68	
Drainage kerb & channel	65	27	Included culvert replacement
Traffic services	60	19	
Inland Road route 70 renewals	-	108	Earthquake repairs, 100% subsidised
Earthquake-related bridge renewals	-	6	Structural assessments on completion
	3,924	2,126	
Total capital projects	4,241	2,267	

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 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	0	0	0	Yes
The average quality of ride on the sealed local road network, measured by smooth travel exposure ²	95%	Not applicable	92%	N/A
The average quality of ride on the sealed road network measured by NAASRA roughness ²	93	Not applicable	Not available	Not available
The percentage of customer service requests relating to roading, footpath and associated faults responded to within timeframes: Urgent – 1 day Other – 1 week	63%	> 90%	Not available	Not available
The percentage of the sealed network that is resurfaced per annum	6.9%	> 7%	20%	Yes
The percentage of regulatory road signs incorrect or missing during an audit of the road network (whether a full or partial audit is completed)	0.17%	< 0.5%	13.3%	No
Footpaths:				
The percentage of footpaths that are poor condition (grade 4 or 5)	4.9%	< 10%	4.9%	Yes
Resident satisfaction with footpaths	New measure (baseline 40%)	Increasing by 3% per year	44%	Yes
Streetlights				
The percentage of streetlights not functioning during an audit of any part of the network ³	0%	< 1%	0%	Yes

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

Not applicable – the NAASRA roughness survey is done every three years. It was not done in 2022 (see footnote).

Not available – 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.

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 survey is done every three years. The 2021 results were based on the survey results measured in May 2021 and calculated using the traffic count completed in 2019. No survey was done in 2022.

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 2022

	2020/2021 Three-Year Plan \$000	2021/2022 Long-Term Plan \$000	2021/2022 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,041	1,104	1,093
Subsidies & grants for operating purposes	529	508	541
Fees and charges	-	-	13
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	37	38	45
Total operating funding (A)	1,607	1,650	1,693
Applications of operating funding			
Payments to staff and suppliers	1,010	1,152	1,283
Finance costs	31	32	29
Internal charges and overheads applied	121	129	312
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,162	1,312	1,625
Surplus/(deficit) of operating funding (A-B)	445	338	68
Sources of capital funding			
Subsidies & grants for capital expenditure	339	1,752	844
Development and financial contributions	15	19	19
Increase/(decrease) in debt	(73)	658	275
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	281	2,429	1,139
Application of capital funding			
Capital expenditure			
- To meet additional demand	53	30	61
- To improve the level of service	29	287	80
- To replace existing assets	644	3,924	2,398
Increase/(decrease) in reserves	-	(1,473)	(1,332)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	726	2,767	1,207
Surplus/(deficit) of capital funding (C-D)	(445)	(338)	(68)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,625
Plus depreciation			1,794
Expenditure as per Note 1			3,419

Water supplies

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

What we do

The Council owns and manages seven water supplies in Kaikōura:

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

Note the Suburban water supply is now fully amalgamated with the Kaikōura Urban supply.

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 2021/2022

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

A new water services regulatory agency, Taumata Arowai, took over from Crown Public Health on 1 March 2021. Council supplies now must comply with Taumata Arowai rules and standards.

Council was granted \$1.88 million dollars for three waters improvements in 2020. This was part of a post-COVID nation-wide economic stimulus package. Much of the grant was used to bring Council-managed drinking water supplies up to the required standards. The focus has been on completing the pre-approved water improvement works.

Community outcomes supported



Development

We promote and support the development of our economy



Future

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

What we did

East Coast water treatment commenced mid-June 2022. This includes filtration, ultraviolet light disinfection to kill protozoa and bacteria, and electronic monitoring. Chlorination was also commissioned. This provides residual disinfection against possible contamination entering the supply network. The long-standing boil water notice will be lifted as soon as sampling and lab testing confirm that this is appropriate.

Kincaid water was compliant with Drinking Water Standards except for protozoal compliance. This was due to an outage of UV disinfection in March. A boil water notice was in place for two weeks.

The Kaikōura urban water supply is sourced from very high-quality groundwater. Filtration is not required. Ultraviolet light disinfection and monitoring were added in May 2022. Network chlorination has been in place for several years. Treatment is now fully compliant.

Fernleigh filtration and ultraviolet light disinfection commenced at the end of June. Network chlorination was already in place. The boil water notice will be lifted once sampling and monitoring confirm this is appropriate.

Ocean Ridge, Peketa and Oaro are compliant with both microbiological and protozoal requirements under NZ Drinking Water Standards.

What we planned to do but didn't

The replacement of a watermain on Beach Road was deferred to enable Council to get landowners' permission related to archaeological authority for on-property work in this culturally sensitive area.



Services

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



Environment

We value and protect our environment

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

Project	Planned \$000	Spent \$000	Comment
Upgrades to improve level of service:			
Kaikōura Urban facilities upgrade	-	42	Mackles bore upgrade & new facilities at airport
Kaikōura Urban treatment upgrade	312	77	UV systems, standby generator, and controls
Suburban treatment & SCADA upgrade	14	-	Suburban is now part of Urban supply
East Coast treatment upgrade	250	373	New treatment shed, equipment, telemetry, and pipework to supply the Clarence village
Kincaid flow improvement	78	11	Pipe replaced with larger diameter
Kincaid treatment upgrade	59	6	Improved raw water control
Fernleigh treatment & flow upgrade	120	248	New treatment shed, equipment, telemetry and pipework
Peketa treatment upgrade	7	-	
Oaro upgrade	-	-	
Total improvements	840	757	
Renewal/replacement of existing assets:			
Kaikōura Urban pipe renewals	89	205	Wakatu Quay and Churchill Street
Kaikōura Urban facilities renewals	299	262	Earthquake-related repair to Peninsula reservoir
East Coast renewals	15	-	
Kincaid renewals	16	-	
Fernleigh renewals	20	-	
Peketa renewals	28	-	
Oaro renewals	36	-	
Total renewals	503	467	
Total major projects	1,343	1,224	

Performance indicators

Water Scheme	Compliance with NZ Drinking Water Standards					
	Microbiological Compliant			Protozoal Compliant		
	2020	2021	2022	2020	2021	2022
Fernleigh Rural	No	Yes	Yes	No	No	No
Kaikōura Urban	Yes	Yes	Yes	No	No	No
East Coast Rural	No	No	No	No	No	No
Kincaid	No	Yes	Yes	No	No	No
Oaro	Yes	Yes	Yes	No	No	Yes
Ocean Ridge	Yes	Yes	Yes	No	No	Yes

The Peketa supply is not part of the annual survey due to the very low population connected to the supply.

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The extent to which the water supply complies with part 4 of the NZ Drinking Water Standards (bacteria compliance criteria)	67%	100%	100%	Yes
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 percentage of real water loss from networked reticulation systems ⁴	32%	< 45%	27%	Yes
The average consumption of drinking water per day per resident	435 litres	< 400 litres	429	No

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 ⁵ callouts, from the time that the local authority receives notification to the time that service personnel reach the site		< 2 hours		
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	Not available	< 12 hours	Not available ⁶	Not available
Attendance for non-urgent callouts, from the time we received notification to the time that service personnel reach the site		< 48 hours		

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

⁵ For the purposes of the above performance indicators, urgent callouts include major pipe bursts, and non-urgent callouts include minor leaks and equipment maintenance.

⁶ The Council's customer service request system is used to generate work requests to the contractor (IWK). Calls are also received directly by the contractor (IWK). The Council's asset management system (Adapt) is then used by both the Council and IWK to report response times. The Adapt system was not fully functional during the year. Corrections are underway.

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	< 7 days		
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	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
Complaints and requests for service⁷:				
The number of complaints received about drinking water clarity , per year per 1,000 connections	0 incomplete		0.45 incomplete	Yes The total is 6.75 (per 1,000 connections)
The number of complaints received about drinking water taste , per year per 1,000 connections	0 incomplete		0.45 incomplete	
The number of complaints received about drinking water odour per year per 1,000 connections	0.46 incomplete	No more than 18 complaints about these issues in total (per 1,000 connections)	0 incomplete	
The number of complaints received about drinking water pressure or flow , per year per 1,000 connections	0.46 incomplete		0.90 incomplete	
The number of complaints received about drinking water continuity of supply , per year per 1,000 connections	1.38 incomplete		4.95 incomplete	
The number of complaints received per year about the Council's response to any of these issues, per 1,000 connections	6.88 incomplete		0 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. We have shown the number of complaints based on those that have been recorded in our systems.

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.

⁷ There are 2,222 properties connected to Council-owned and operated water supplies in the district, and there were 168 complaints/requests for service received about water supplies during the financial year (2021: 91). The majority of these complaints were about water leaks, which are not reported in the above table (which is limited to complaints about clarity, taste, odour, pressure or continuity).

Funding Impact Statement: Water supplies

For the year ended 30 June 2022

	2020/2021 Three-Year Plan \$000	2021/2022 Long-Term Plan \$000	2021/2022 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,600	1,522	1,522
Subsidies & grants for operating purposes	-	233	-
Fees and charges	3	7	62
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	1,603	1,763	1,584
Applications of operating funding			
Payments to staff and suppliers	751	1,027	672
Finance costs	65	-	-
Internal charges and overheads applied	271	408	410
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,087	1,435	1,082
Surplus/(deficit) of operating funding (A-B)	516	328	502
Sources of capital funding			
Subsidies & grants for capital expenditure	-	820	564
Development and financial contributions	24	30	30
Increase/(decrease) in debt	1	(2)	(17)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	25	848	577
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	157	840	750
- To replace existing assets	434	503	211
Increase/(decrease) in reserves	(50)	(167)	119
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	541	1,176	1,082
Surplus/(deficit) of capital funding (C-D)	(516)	(328)	(503)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,082
Plus depreciation			524
Expenditure as per Note 1			1,606

Wastewater

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

What we do

There is one reticulated network and one wastewater treatment 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 2021/2022

The three waters reform continues to be a key issue 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 \$1.88 million dollars for three waters improvements. For wastewater, this enabled the desludging of the oxidation ponds at the wastewater treatment plant, and other treatment improvements.

What we did

Wastewater pond desludging was completed. Sewer odour mitigation work was completed for all known points of concern.

Several other smaller projects were undertaken which utilised the money received as part of the three water reforms.

What we planned to do but didn't

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

Community outcomes supported



Development

We promote and support the development of our economy



Environment

We value and protect our environment



Services

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

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

Project	Planned \$000	Spent \$000	Comment
Upgrades to improve level of service:			
Treatment pond desludging	239	280	These upgrades were funded by the Government's stimulus package, to improve the treatment of sewage.
Mobile generators	40	44	
Screen replacement	12	10	
Infiltration control	-	87	
Odour control	11	3	
	302	424	
Renewal/replacement of existing assets:			
Structure renewals	20	1	These are earthquake-related renewals to replace damaged assets.
Pipe network renewals	-	13	
	20	14	
Total capital projects	322	438	

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The number of dry weather sewage overflows, expressed per 1,000 sewer connections	0	0	0.0008	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	1 ⁸	No
- The number of infringement notices	0	0	0	Yes
- The number of enforcement orders	0	0	0	Yes
- The number of convictions	0	0	0	Yes

⁸ The Council received an abatement notice from Environment Canterbury on 5 April 2022 for unconsented discharges at the Kaikōura wastewater treatment plant. The main action to address the abatement notice was the desludging of the oxidation pond, which was already under way when the notice was issued. Other actions included landfill leachate flow metering and checking calibration of the oxidation pond outlet flow meter.

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	No Overflows	< 1 hour	Not available	Not available
Resolution time: from the time the local authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	No Overflows	< 24 hours	Not available	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	90%	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	80%	Not available	Not available
Complaints and requests for service				
The number of complaints received about sewage odour , expressed per 1,000 connections ⁹	5.33 Incomplete	Less than 21 complaints about these issues in total (per 1,000 connections)	0.63 Incomplete	Yes The total is 16.42 (per 1,000 connections)
The number of complaints received about sewage system faults , expressed per 1,000 connections	4.52 Incomplete		11.67 Incomplete	
The number of complaints received about sewage system blockages , per 1,000 connections	0.65 Incomplete		4.42 Incomplete	
The number of complaints received about the Councils (or the Councils service providers) response to the above issues , per 1,000 connections	0 Incomplete		0 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. We have shown the number of complaints based on those that have been recorded in our systems.

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.

⁹ There are 1,583 connections to the Kaikoura sewerage system, and 26 complaints/requests for service were received during the 2022 financial year (2021: 18).

Funding Impact Statement: Wastewater

For the year ended 30 June 2022

	2020/2021 Three-Year Plan \$000	2021/2022 Long-Term Plan \$000	2021/2022 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	8	8
Targeted rates	703	592	569
Subsidies & grants for operating purposes	13	51	9
Fees and charges	17	20	26
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	733	671	612
Applications of operating funding			
Payments to staff and suppliers	440	445	430
Finance costs	52	-	-
Internal charges and overheads applied	137	252	246
Other operating funding applications	-	-	-
Total applications of operating funding (B)	629	697	676
Surplus/(deficit) of operating funding (A-B)	104	(26)	(64)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	26	46	46
Increase/(decrease) in debt	(84)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(58)	46	46
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	302	133
- To replace existing assets	20	20	295
Increase/(decrease) in reserves	26	(302)	(446)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	46	20	(18)
Surplus/(deficit) of capital funding (C-D)	(104)	26	64
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			676
Plus depreciation			462
Less Impairment			-
Expenditure as per Note 1			1,138

Stormwater

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

What we do

The stormwater system 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 several 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 2021/2022

Preparation for the three waters reform continues to be a key issue that Council has been working through over the last year. The stormwater network bore little earthquake damage and continues to function well.

What we did

There were no specific capital upgrade 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



Development

We promote and support the development of our economy



Environment

We value and protect our environment



Services

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

Effects on community wellbeing

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

Major projects

Project	Planned \$000	Spent \$	Comment
Upgrades to improve level of service:			
Stormwater upgrades	-	-	
Renewal/replacement of existing assets:			
Pipe & network renewals	9	-	
	9	-	

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The number of flooding events, where water enters habitable properties	0	0	0	Yes
For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system	0	< 3	0	Yes
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 ¹⁰			
	2020/2021 Actual	2021/2022 Target	2021/2022 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

¹⁰ **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.

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
Fault response times				
The median response time to attend a flooding event, from the time of notification to the time that service personnel reach the site	No flooding events	< 1 hour	No flooding events	Not applicable
Complaints and requests for service				
The number of complaints received about the performance of the stormwater system, expressed per 1,000 connections ¹¹	0.54 Incomplete	< 3	4.91 Incomplete	No

In the above tables of performance indicators, not applicable is 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. We have shown the number of complaints based on those that have been recorded in our systems.

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

¹¹ There are 1,833 properties connected to the Kaikoura stormwater system, and there were 9 complaints received about the performance of the stormwater system (2021: 1).

Funding Impact Statement: Stormwater

For the year ended 30 June 2022

	2020/2021 Three-Year Plan \$000	2021/2022 Long-Term Plan \$000	2021/2022 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	117	115	115
Subsidies & grants for operating purposes	-	-	-
Fees and charges	3	1	2
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	120	116	117
Applications of operating funding			
Payments to staff and suppliers	59	34	47
Finance costs	6	-	-
Internal charges and overheads applied	42	82	82
Other operating funding applications	-	-	-
Total applications of operating funding (B)	107	116	129
Surplus/(deficit) of operating funding (A-B)	13	-	(12)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	10	-	-
Increase/(decrease) in debt	(2)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	8	-	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	11	9	-
Increase/(decrease) in reserves	10	(9)	(12)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	21	-	(12)
Surplus/(deficit) of capital funding (C-D)	(13)	-	12
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			129
Plus depreciation			83
Expenditure as per Note 1			213

Refuse & Recycling

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

What we do

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

Key issues in 2021/2022

The key issues for the year were a need to progress towards the closure of the Kaikōura landfill and implementation of a revised package of solid waste services under a new contract with Innovative Waste Kaikōura (IWK).

This package of services has included alternating bi-weekly kerbside collections of refuse and recycling in the Kaikōura Urban area, reflecting a previously expressed desire of residents for such a kerbside refuse service.

It has however been somewhat disappointing that the new user-pays kerbside refuse service has not been well utilised, and the level of use of the kerbside food waste collection is also very low.

Challenges also exist in respect of recycling, with viable markets not consistently available for recycled paper and several types of plastic.

Solid waste services were also subject to a range of increased financial pressures during the year, associated with both a general inflationary environment and a very pronounced increase in the price of carbon credits, which need to be purchased and then surrendered under the Emissions Trading Scheme, based on the volume by weight of material sent to landfill.

Whilst most of these increased costs have not immediately impacted on users of the services, it is inevitable that these impacts will eventually be felt.

What we did

In addition to the implementation of the new package of solid waste services, work was undertaken to identify the best alternative means of refuse disposal

to employ following the ending of refuse disposal at the Kaikōura landfill, which was targeted for the end of June 2022.

Options for out-of-district refuse disposal were investigated through engagement with operators of nearby landfills and an open tender process for the transport of refuse to those landfills, with the option being selected that offered lowest overall refuse disposal and transport costs.

The selected option (haulage by container to the Kate Valley landfill at Waipara) offered by far the lowest overall long-term cost but required the construction of a transfer station incorporating a hydraulic compacter unit.

Design and construction of the reconfigured facility commenced during the year but has not been completed – see below.

An interim arrangement has however been put in place for refuse to be transported to the Kate Valley landfill in open trucks until the transfer station and compactor are fully operational.

What we planned to do but didn't

It was intended that the resource recovery centre would be fully reconfigured, incorporating the transfer station, by the end of the 2021/22 year, but the design of new facility proved to be very challenging because of the physical characteristics of the site and this target was not achieved, with the end of the 2022 calendar year now appearing a more realistic date for completion of the transfer station.

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

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet growth demands			
Improvements	-	-	
Upgrade to improve level of service:			
Transfer station site reconfiguration	800	198	This project has carried over to the 2022/2023 year due to issues with land stabilisation at the site. The overall budget is not expected to be impacted by this, as significant savings have been made by doing the design work inhouse.
	800	198	

Community outcomes supported



Community
We communicate, engage with, and inform our community



Environment
We value and protect our environment



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

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
Community behaviours				
The number of incidents per year of street litter bins being used for grossly inappropriate purposes such as deposit of household refuse	New measure	< 75	52	Yes
The percentage of materials by weight deposited to recycling, recovery or re-use services that are contaminated to the extent that they must be treated as refuse.	New measure	No more than 5%	6%	No
The total quantity of waste disposed of to landfill from Kaikōura on a district per capita basis	471 kg	No more than 380kg	327kg	Yes
Compliance with the Council's resource consents for discharge from the sewerage system				
The level of compliance achieved for the resource consent conditions set by Environment Canterbury for the operation of the Kaikōura landfill	New measure	Compliant ¹²	Compliant	Yes
The number of complaints received regarding environmental effects associated with the landfill and resource recovery centre.	New measure	No more than 5	0 Incomplete	Incomplete
Cost effectiveness				
The percentage of total Council costs for refuse collection and disposal activities (excluding street litter bins and clean-up of illegal dumping) that is recovered on a user pays basis.	New measure	80%	> 100%	Yes
The estimated annualised average net cost per tonne of all materials delivered to beneficial markets through recycling or resource recovery services, less the current per tonne charge for disposal of general refuse inclusive of landfill levy and carbon credit charges.	New measure	< \$100	\$25.96	Yes

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

¹² The target is for the Council's consents to be assessed as "compliant" using Environment Canterbury's consent grading scale. "Compliant" is the highest grade in that scale.

Funding Impact Statement: Refuse & Recycling

For the year ended 30 June 2022

	2020/2021 Three-Year Plan \$000	2021/2022 Long-Term Plan \$000	2021/2022 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	362	326	306
Targeted rates	251	248	237
Subsidies & grants for operating purposes	-	-	-
Fees and charges	-	80	28
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	14	20	22
Total operating funding (A)	628	674	593
Applications of operating funding			
Payments to staff and suppliers	390	422	381
Finance costs	24	6	4
Internal charges and overheads applied	189	187	197
Other operating funding applications	-	-	-
Total applications of operating funding (B)	603	615	582
Surplus/(deficit) of operating funding (A-B)	24	59	11
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	242	719	284
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	242	719	284
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	800	-
- To replace existing assets	266	-	198
Increase/(decrease) in reserves	-	(22)	97
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	266	778	295
Surplus/(deficit) of capital funding (C-D)	(24)	(59)	(11)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			582
Plus depreciation			117
Expenditure as per Note 1			699

Facilities

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

What we do

This group of activities includes:

- Parks & reserves
- Property
- Harbour
- Airport

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

Key issues in 2021/2022

- Several projects have been completed including the Scout Hall and demolition of the old Council Building on the Esplanade
- The Council received funding to develop and build a Link Pathway from the Town Centre to Point Keen (Seal Colony).
- The Council remains in negotiations with the key harbour operators over the facilities at South Bay.

- Wakatu Quay development is continuing with discussions taking place with anchor tenants.

What we did

Renovation and strengthening work at the Scout Hall, which commenced in 2020/2021 with funding from the DIA’s earthquake recovery fund and the PGF, was completed early in the 2021/2022. The Hall is already being used by community groups for fun events, such as the ice-skating tour in August 2021.

The Link Pathway planning and design phases are underway with site preparation work expected to start over the summer of 2022/2023.

We continue to refurbish housing for the elderly, and have installed double-glazed windows in two of the older units this year.

The COVID-19 pandemic continues to impact visitor numbers and therefore the operators, at the airport and harbour.

Effects on community wellbeing

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

Community outcomes supported



Development

We promote and support the development of our economy



Future

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



Services

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

Parks & reserves

What we do

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

- Cemetery
- Churchill Park
- Memorial Gardens
- Playgrounds
- Public toilets
- South Bay Racecourse
- South Bay Domain
- Takahanga Domain
- Walking tracks and numerous recreational and other reserves.

Key issues in 2021/2022

New funding for a Link Pathway has focussed the team on obtaining consents and preparing designs for this exciting project. The project has, however, been delayed pending feedback from the Rūnanga and in obtaining archaeological assessments over areas that may have contained cultural artefacts. The areas have been found to be clear of any such items.

What we did

New rubbish and recycling stations have been installed, funded from the Tourism Infrastructure Fund (TIF), and trees have been removed from Tom's Track.

Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet increased demand:			
Link Pathway	1,000	16	Archaeological assessments for consents
Cemetery expansion	-	4	New octagonal sites
	1,000	20	
Upgrade to improve level of service:			
Town centre amphitheatre	50	-	
Rubbish & recycling stations	-	35	Externally funded from TIF for responsible camping
	50	35	
Renewal/replacement of existing assets:			
Playground renewals	5	-	
Walkways & cycle trails	10	16	Tree removal on Tom's Track and track renewal
	15	16	
Total capital projects	1,065	71	

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
Resident satisfaction with the cemetery, public toilets, and playgrounds (combined)	New measure	75%	82%	Yes

Property

What we do

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

Key issues in 2021/2022

A project team and governance arrangements are in place for Wakatu Quay, and a potential co-investor, Coopers Ltd, have been working with the KMDP team to determine the ownership and cost versus risk structures going forward.

These negotiations are key to the project and so the time spent getting this right is essential. It has, however, taken longer than originally forecast and the construction itself will likely continue into 2024.

What we did

The Scout Hall refurbishment was completed, thanks to funding from DIA Lotteries and the PGF. The MBIE temporary housing units behind Beach Rd have been vested in Council ownership and are being used to alleviate the housing shortage.

Wakatu Quay concept designs have been developed and the consent application is now underway.

Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet increased demand:			
Wakatu Quay PGF project	2,864	518	Delays seeking expressions of interest and working through due diligence with potential co-investor.
Vested asset: MBIE housing units	-	490	
	2,864	1,008	
Upgrade to improve level of service:			
Scout Hall refurbishment	344	359	Externally funded
Dog Pound improvements	15	-	Carried over to 2022/2023
	359	359	
Renewal/replacement of existing assets:			
Housing for the elderly	32	19	New windows and flooring for two units
	32	19	
Total capital projects	3,255	1,386	

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The percentage of public buildings with a current Building Warrant of Fitness (BWF)	New measure	100%	100%	Yes
The number of Memorial Hall bookings (excluding Council use) per annum	New measure	40	67	Yes

Airport

What we do

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

Key issues in 2021/2022

COVID-19 travel restrictions and lack of international visitors continued to affect the operators and in turn the Council's revenue from landing fees. We developed an Aerodrome Operations Manual to cover standard operations and expectations for all users.

What we did

Six monthly users group meetings continue with the Operations Manual signed off by the user group and the Civil Aviation Authority (CAA).

Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrade to improve level of service:			
Airport water supply	-	3	New pump shed
	-	3	
Renewal/replacement of existing assets			
Airport terminal	4	9	Roof cladding replaced
Airport safety work	10	-	Achieved through maintenance and minor items
	14	9	
Total capital projects	14	12	

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The number of Civil Aviation Authority Surveillance Findings ¹³	New measure	0	0	Yes

¹³ A *Surveillance Finding* is a formal identification and documentation by the Civil Aviation Authority of a material aviation risk that has not been properly managed.

Harbour

What we do

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

Key issues in 2021/2022

There have been issues with the launching ramp being very slippery at low tide.

What we did

The slipway at South Bay was ground out to give better grip and is currently being water blasted each month in order to help alleviate issues with algae making the surface very slippery. The pay & display machine was refurbished as it kept malfunctioning.

Major projects

Project	Planned \$000	Spent \$000	Comment
Renewal/replacement of existing assets			
Renewal work	64	15	Sealing the slipway and major repair of pay & display machine.
	-	-	
	64	15	

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The number of complaints received about the condition of harbour facilities (slipway, wharves, washdown areas, etc)	New measure	3 or less	4 ¹⁴	No

Forestry

What we do

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

What we did

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

Key issues in 2021/2022

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

¹⁴ Four complaints were received about the condition of the slipway at South Bay (2021: 1), and two complaints were received about the pay and display machine not working for people parking their vehicles and boat trailers at the car park (2021: Nil).

Funding Impact Statement: Facilities

For the year ended 30 June 2022

	2020/2021 Three-Year Plan \$000	2021/2022 Long-Term Plan \$000	2021/2022 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	490	684	642
Targeted rates	421	661	649
Subsidies & grants for operating purposes	-	787	1,164
Fees and charges	1,286	607	591
Internal charges and overheads recovered	-	127	-
Fuel tax, fines, infringement fees & other	122	-	259
Total operating funding (A)	2,319	2,864	3,306
Applications of operating funding			
Payments to staff and suppliers	1,153	2,853	2,408
Finance costs	282	67	50
Internal charges and overheads applied	662	626	493
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,097	3,547	2,951
Surplus/(deficit) of operating funding (A-B)	222	(683)	355
Sources of capital funding			
Subsidies & grants for capital expenditure	-	2,404	686
Development and financial contributions	8	29	58
Increase/(decrease) in debt	380	(142)	(395)
Gross proceeds from sale of assets	-	250	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	388	2,541	349
Application of capital funding			
Capital expenditure			
- To meet additional demand	421	3,864	538
- To improve the level of service	-	394	48
- To replace existing assets	581	140	836
Increase/(decrease) in reserves	(392)	(2,540)	(718)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	610	1,858	704
Surplus/(deficit) of capital funding (C-D)	(222)	683	(355)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			2,951
Plus depreciation			763
Less Impairment/Asset Disposal			299
Expenditure as per Note 1			4,013

Leadership & governance

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

What we do

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

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

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

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

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

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

Key issues in 2021/2022

The resident satisfaction survey once again showed considerable improvements in satisfaction with the Council and our services.

The Council has faced another challenging year, with a bow-wave of government reforms looming and staff having to respond to huge volumes of requests for information from the government as they progress their reform agenda – particularly in relation to the three-waters.

COVID-19 affected our staff with higher-than-normal sick leave taken during the year, impacting on our ability to seamlessly deliver services.

The Council is also experiencing staff shortages and difficulties recruiting new staff, a problem that is widely acknowledged across New Zealand.

What we did

We have focussed on delivering on the LTP projects and priorities, and on getting the job done in these challenging times.

We have also engaged with key stakeholders to apply for external funding to support the community's needs, and as a result have secured over \$11.4 million worth of urban growth development funds to extend Ludstone Road through Green Lane and enable new residential sections, including housing for retirees and affordable homes.

Community outcomes



Community

We communicate, engage with, and inform our community



Services

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

Effects on community wellbeing

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

Major projects

Project	Planned \$000	Spent \$000	Comment
Renewal/replacement of existing assets:			
Office furniture and equipment	15	1	Video conferencing equipment
Computers & IT equipment	46	31	Replacement server and laptops
Vehicles and plant	28	23	Purchased a Used flat-deck tipper
Total renewals/replacements	89	55	
Total major projects	89	55	

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The percentage of survey respondents who are satisfied with the Mayor, Councillors, and staff	62%	60%	71%	Yes
The percentage of survey respondents who are satisfied that the Council consults with residents on important issues	49%	50%	49%	No
Total Council operating budgets for payments to staff and suppliers are not exceeded (these payments exclude loan interest and depreciation)	New measure	100%	101.6%	Yes
The percentage (by cost) of the annual capital work programme that is delivered in the planned timeframe	New measure	Not less than 75%	50.9%	No
The number of Council Facebook followers	New measure	5,420	5,640	Yes
The number of emailed newsletters that are opened (aiming for at least 45% of the number of newsletters sent) ¹⁵	New measure	45%	47.8%	Yes
The percentage of survey respondents who are satisfied with the Council's communications	New measure	70%	81%	Yes

¹⁵ The target 1,080 emailed newsletters that are opened is a monthly amount rather than for the full year, so the actual has been calculated by taking the total annual number of e-newsletters opened and converting it to an average monthly amount.

Funding Impact Statement: Leadership & governance

For the year ended 30 June 2022

	2020/2021 Three-Year Plan \$000	2021/2022 Long-Term Plan \$000	2021/2022 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	1,065	1,266	1,189
Targeted rates	-	-	-
Subsidies & grants for operating purposes	-	-	-
Fees and charges	35	36	48
Internal charges and overheads recovered	2,199	2,287	2,449
Fuel tax, fines, infringement fees & other	-	-	2
Total operating funding (A)	3,299	3,590	3,688
Applications of operating funding			
Payments to staff and suppliers	2,515	3,199	3,131
Finance costs	50	-	-
Internal charges and overheads applied	327	362	363
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,892	3,561	3,494
Surplus/(deficit) of operating funding (A-B)	407	29	194
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(306)	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(306)	-	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	42	-	31
- To replace existing assets	58	89	24
Increase/(decrease) in reserves	-	(60)	139
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	101	29	194
Surplus/(deficit) of capital funding (C-D)	(407)	(29)	(194)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			3,494
Plus depreciation			100
Less Overhead recoveries			(2,449)
Expenditure as per Note 1			1,145

Building & regulatory

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

What we do

This group of activities consists of:

- Building control
- Statutory planning
- Traffic & parking control
- Dog & stock control
- Food premises, liquor licensing & environmental health
- Other TA regulatory functions

Key issues in 2021/2022

Staffing shortages have heavily impacted our building, planning and regulatory teams, and these shortages are ongoing into 2022/2023. Despite these challenges, the Council team have again achieved accreditation as a Building Control Authority and have processed over 90% of building consents within statutory timeframes.

Regulatory Officers have been working hard with dog owners to ensure all dogs in the district are registered

and dog complaints are responded to promptly. Their roles include parking control, noise and litter control, and building warrant of fitness inspections.

Responsible (freedom) camping has not been a major issue over the 2021/2022 summer mainly due to COVID restrictions on visitor numbers.

Our food and liquor-licensing premises registrations and monitoring is undertaken by an independent contractor.

Community outcomes supported



Development

We promote and support the development of our economy



Services

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

Effects on community wellbeing

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

Building control

What we do

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.

The accreditation audit was completed last year, with the final report confirming our accreditation received in 2022. Work to ensure compliance with our Kaikōura District Council Building Consent Authority Manual is an ongoing process to ensure that we can show what we are doing is in accordance with our manual.

Key issues in 2021/2022

The two Building Control Cadets that were employed in recent years and upskilled to provide building consent processing and inspection services both left during the year. Vacancies continue to be advertised for Building Control Officers; however these positions are being advertised widely across the whole of NZ with every local authority suffering shortages of skilled staff in this area.

Despite staffing shortages, the Building Control team were able to deliver their core functions, with the Building Control Manager rolling up his sleeves and completing inspections himself as well as engaging contractors in support, to ensure building inspections continued as seamlessly as possible.

What we did

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

We approved 166 building consent applications and issued 148 code compliance certificates which had a combined value of \$25.88 million. Alongside various new garages, sheds, fitouts and house extensions, 38 new houses were built, 36 fireplaces installed, 12 homes had earthquake damage remediated, and 5 commercial buildings were constructed and/or refurbished.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The percentage of building consents processed within statutory timeframes	New measure	97%	93.2%	No
Accreditation status is confirmed in 2022 and every second year thereafter	N/A	Accreditation confirmed	Accreditation confirmed	Yes

Statutory Planning

What we do

The Council provides support to our community to implement policy direction. We process resource consents for subdivision and land use. The consent process aims to ensure that the developments are sustainable and 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 2021/2022

The key issue was a lack of planning staff. Locally, the economy performed very well with considerable development pressure despite COVID-19. Late in the 2020/2021 financial year Council had a planner move to another Council which placed pressure on our small planning team. Nationally the Randerson report on New Directions for Resource Management in New Zealand, was released and Resource Management Act reforms began. The review of the resource management system has resulted in a national shortage of planners. To attempt to meet statutory timeframes several planning consultants were used to process resource consents. Fortunately for our District a suitable planner was employed after a 12-month gap without this position filled.

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 and processed several notified resource consents some of which required hearings. These included subdivisions for small allotments within the rural zone, applications for increased residential density in both the residential and business zones, consent for a café, bar and accommodation in South Bay and a proposal for a 18m light house proposed for visitor accommodation in Wakatu Quay. We received no objections or appeals in relation to any of the resource consents issued.

We also worked with Environment Canterbury to appoint a shared resource to assist with resource management complaints and monitoring of resource consents.

LIM applications were significantly up on previous years, indicating a buoyant real estate market.

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, and used external consultants to assist, of the 51 consents processed, 14 did not meet these timeframes.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The percentage of resource consents processed within statutory timeframes	New measure	97%	79%	No

Traffic & parking control

What we do

Our Regulatory Enforcement Officers conduct various regulatory roles, 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.

Key issues in 2021/2022

The pay and display machine in the West End carpark malfunctioned several times, and so has been reconditioned. In acknowledgement of the impacts of COVID on businesses in the West End, the parking warden has taken a lighter approach to the car park time limits.

What we did

We issued 14 parking infringements, 2 for parking in excess of a time limit, 4 for failing to pay for parking, and 8 for parking on a footpath.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The number of infringements issued for inappropriate or illegal parking.	New measure	< 140	14	Yes

Dog & stock control

What we do

There are currently 1,180 known dogs in the district. As per previous years our Regulatory Enforcement Officers are on call 24 hours a day, 7 days a week, also educating dog owners and following up unregistered dogs.

Key issues in 2021/2022

The concrete pad was laid for the new dog pound, with the construction of the dog motels completed around the end of August 2022.

What we did

There were 69 complaints about dogs, including 13 for barking, 23 for dogs wandering, and 6 for dog attacks on people plus a further 6 dog attacks on animals.

We responded to 6 callouts about stock wandering and 1 of a dog worrying stock. We also received 5 calls raising concerns about animal welfare, two of which were referred to MPI and one to the police.

Several dog owners registered their dogs after the statutory due date despite our reminders, and have incurred late payment penalties per the Dog Control Act as a result.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The percentage of dog or stock complaints that are responded to within timeframe: Urgent ¹⁶ – 1 hour Serious nuisance – 6 hours General nuisance – 1 day All other issues – 5 days	New measure	80%	100%	Yes
The percentage of dogs known to be living in the district that are registered	New measure	97%	99.4%	Yes

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

Food premises, liquor licensing & 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 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. The 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 2021/2022

All food premises and premises with a liquor license were inspected within their statutory timeframes, and most Kaikōura premise owners have a high standard of compliance with the Food Act 2014. The Council's contractor has been working with one food premise which has been refusing to comply with food safety requirements, and with one licensed premise in regard to their legal obligations surrounding the responsible sale of liquor.

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.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The percentage of food premises inspected within statutory timeframes	New measure	100%	100%	Yes
The percentage of licensed liquor premises that are inspected.	New measure	100%	100%	Yes

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 2021/2022

We entered into a shared resource agreement with Environment Canterbury, to secure a compliance monitoring officer, which collectively with ECan has meant a fulltime role is based in the district to monitor consent compliance for both authorities.

We integrated the GoGet system (which enables all building consents to be applied for over the internet), with our Ozone system (which is our main enterprise management software).

What we did

No infringements were issued during the year.

Responsible Camping Ambassadors

While we had to surrender an unspent portion of the TIF funding for responsible camping, as the season was shorter than expected due to COVID restrictions, TIF have since confirmed further funding for the next financial year.

Building Warrant of Fitness (BWof)

Our Regulatory Enforcement Officer processed 70 BWof inspections. A Building Warrant of Fitness is a certificate that confirms the systems specified in the building's compliance schedule (such as fire sprinklers, emergency lighting, elevators, etc), have been maintained and checked for the previous 12 months. These BWof's are essential to ensure safety systems are in place for anyone using the premises.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The percentage of commercial premises that have been inspected and/or audited for their BWof as required	New measure	97%	100%	Yes
The number of complaints received about freedom campers behaving irresponsibly	New measure	< 50	10	Yes

Funding Impact Statement: Building & regulatory

For the year ended 30 June 2022

	2020/2021 Three-Year Plan \$000	2021/2022 Long-Term Plan \$000	2021/2022 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	453	430	404
Targeted rates	106	67	66
Subsidies & grants for operating purposes	-	-	46
Fees and charges	400	749	764
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	37	20	3
Total operating funding (A)	995	1,267	1,284
Applications of operating funding			
Payments to staff and suppliers	724	1,063	1,059
Finance costs	-	-	-
Internal charges and overheads applied	271	311	319
Other operating funding applications	-	-	-
Total applications of operating funding (B)	995	1,374	1,378
Surplus/(deficit) of operating funding (A-B)	-	(107)	(94)
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	-	-	6
Increase/(decrease) in reserves	-	(107)	(100)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	-	(107)	(94)
Surplus/(deficit) of capital funding (C-D)	-	107	94
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,378
Plus depreciation			-
Expenditure as per Note 1			1,378

Community services

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

What we do

This group of activities consists of:

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

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 2021/2022

COVID-19 continued to create significant disruptions to Youth Council, library, and front of house services.

Staff shortages across various areas further contributed to short-falls, and staff exhaustion continued to be a key issue in 2021/2022.

What we did

When the Council worked in teams at the beginning of 2022 to ensure service continuation, we combined front of house and library services and ran both services out of the library for six weeks. We utilised all existing staff in our team to continue Council services with one team working from home doing food deliveries (supporting Kaikōura Health) and the other team delivering Council services out of the library and answering council phones from home. This ensured both the Council and library stayed open the entire

time, when most other business in the district were closed, but it did take a toll and staff were exhausted.

The Community Services 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 and the community.

The Emergency Management Officer provided comprehensive training to all staff and local first responders, including Kaikōura Health, which helped with collaboration during COVID-19.

We invested in a major technology upgrade in the District Library to enable more online services, including joining up to APNK (Aotearoa People’s Network Kaharoa – free internet services to communities) for the first time.

We continued the NZ Library Partnership Programme in collaboration with Te Hā o Mātauranga, delivering Whanau Education and Digital Inclusion outcomes, some based at the library and some at Te Hā. In addition, we employed a part-time Library assistant to help implement changes.

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



Community
We communicate, engage with, and inform our community



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

Effects on community wellbeing

	Positive effects	Negative effects
Social	Connecting social service providers during and 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 in collaboration with the Kaikōura Health Wellbeing Coordinator and Mayor's Taskforce for Jobs Coordinator have supported local businesses by helping with employment and offering mental health support.	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 work towards International Dark Sky accreditation.	No identified effects
Cultural	Community development has funded the Whānau Education Advocates through the New Zealand Library Partnership Programme. These advocates work closely with Māori whānau to protect and enhance cultural wellbeing and assist with whanau development.	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 2021/2022

Like every organisation, we were faced with COVID-19 challenges, with illness, working in teams and exhaustion. The Council reception was closed for six weeks while we worked in teams and Council services were delivered from the library, which remained open the whole way through.

We continued to grapple with data migration issues with the implementation of our electronic data records management system Laserfiche.

Similar to last year, we lost a key staff member, with repercussions throughout the team workloads.

What we did

We focused on continuing to provide good customer service, especially during Alert Levels Red and Orange, even out of the library, managing community anxiety and high stress levels.

We supported the Building & Regulatory team to use our e-text capability to contact dog owners, and we managed much of the data migration within the team alongside business-as-usual tasks.

We recruited a new Customer Services and Events Officer (60% customer services, 20% community development and 20% community event responsibilities) at the end of the financial year.

What we planned to do but didn't

Staff turnover within our small team affected our progress on certain projects such as converting hard copy files to electronic. The work is underway, just not as far progressed as we hoped.

Performance indicators

	2020/2021 Actual	2020/2021 Target	2021/2022 Actual	Achieved?
The percentage of survey respondents who are satisfied, or very satisfied, with the Council's customer services team	67%	67%	82%	Yes

Community grants, events & fundraising

What we do

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

Key issues in 2021/2022

COVID-19 put immense pressure on organisations needing grant funding to survive.

In addition, the lack of community capacity and COVID rules to run community events ensured many community events needed to be cancelled.

What we did

The Council was successful in securing \$7.8 million from the Infrastructure Acceleration Fund to support a collaboration between Kāinga Ora and a private investor to unlock new housing development including housing suitable for retirees and lower cost houses.

We administer the Sport Rural Travel Fund, the George Low Trust Fund, and the Creative Communities Scheme.

We paid out over \$1.4 million in grants to our community, including \$500k to Te Ha O Matauranga to provide the Mayors Taskforce for Jobs programme, over \$400k to the Kaikōura Community Pool Trust, and over \$112k allocated to various community groups through the Council's discretionary grants,

Sports rural travel, creative arts, Kaikōura Initiatives, and other funds.

Our Community Events Coordinator supported, promoted, and in some cases directly assisted or organised numerous community events such as:

- Matariki Event at Hapuku School
- Lego competition
- Winter Festival
 - Ice-skating at the Scout Hall,
 - Night at the Museum
 - Fyffe House by lamplight
 - Balls & Bingo
 - Willy Wonka Tea Party
- Crayfest
- Kaikōura Hop and its various events
- Community Markets
- Rūnanga open day for vaccinations
- Dark Sky week
- And more ...

She collaborates with Destination Kaikōura to offer local expertise and a community flavour to local events and provides support where possible.

The Community Services Manager coordinated the Council's applications to the Tourism Infrastructure Fund (TIF), and the Infrastructure Acceleration Fund (IAF), and supported community organisations in their applications for funding support, such as the funds now secured for a combined sports court for tennis and netball courts at Takahanga Domain.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The number of individuals or organisations funded to offer an arts, sport, or other opportunities to the community	New measure	10	25 ¹⁷	Yes
The number of Council-supported events held	New measure	4	10 ¹⁸	Yes

¹⁷ There were 13 successful applicants funded through the Creative Communities Scheme, two through the George Low Bequest, two through Sport NZ Rural Travel, and eight funded through the Community Initiatives Fund.

¹⁸ More than 20 events were supported by Council staff, but ten were actively led or funded by the Council.

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 2021/2022

We had to re-focus on staff training, liaison, and training with local first responders as COVID-19 delayed the plans from the previous year.

What we did

Increased EOC staff engagement with our electronic emergency management portal called D4H.

The delayed Fuel Plan was implemented, and we have a relationship with BP in case of emergencies.

Tsunami signs were erected throughout coastal areas particularly in the Kaikōura township.

What we planned to do but didn't

COVID-19 alert level lockdowns again affected our ability to hold training exercises, with first responders' meetings cancelled and due to workloads post-lockdown, our plan for an all-agency exercise was shrunk to a mini exercise. Our emergency management officer is now planning a scaled-down exercise in the latter months of 2022.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The number of scenario's held with cross-agency attendance	New measure	2	4	Yes

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 2021/2022

It was a challenge to keep the library open during COVID-19, with illness and working one team on and one team off on a weekly rotation for 6 weeks. Community events in the library were cancelled due to COVID-19 restrictions.

With these challenges, it was difficult to deliver and sustain authentic digital literacy programmes to Kaikōura learners and job seekers across all age groups with our new high-speed internet (APNK).

We implemented many changes to our online products, and the way we catalogue and process books.

What we did

To support the wellbeing of our community after the COVID-19 lockdowns of 2021/2022, 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 signed up to Aotearoa People's Network Kaharoa (APNK), which offers computer hardware and high-speed internet for New Zealand public libraries so that all New Zealanders can be connected online. This was a blessing, as we were the only organisation in Kaikōura that issued COVID passes, and would not have been possible without the high speed internet.

Kaikōura District Library stayed open all year and has become a crucial contributor to community well-being through its specific and locally tailored library operations.

We continued to partner with Te Hā o Mātauranga to deliver the outcomes from the New Zealand Library Partnership Programme (NZLPP). The Whānau Education Advocates worked with our local whānau to make sure our activities were relevant and connected and supported them to build literacy. They also supported education and promoted resilience through enabling access to information.

We installed a door counter, are using our library database more effectively, and implemented our monthly Dashboard reporting to Council with much more in depth statistical coverage.

Below were some achievements during the year – especially great considering lockdowns, split working weeks, limits on event and class sizes, and the general exhaustion everyone is feeling during the pandemic!

Social Media Interactions: **35,895**

Events/ Classes/ Groups held: **431**

Event/ Classes/ Groups attendees: **1,377**

Project	Planned \$000	Spent \$000	Comment
Replacement of existing assets:			
Library books & resources	32	43	External funding from the NZLPP enabled substantial investment in new books and resources.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The number of lending items per capita	10	7.7	5.5 ¹⁹	No

¹⁹ The number of lending items per capita did not meet target, however the number of lending items per library member was 11.15

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 reinvigorated 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 2021/2022

Our challenges were similar to the previous year, as COVID-19 continued to restrict and reduce much activity:

- Reduced business and employment support
- Youth well-being continuing to be negatively impacted by COVID.
- Very little event funding with an expectation that Council delivers event support for community well-being.
- Reduced social service provider collaboration even on the Community Services Committee due to lockdowns and alert level challenges.
- Very little Rūnanga and Māori engagement on committees and community groups.

What we did

This year, we continued to collaborate with Te Hā o Mātauranga to deliver employment coordination across the district through the Mayor's Taskforce for Jobs funding, placing more than 60 people into full-time work.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
Bi-monthly reports on achievements and how we are working collaboratively with our treaty partner and NGO's, including how we are building resilience of whanau and communities	New measure	6 reports	10 reports	Yes

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

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

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

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 more organisations on the Community Services Committee, uptake was low. Those that did attend, however, contributed well.

We planned to increase Rūnanga engagement but were only marginally successful.

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 wind up the Violence Free Network at the end of 2022, but the funding was unexpectedly rolled over for a further two years to deliver advocacy.

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 2021/2022

This year Youth Council provided opportunities for connection and fun, as a way of increasing wellbeing, in the face of the ongoing effects of COVID-19.

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

Youth Council received funding from Lottery Community which enabled them to provide wellbeing events for different age groups. These included a movie afternoon, trips to Hanmer Springs and to Mt Lyford Ski field.

The big event over the year was the Kaikōura Youth Awards, celebrating the awesome contributions that youth make to our community. A quiz night for youth

week, and in school activities for Te Wiki o te Reo Māori were also held.

Youth Council surveyed the High School students a couple of times, once to gain feedback for their Submission to the MPI consultation on national recycling standards, and once to gain feedback on preferred wellbeing activities and feedback on school operations.

What we planned to do but didn't

Youth Council opportunities for presenting to Council were limited by COVID mandates. The Youth Council also had difficulty scheduling events due to COVID restrictions, resulting in the majority of their mahi for the year taking place in a short space of time rather than spreading out across the year.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
Number of Youth Council presentations to Council meetings	New measure	6	3	No
Number of Youth Council activities/events	6	10	12	Yes
Number of youth training opportunities	New measure	4	4	Yes

COVID-19 restrictions on group gatherings meant that Youth Council could not attend the usual presentations to the Kaikōura District Council meeting, and so only three meetings were able to be attended during the year.

Funding Impact Statement: Community services

For the year ended 30 June 2022

	2020/2021 Three-Year Plan \$000	2021/2022 Long-Term Plan \$000	2021/2022 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	655	869	816
Targeted rates	10	10	10
Subsidies & grants for operating purposes	8	59	667
Fees and charges	49	28	25
Internal charges and overheads recovered	221	247	278
Fuel tax, fines, infringement fees & other	3	-	-
Total operating funding (A)	946	1,213	1,796
Applications of operating funding			
Payments to staff and suppliers	771	968	2,162
Finance costs	-	12	9
Internal charges and overheads applied	148	183	183
Other operating funding applications	-	-	-
Total applications of operating funding (B)	919	1,163	2,354
Surplus/(deficit) of operating funding (A-B)	27	50	(558)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	(18)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	(18)	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets		32	43
Increase/(decrease) in reserves		-	(601)
Increase/(decrease) in investments		-	-
Total applications of capital funding (D)		32	(558)
Surplus/(deficit) of capital funding (C-D)		(50)	558
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			2,354
Plus depreciation			53
Less Overhead recoveries			(278)
Expenditure as per Note 1			2,129

District development

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

What we do

This group of activities includes:

- Strategy & policy
- District 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. Additional work has been undertaken by GNS Science to ensure we have a better understanding of hazards in area where development is most likely to occur. The natural hazard work has taken into account the effect climate change and allows our community to make informed decisions. This work has been used to support the natural hazard review of the District Plan.

Key issues in 2021/2022

The Responsible Camping Bylaw 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



Development

We promote and support the development of our economy



Future

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



Environment

We value and protect our environment

Effects on community wellbeing

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

District Planning

What we do

The Kaikōura District Plan is a document which has been created under the Resource Management Act 1991 to achieve the purposes of the Act. The Plan 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 is progressing the rolling review of the District Plan. A road map for the District Plan has been developed which outlines how the District Plan will be reviewed over the next 10 Years.

Key issues in 2021/2022

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.

In addition to the RMA reform several key documents were released by Government, these include the

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
Progress on the review of the District Plan, in line with the priorities and timelines set out in the final District Plan roadmap	New measure	Residential and Commercial Zone chapters completed by June 2024	Council has positioned itself well for the June 2024 target. A spatial plan process is starting which will feed into the June 2024 review	Yes (on track)

National Policy Statement Urban Development (NPS-UD). Although the NPS-UD does not apply to Kaikōura given our population it will influence decisions for processing resource consents.

What we did

External consultants were used to rehouse the District Plan (excluding Plan Change 3) in accordance with the National Planning Standards. Council staff have worked to rehouse the Natural Hazards Chapter. In preparation with for review of the landscape chapter in partnership with Environment Canterbury a draft landscape assessment of the district has been undertaken. More work is still required before landscape assessments can be finalised.

We undertook prehearing meetings with submitters on the natural hazards plan change and completed a public hearing. We made a submission on national planning documents including the NPS-IB, we began to rehouse the District Plan in accordance with national planning standards, and we kept Council informed of changes proposed to New Zealand's resource management systems.

What we planned to do but didn't

Hearings for Plan Change 3, Natural Hazards, were delayed due to COVID-19 held on 9th November 2022. We intended to have the decision on the natural hazards plan change released before the end of the financial year, however this was not released until 16th August 2022.

Environmental Planning

What we do

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

The Council also established a grant for environmental projects, the amount of which may vary from year to year. In the 2022 financial year \$20,000 has been made available.

Key issues in 2021/2022

The government has introduced an exposure draft of a National Policy Statement Indigenous Biodiversity (NPS-IB) in 2021. An outcome of the NPS-IB is that more stringent timeframes will be in place to identify and protect high value ecological areas.

The exposure draft of the NPS-IB is very complex. The Council estimates that the exposure draft would result in costs to our ratepayers of up to approximately \$3 million and so has made submissions which highlight this financial impact to the Ministry for the Environment.

The Council has not budgeted for the additional costs to implement the requirements of the NPS-IB in the Long-Term Plan.

What we did

The Council supported several community projects:

- Flyers promoting cat owners keep their cats indoors at night to protect birdlife,
- Flyers for the Rūnanga pest and predator trapping and control programmes,
- Posters and signage highlighting Banded Dotterel nesting areas,
- Supported a visit from the Young Ocean Explorers,
- Sponsored an environmental award for the Kaikōura High School,
- Paid a grant of \$10,000 to Te Korowai O Marokura to support their work on protecting the marine and coastline environments and fishery resources.

What we planned to do but didn't

The Council has over \$20k available to support landowners to set aside significant natural areas on their property. There were no applicants for financial support in the 2022 financial year.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The number of external environmental projects that are supported by the Council	New measure	Not less than 3	6	Yes

Economic Development

What we do

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

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

Key issues in 2021/2022

Ongoing COVID-19 lockdowns and border restrictions continued to hit retail, hospitality, and tourism-based businesses. The district does, however, seem poised for the borders to reopen and for visitors – domestic and international – to return.

The Sudima Hotel proved its commitment to building the new 4.5-star hotel on Kaikōura's Esplanade, with construction well underway at the end of the 2022 financial year (opening in October 2022).

Like many areas in New Zealand, Kaikōura suffers from a shortage of hospitality staff, and vacancies are advertised on almost every café and shop window.

This issue may be compounded by a lack of rental accommodation available for anyone wishing to relocate to the district. The Council is working with the owner/developer of Ocean Ridge and has successfully applied for funding of \$7.8 million to develop infrastructure which will enable more residential sections to be created within the Ludstone Road (Vicarage Views) and Ocean Ridge areas.

What we did

We continue to support the Kaikōura International Dark Skies Trust to apply for international dark sky accreditation (IDA). Becoming a recognised Dark Sky district will bring economic benefits through more visitors. 85% of Kaikōura streetlights have been adapted to meet IDA criteria to date.

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

Grants of \$15k each were paid out to the Kaikōura Cycle Club and the Mayfair Theatre, both of which are seen to contribute to the local economy by attracting visitors to their facilities and events.

We are supporting funding applications by various groups for projects such as the new combined courts (tennis and netball) proposed for the former tennis court site on Takahanga Domain, amongst many others.

The Council also funded the Rebel Business School to run a programme for start-up entrepreneurs and held various events for the community.

What we planned to do but didn't

COVID-19 has caused several delays especially around planned events, whether initiated by Council or by other organisations seeking to bring events to the district.

Performance indicators

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
The number of projects or events undertaken during the year that benefit the local economy	New measure	5	7 +	Yes

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 2021/2022

The COVID-19 pandemic continued 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

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved?
Domestic and international spend indicators show annual increases, as measured through MarketView electronic card transaction spend data.	New measure	Spend indicators show increases post-COVID-19 relative to other comparable RTO regions	Not applicable (borders still restricted due COVID-19)	N/A
Six-monthly reports from Destination Kaikōura setting out activities undertaken, including against agreed key performance indicators for that period.	New measure	Reports are received demonstrating activities and achievements, in December and June each year	Reports have been received quarterly with high levels of activities and achievements	Yes

Funding Impact Statement: District development

For the year ended 30 June 2022

	2020/2021 Three-Year Plan \$000	2021/2022 Long-Term Plan \$000	2021/2022 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	431	161	151
Targeted rates	595	490	487
Subsidies & grants for operating purposes	-	-	-
Fees and charges	113	-	-
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	1,139	651	638
Applications of operating funding			
Payments to staff and suppliers	912	680	559
Finance costs	-	-	-
Internal charges and overheads applied	227	121	122
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,139	802	681
Surplus/(deficit) of operating funding (A-B)	-	(151)	(43)
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	-	(151)	(43)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	-	(151)	(43)
Surplus/(deficit) of capital funding (C-D)	-	151	43
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			681
Plus depreciation			-
Expenditure as per Note 1			681

Financial Information

Financial overview

The year to 30 June 2022 produced a small deficit of \$227k, with turnover of \$16.1 million. Once again grants and subsidies have boosted revenue, with the Council receiving government grants, including \$564k to improve three-waters treatment and telemetry systems, over \$1.07 million for the Wakatu Quay development, \$686k to refurbish the Scout Hall and provide tourism-related facilities, and a further \$500k for the Mayoral Taskforce for jobs. Waka Kotahi (NZTA) subsidies are a major source of funding for our roading upgrades, renewals, and maintenance, with over \$1.2 million received this financial year.

Fair value gains include an increase in the value of investment property, plus the vesting of the MBIE temporary housing units into Council ownership.

Staff vacancies meant personnel costs were less than forecast, but resulted in some cases (particularly for building and regulatory activities) in the use of external resources to maintain levels of service.

Valuations of roading and three-waters assets

Last year (2021), the Council's inhouse engineers and earthquake rebuild team completed an extensive asset data collection and validation process, including a revaluation of its roading, and three-waters assets dated 1 July 2020. The independent peer review (performed by WSP) assigned a confidence rating of "B" (Reliable) to the data on which the valuation was based. In the 12 months since the valuation dated 1 July 2020, global inflationary pressure suggested that the fair value of these assets could be understated and that a further valuation is required on 30 June 2021 (two years earlier than normally required). The Council did not prepare 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 for the 2021 comparative year.

For this 2022 financial year, the Council is committed to attain a clear audit opinion over the value of its roading and three-waters assets, and so completed another asset valuation this time dated 30 June 2022 (the balance date of this report) and relied more heavily upon external consultants (rather than inhouse engineers) to provide unit rates. WSP has assigned a confidence rating of "A" (Highly reliable) over the accuracy of asset information, and a confidence rating of "B" (Reliable) over the unit costs and remaining useful lives of assets.

The 2022 valuation has resulted in significant increases in carrying values of roading and three-waters assets, with roading increasing by over \$35M, and three-waters by over \$22.7M. Combined with valuation increases for land and buildings, the Council's property, plant and equipment increased by more than 35% purely by revaluation increases.

COVID-19 impact on financial statements

The impact of COVID-19 continues to affect 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 or 2021/2022 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	2021/2022
COVID-19 Impact on Revenue			
Lease & rent revenue	18,638	14,733	20,000
Pay & display parking fees	5,000*	17,000*	27,000*
Airport landing fees	2,500*	36,000*	24,000*
Other (hall hire cancellations, etc)	394	15,000*	-
Loss of revenue	26,532	82,733*	71,000*
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	82,733	71,000*

* estimated

Statement of Comprehensive Revenue & Expense

For the year ended 30 June 2022

	NOTE	COUNCIL			GROUP	
		2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Revenue						
Rates	2	8,553	8,266	8,189	8,266	8,189
Fees & charges	3	1,528	1,558	2,520	2,441	3,627
Development contributions		125	153	18	153	18
Grants & subsidies	4	6,614	4,523	11,792	4,523	11,845
Interest revenue	5	7	10	6	10	6
Other revenue	6	78	329	761	361	764
Gains	7 / 12	-	1,263	4,179	1,263	4,179
Total revenue		16,905	16,102	27,465	17,017	28,628
Expenses						
Personnel costs	8	3,393	3,231	3,353	4,436	4,687
Depreciation & amortisation	9	3,206	3,898	3,587	4,046	3,752
Finance costs	5	118	93	69	95	70
Other expenses	10	8,454	8,589	11,834	8,235	11,279
Losses	7	-	559	1,681	562	1,681
Total expenses		15,166	16,369	20,524	17,374	21,469
Operating surplus/(deficit)		1,739	(267)	6,941	(357)	7,159
Environment Canterbury share of Marlborough Regional Forestry (Surplus)/Deficit	11	-	40	43	40	43
Surplus/(Deficit) before tax	1	1,739	(227)	6,984	(317)	7,202
Income tax expense	30	-	-	-	28	(66)
Net Surplus/(Deficit) after tax		1,739	(227)	6,984	(288)	7,136
Other comprehensive revenue & expense						
Gains/(losses) on asset revaluation	7 / 12	-	74,460	6,491	74,460	6,491
Impairment reversal/(impairment charge)	7	-	-	-	-	-
Total other comprehensive revenue & expense		1,739	74,460	6,491	74,460	6,491
Total comprehensive revenue & expense		1,739	74,233	13,475	74,172	13,627

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 2022

	COUNCIL			GROUP	
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Equity at start of year	209,084	211,265	197,790	212,363	198,736
Comprehensive revenue & expense					
Net surplus/(deficit) After Tax	1,739	(227)	6,984	(288)	7,136
Gains/(losses) on asset revaluation	-	74,460	6,491	74,460	6,491
Total comprehensive revenue & expense	1,739	74,233	13,475	74,172	13,627
Equity at end of year	210,823	285,503	211,265	286,540	212,363

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

Statement of Financial Position

On 30 June 2022

	NOTE	COUNCIL			GROUP	
		2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Assets						
Current assets						
Cash and cash equivalents	13	742	2,790	5,436	3,066	5,777
Receivables from non-exchange transactions	14	1,157	488	766	488	766
Receivables from exchange transactions	14	-	530	724	595	752
Prepayments	15	185	257	209	257	224
Other financial assets	16	-	20	20	-	-
Non-Current Assets Held for Sale	17	-	330	-	330	-
Income Tax	30	-	-	-	26	-
Total current assets		2,085	4,415	7,154	4,762	7,519
Non-current assets						
Other financial assets	16	207	197	182	141	107
Forestry assets	18	2,956	2,155	2,410	2,155	2,410
Investment property	19	4,329	3,130	2,365	3,130	2,365
Property, plant & equipment	20	211,052	286,209	210,662	287,143	211,661
Intangible assets	21	-	98	143	98	143
Deferred Tax Asset		-	-	-	7	-
Total non-current assets		218,544	291,788	215,762	292,674	216,686
Total assets		<u>220,629</u>	<u>296,203</u>	<u>222,916</u>	<u>297,436</u>	<u>224,205</u>
Liabilities						
Current liabilities						
Payables and deferred revenue under exchange transactions	22	1,460	1,671	2,017	1,657	1,953
Payables and deferred revenue under non-exchange transactions	22		1,564	2,381	1,602	2,382
Employee entitlements	23	263	304	296	460	487
Borrowings	24	-	-	3,000	-	3,000
Current tax liability	30	-	-	-	-	43
Total current liabilities		1,723	3,539	7,695	3,719	7,865
Non-current liabilities						
Borrowings	24	6,000	5,300	2,000	5,300	2,000
Deferred tax liability	30	-	-	-	17	21
Provisions	25	1,616	1,445	1,548	1,445	1,548
Other term liabilities	26	468	416	408	416	408
Total non-current liabilities		8,084	7,161	3,956	7,178	3,977
Equity	27	210,823	285,503	211,265	286,540	212,363
Total equity		210,823	285,503	211,265	286,540	212,363
Total liabilities & equity		<u>220,629</u>	<u>296,203</u>	<u>222,916</u>	<u>297,437</u>	<u>224,205</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 2022

	COUNCIL			GROUP	
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
<u>Operating Activities</u>					
Receipts from rates (excl. water meter charges)	8,414	8,446	8,146	8,446	8,146
Interest received	7	10	6	10	6
Receipts from other revenue	8,884	4,730	8,569	5,728	9,556
Payments to supplier and employees	(11,903)	(13,303)	(14,864)	(14,172)	(15,530)
Interest paid	(118)	(93)	(69)	(95)	(69)
GST (net) and company tax	-	(49)	102	(137)	44
Net cash from operating activities	5,283	(260)	1,890	(220)	2,153
<u>Investing Activities</u>					
Grants received for purchase of assets	-	2,095	7,360	2,095	7,360
Purchase of property, plant & equipment	(8,369)	(4,824)	(6,408)	(4,919)	(6,717)
Sale of property, plant & equipment	250	63	289	71	289
Purchase of forestry assets	-	(57)	(1)	(57)	(1)
Sale of forestry assets	-	53	276	53	276
Purchase of investment properties	(2,864)	-	-	-	-
Purchase of intangible assets	-	-	(156)	-	(156)
Purchase of other financial assets	-	(15)	(145)	(15)	(50)
Net cash from investing activities	(10,983)	(2,687)	1,215	(2,772)	1,001
<u>Financing Activities</u>					
Proceeds from borrowings	4,000	3,300	-	3,300	-
Repayment of borrowings	(3,000)	(3,000)	(2,000)	(3,020)	(2,010)
Net cash from financing activities	1,000	300	(2,000)	280	(2,010)
Net increase/(decrease) in cash & cash equivalents	(4,700)	(2,647)	1,105	(2,712)	1,144
Cash & cash equivalents at the beginning of the year	5,442	5,436	4,331	5,777	4,633
Cash & cash equivalents at the end of the year (note 13)	742	2,790	5,436	3,065	5,777

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 2022. The financial statements were authorised for issue by the Council on 29 March 2023.

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

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 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 include 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 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 using 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 are recognised in the surplus or deficit when the asset is impaired or derecognised.

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, except for 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 on 30 June 2022. The balance of land and buildings were valued effective on 30 June 2022 by Cameron Ferguson, (B. Com, VPM) of Quotable Value NZ, at fair value as determined from market-based evidence. 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 on 30 June 2022 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 on 30 June 2022, 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 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	25	4%
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	1	100%
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 after 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 on 30 June 2001 as deemed cost. Land under roads is no longer revalued.

Library collections

Library Books were valued at 30 June 2007 using actual cost per book, by the 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 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 (2021: by Forme Consulting Group), and by Forme Consulting Group 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 asset's 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) because of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into several reserves.

The components of equity are:

- Public equity – accumulated funds
- Special reserves
- Special funds
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserves

Special and Council-created reserves

Special reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

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

Council-created reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the courts. Transfers to and from these reserves are at the discretion of the Council.

Asset revaluation reserves

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value through other comprehensive revenue and expense reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive revenue and expense instruments.

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 2021/2022 Long Term 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 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 25 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 several 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 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 because 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 2022:

- Classification of property
The Council owns several properties, which are maintained primarily to provide housing to pensioners or other service delivery objectives. The receipt of rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives which includes the Council's social housing policy. These properties are accounted for as property, plant, and equipment.

Notes to the Financial Statements

1 Summary revenue and expense for groups of activities

	COUNCIL		
	2022 REVENUE \$000	2022 EXPENSE \$000	2022 NET RESULT \$000
Activity revenue & expense			
Roading	2,556	3,419	(863)
Water supplies	2,179	1,606	573
Wastewater	651	1,139	(488)
Stormwater	116	213	(97)
Refuse & recycling	286	699	(412)
Community Facilities	3,906	4,013	(107)
Leadership & governance	49	1,145	(1,095)
Building & regulatory	879	1,378	(499)
Community services	702	2,129	(1,427)
District development	487	681	(194)
Total activity revenue & expense	11,812	16,421	(4,609)
Non-activity revenue & expense			
Plus general rates, uniform annual general charges, and penalties (less remissions)			3,517
Plus interest and dividends received			8
Plus net gain/(losses) on forestry assets			(260)
Plus/(less) gains on investment properties			765
Plus/(less) gains/(losses) on sale or disposal of assets			-
Plus/(less) Environment Canterbury share of MRF surplus/deficit			40
Plus/(less) bad debt movement in provision			314
Plus/(less) Revaluation in excess			-
Less bad debt expenses (net of bad debts recovered)			(2)
Less IRD Penalties			-
Total non-activity revenue & expense			4,382
Net surplus/(deficit) per Statement of Comprehensive Revenue & Expense			(227)

2 Rates

	COUNCIL & GROUP		
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
General rate	2,066	2,081	1,887
Uniform annual general charge	1,678	1,682	1,519
Earthquake rate	-		18
Earthquake levy	106	107	106
Roading rate	769	774	767
District planning rate	218	220	222
Kaikoura water annual charge	990	997	915
Kaikoura water loan charge	-	-	55
Suburban water unit charge	26	25	17
Ocean Ridge water charge	53	55	41
East Coast water unit charge	86	86	86
Kincaid water unit charge	91	91	97
Fernleigh water unit charge	90	90	27
Oaro water unit charge	36	36	33
Peketa water charge	10	10	9
Stormwater rate	115	116	106
Sewerage loan rate	-	-	121
Sewerage charges	592	598	729
Commercial rate	383	383	380
Accommodation sector charge	72	70	72
Registered premises charge	33	32	37
Stock control rate	-	-	11
Footpath & streetlight rate	229	231	160
Harbour rate	94	95	86
Town centre rate	83	84	78
Kerbside recycling charge	216	214	174
Rural recycling charge	-	-	45
Public rubbish bin charge	32	32	32
Civic centre rate	344	344	235
Rate penalties	-	158	56

Continued ...

	COUNCIL & GROUP		
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Rates (continued) ...			
Rates remissions, rebates & write offs	-	(516)	(70)
Water meter charges	140	168	138
Total revenue from rates	8,553	8,266	8,189

The Local Government (Rating of Whenua Māori) Amendment Act of 2021, which amended the Local Government Rating Act (2002), has had a significant impact on rates revenue for the 2022 financial year. The new amendment requires that all rates on unused Māori Freehold land be written off and the land be classified as non-rateable effective from 1 July 2021. For most Māori Freehold land rates now written off, the Council had not budgeted to ever receive payment from the owners, and so has not had the burden of a funding shortfall. The impact on the Council's disclosed revenue from rates is, however, significantly less than budget.

3 Fees and charges

	COUNCIL			GROUP	
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Building & resource consent fees	559	503	709	503	709
Lease & rental revenue	348	364	347	364	347
License fees	194	192	201	192	201
Parking and slipway fees	139	115	126	115	126
Other fees and charges	289	384	1,136	1,267	2,244
Total fees and charges	1,528	1,558	2,520	2,441	3,627

Building & resource consent revenue remained strong throughout the 2022 financial year, although showed a decrease from 2021 as the peak of earthquake rebuilds appears to be over.

4 Grants & subsidies

The Council has been the recipient of significant funding from external agencies since the earthquake and now with the government economic support packages such as the Provincial Growth Fund and other stimulus funding. Despite receiving over \$4.5 million in external funding support in 2022, this is \$1.1 million less than expected. The main reason for this is the delays in the Waiau-toa Clarence River bridge construction (delayed due to concerns raised by Iwi), which has meant the subsidies from Waka Kotahi are almost \$1.3 million less than expected in the 2022.

	COUNCIL			GROUP	
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Waka Kotahi (NZTA)	2,361	1,316	5,225	1,316	5,225
NZ Crown (Department of Prime Minister & Cabinet, Ministry of Civil Defence & Emergency Management)	1,089	733	2,884	733	2,937
Ministry of Business, Innovation & Employment (MBIE, PGF & TIF)	3,104	1,806	2,514	1,806	2,514
Ministry of Social Development (MSD)	-	518	585	518	585
Department of Internal Affairs (DIA)	-	85	254	85	254

North Canterbury Transport Infrastructure Recovery (NCTIR)	-	-	46	-	46
NZ Lottery grants	-	-	204	-	204
Other grants, subsidies & donations	60	64	80	64	83
Total grants & subsidies	6,614	4,523	11,792	4,523	11,848

5 Interest revenue & finance costs

	COUNCIL			GROUP	
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Interest revenue					
Interest on term deposits	7	10	6	10	6
Total financing revenue	7	10	6	10	6
Financing expense					
Interest on borrowings	118	93	69	95	70
Penalties Paid	-	-	-	-	-
Unwinding of landfill provision	-	-	-	-	-
Total financing expense	118	93	69	95	70
Net finance cost	(111)	(83)	(63)	(85)	(64)

By prudently reducing our reliance on borrowing during the year, and through the very low interest costs available through the Local Government Funding Agency, the Council has once again minimised its financing cost.

6 Other revenue

	COUNCIL			GROUP	
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Share of Marlborough Regional Forestry joint operation other revenue	-	116	651	116	651
Wage subsidy	-	-	-	32	-
Petrol tax	38	45	44	45	44
Waste minimisation levies	20	22	4	22	4
Sale of land	-	143	3	143	3
Infringement fees & other revenue	20	3	60	3	60
Total other revenue	78	329	761	361	761

The Council accounts for its 11.5% share of the Marlborough Regional Forestry joint operation revenue. The Council sold two parcels of land in 2022, one being the former oxidation pond on Rorrison's Road and the other a land-locked piece of land adjacent to a new subdivision on the peninsula. Both properties were not being used.

7 Fair value gains and losses

	COUNCIL & GROUP		
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Gains			
Forestry asset revaluation gains	-	-	-
Investment property revaluation gains	-	765	915
Gain on sale/disposal of asset	-	72	4
Gain from vested asset	-	426	3,260
Total Gains	-	1,263	4,179
Losses			
Loss on sale/disposal of asset	-	(299)	(248)
Forestry asset revaluation losses	-	(260)	(271)
Investment property revaluation losses	-	-	(15)
Losses in excess of revaluation reserves	-	-	(1,147)
Total Losses	-	(559)	(1,681)
Gains/(Losses) through other comprehensive income expense			
Gain/(Losses) on asset revaluations – Refer Note 12	-	74,460	6,491
Total (Gains)/Losses through other comprehensive expense	-	74,460	6,491
Net Gains/(Losses)	-	75,164	8,989

In 2021, the decrepit buildings at Wakatu Quay had 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 in 2022.

In addition, in 2022 the housing units provided by MBIE for temporary accommodation for landowners of damaged homes were vested into Council ownership to continue to use to meet a shortfall in housing demand.

8 Personnel expense

	COUNCIL			GROUP	
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Salaries, wages, and honorarium	3,310	3,153	3,338	4,358	4,672
Employer contributions to defined contribution plans	83	80	86	80	86
Increase/(decrease) in employee entitlements	-	(2)	(71)	(2)	(71)
Total personnel expense	3,393	3,231	3,353	4,436	4,687

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 28 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 activity²⁰

	COUNCIL			GROUP	
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Roading	1,270	1,794	1,417	1,794	1,417
Water supplies	474	524	441	524	441
Wastewater	422	462	432	462	432
Stormwater	77	83	82	83	82
Refuse & recycling	178	117	284	265	449
Facilities	684	763	739	764	739
Leadership & governance	93	100	142	100	142
Building & regulatory	-	-	-	-	-
Community services	8	53	50	53	50
District development	-	-	-	-	-
Total depreciation & amortisation	3,206	3,898	3,587	4,046	3,752

10 Other expenses

	COUNCIL			GROUP	
	2022 BUDGET \$000	2022 ACTUAL \$000	2021 ACTUAL \$000	2022 ACTUAL \$000	2021 ACTUAL \$000
Audit fees to principal auditor:					
- Audit for the Council	93	133	147	159	173
- Audit for other Council- Controlled Entity	3	3	6	3	6
Contractors	2,608	2,861	2,646	2,861	2,646
Demolition expenses	100	33	1,066	33	1,066
Donations and grants paid out	452	1,465	1,962	1,465	1,962
Insurance premiums	466	441	433	482	470
Legal fees	179	74	35	74	35
Receivables written off	-	2	-	2	2
Movement in provision for impairment of receivables	-	(314)	774	(314)	774
Operating lease expense	20	20	20	32	20
Share of MRF joint operation expenses	131	189	694	189	694
Personnel related expenses	317	194	270	194	270
Other operating expense	4,078	3,447	2,992	3,013	2,372
Freedom (responsible) camping	-	-	23	-	23

²⁰ For comparison to the published 2021 Annual Report, the groups of activities have changed, in that Commercial Activities are now combined with Community Facilities (and renamed Facilities), and the depreciation disclosed under Earthquake Event in 2021 related to roading infrastructure and so has been added to Roothing for 2022.

Earthquake – response & recovery	-	-	5	-	5
Earthquake – external resources and damage assessments	8	2	127	2	127
Earthquake – natural hazards	-	-	480	-	480
Earthquake – emergency repairs	-	40	154	40	154
Total other expenses	8,455	8,589	11,834	8,235	11,279

Of the above expense categories, contractors include the extensive services the Council provides using external providers, many of whom are local contractors, such as for roading & drainage maintenance, public toilet cleaning, landfill and recycling services, food premises and liquor licensing regulation.

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 31). 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 26).

	COUNCIL & GROUP	
	2022 \$000	2021 \$000
Marlborough Regional Forestry joint operation surplus/(deficit)	(297)	(320)
Environment Canterbury share @ 13.37%	40	43

12 Gains/(losses) on asset revaluation

The 2021 financial statements included the revaluation of roading and three water assets on 1 July 2020, mainly to support the process of implementing a new asset management system and the development of a new Infrastructure Strategy. During the 2020/21 financial year global inflationary pressure suggested that the fair value of these assets may already be understated and that a further valuation was required on 30 June 2021 (two years earlier than normally required). The Council did not prepare an early revaluation due to time and resource constraints, and the financial cost to undertake this exercise. As a result, the 2021 Auditors Report contained a statement regarding the valuation of these assets as 30 June 2021.

	COUNCIL & GROUP	
	2022 \$000	2021 \$000
Land	4,894	-
Buildings	5,788	-
Roading	35,012	2,787
Stormwater	3,289	632
Water	11,886	2,993
Sewerage	13,286	-
Marlborough Regional Forestry joint operation revaluation	352	92
Environment Canterbury share of MRF revaluation (13.37%)	(47)	(12)
Total gains/(losses) on asset revaluation	74,460	6,491

13 Cash & cash equivalents

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Cash at bank and in hand	2,790	3,419	3,066	3,760
Term deposits with a maturity of three months or less at acquisition	-	2,000	-	2,000
MRF bank accounts	-	17	-	17
Total cash & cash equivalents	2,790	5,436	3,066	5,777

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

The Council holds special reserves and special funds, included in cash at bank and investments, that are subject to restrictions. These funds relate to grants received, targeted rates accumulating and/or loans drawn for special projects, and other funds where the spending of funds is separately monitored. These special funds and special reserves are detailed on pages 108-109.

14 Trade & other receivables

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Rates receivables	393	796	393	796
Debtor receivables	1,504	1,275	1,568	1,304
Debtor accruals	103	714	103	714
Receivables prior to impairment	1,999	2,785	2,064	2,814
Less provision for impairment	(981)	(1,295)	(981)	(1,295)
Total trade & other receivables	1,018	1,490	1,083	1,518
Total receivables comprise:				
Receivables from non-exchange transactions – this includes rates, grants & subsidies, and development contributions	488	766	488	766
Receivables from exchange transactions – including fees and charges, lease revenue and consent fees	530	724	595	752
	1,018	1,490	1,083	1,518

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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
On 1 July	1,295	521	1,295	521

Financial information				
<i>Additional provisions</i>				
Increase/(decrease) in provision	(314)	774	(314)	774
Receivables written off	-	-	-	-
Total provision	981	1,295	981	1,295

15 Prepayments

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Prepayments	257	209	257	209
Total prepayments	257	209	257	209

16 Other financial assets

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current portion				
Loans to Subsidiaries	20	20	-	-
<i>Total current portion</i>	<i>20</i>	<i>20</i>	<i>-</i>	<i>-</i>
Non-current portion				
Unlisted shares in Civic Financial Services Ltd	9	9	9	9
Borrower Notes	132	98	132	98
Loans to Subsidiaries	55	75	-	-
<i>Total non-current portion</i>	<i>197</i>	<i>182</i>	<i>141</i>	<i>107</i>
Total other financial assets	217	202	141	107

The Council is a non-guaranteeing member of the Local Government Funding Agency Ltd (LGFA). During the year, the Council refinanced \$3,000,000 and raised a further \$300,000 in security stock, retained \$50,000 in borrower notes and purchased \$82,500 of new borrower notes. These borrower notes are repaid by LGFA when the loans mature.

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 on 30 June. There were no impairment provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

In 2021, the Council 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. The loan is due to be fully repaid in 2026.

17 Non-Current Assets Held for Sale

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Non-Current Assets Held for Sale are:				
Land	330	-	330	-
Total Non-Current Assets Held for Sale	330	-	330	-

The Council-owned land on The Esplanade has been presented as held for sale following approval by the Council to sell the land to Te Runanga o Kaikoura on 23 February 2022. The council has approved the sale of the land, as it will provide no future use to the Council.

18 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 \$59,377 (2021: \$323,752). The joint operation has now completed all its available logging and is entering a phase of limited revenues, expected to last at least five years, until the next blocks reach suitable height for logging to recommence.

The Council owns a small eight-hectare pine forest at South Bay. The Council has not logged trees from South Bay for many years, and so net logging sales returned \$nil during the year (2021: \$nil).

	COUNCIL & GROUP	
	2022 \$000	2021 \$000
Opening balance 1 July	2,411	2,957
Increases due to purchases	57	1
Gains/(Losses) arising from changes in fair value attributable to physical changes	(150)	(39)
Gains/(Losses) arising from changes in fair value attributable to price changes	(110)	(232)
Decreases due to sales (harvest)	(53)	(276)
Closing balance 30 June	2,155	2,411

Valuation assumptions

Forme Consulting Group valued the Marlborough Regional Forestry assets on 30 June 2021 and 2022, 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% (2021: 6.5%) has been used in discounting the present value of expected future cash flows,
- The forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis,
- The 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 has considering logging during 2022 financial year, however due to the obligation to surrender carbon credits, there is no financial benefit in doing so. Forme Consulting Group valued the South Bay Forest on 30 June 2022 (2021: Merrill & Ring).

Sensitivity analysis

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

	On 30 June 2022		
Discount rate:	6%	6.5% (as used)	7%
The Council's 11.5% share of MRF tree crop value (\$000's)	1,804	2,037	2,320

19 Investment property

The land at Wakatu Quay, formerly housing the Pacifica Fisheries buildings, is the only property the Council considers to be investment property, due to the expectation that the land will generate a net return.

	COUNCIL & GROUP	
	2022	2021
	\$000	\$000
Opening balance 1 July	2,365	2,070
Additions from subsequent expenditure	-	-
Disposals	-	-
Reclassification as property, plant & equipment	-	(605)
Fair value gains/(losses) on valuation	765	900
Loss on impairment	-	-
Closing balance 30 June	3,130	2,365

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

	COUNCIL & GROUP	
	2022	2021
	\$000	\$000
Current portion		
Investment property held for sale	-	-
Non-current portion		
Investment property	3,130	2,365
	3,130	2,365

Investment properties are valued at fair market value by Andrew Parkyn (Registered Valuer, B. Com (VPM)) of Quotable Values Limited on 30 June 2021, and by Cameron Ferguson (Registered Valuer, B. Com (VPM)) of Quotable Values Limited on 30 June 2022. 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.

20 Property, plant & equipment

Land and buildings were valued at fair value on 30 June 2022, by Cameron Ferguson of Quotable Values.

Roading, water supplies, sewerage and stormwater systems were valued at 30 June 2022 by inhouse engineers and peer reviewed by WSP Ltd. Library books were valued at 30 June 2007 by the District Librarian and this value has been deemed cost at that date; library books are not revalued. Marlborough Regional Forestry PPE is valued annually. The Council does not revalue office equipment, plant and machinery, 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. On 30 June 2022 this land has a carrying value of \$7,537,850 (2021: \$6,149,270). Building values include restricted buildings, playgrounds, and other structures, that on 30 June 2022 have a carrying value of \$2,728,600 (2021: \$2,490,030).

Land under roads of \$18,237,242 (2021: \$18,237,242) is included under Roothing in the tables on the following pages. The Council has elected to use the fair value of land under roads on 30 June 2001 as deemed cost. Land under roads is no longer revalued.

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	-
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

2022	Cost/ revaluation 1 Jul 2021 \$000	Accumulated depreciation 1 Jul 2021 \$000	Carrying amount 1 Jul 2021 \$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 2022 \$000	Accumulated depreciation 30 Jun 2022 \$000	Carrying amount 30 Jun 2022 \$000
Land	12,707	-	12,707	21	(29)	(330)	-	4,898	17,267	-	17,267
Buildings	15,692	(1,044)	14,648	814	(300)	252	(548)	5,788	20,655	-	20,655
Landfill Provision	1,000	(735)	265	(103)	-	-	(86)	-	897	(821)	76
Office equipment	493	(371)	122	32	-	-	(47)	-	519	(412)	107
Vehicles & plant	551	(427)	124	67	-	-	(38)	-	618	(465)	153
Park furniture & other	439	(141)	298	-	-	-	(25)	-	439	(166)	273
Library books	634	(613)	21	43	-	-	(51)	-	677	(664)	13
Artwork	89	-	89	-	-	-	-	-	89	-	89
Harbour	7,977	(920)	7,057	12	-	-	(167)	-	7,928	(1,026)	6,902
Roading	133,425	(1,425)	132,001	1,969	-	-	(1,794)	35,012	167,217	(30)	167,187
Stormwater	4,863	(81)	4,782	-	-	-	(84)	3,289	7,988	-	7,988
Water supplies	17,765	(441)	17,324	1,227	-	87	(524)	11,887	30,001	-	30,001
Sewerage	19,292	(432)	18,860	437	-	21	(462)	13,286	32,143	(1)	32,143
MRF PPE	1,962	(441)	1,521	-	-	-	(27)	349	2,312	(468)	1,844
Work in progress	843	-	843	1,029	-	(360)	-	-	1,512	-	1,512
Council total	217,732	(7,071)	210,662	5,548	(329)	(330)	(3,853)	74,509	290,261	(4,053)	286,209
Subsidiary buildings	432	(169)	263	-	-	-	(8)	-	432	(177)	255
Subsidiary plant & equip	1,623	(887)	736	94	(188)	-	(140)	-	1,530	(851)	679
Group total	219,788	(8,126)	211,661	5,642	(517)	(330)	(3,999)	74,509	292,223	(5,080)	287,143

Core infrastructure asset disclosures

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

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

	Closing book value on 30 June \$000	Additions constructed by the Council \$000	Additions transferred to the Council \$000	Replacement cost estimate for revalued assets \$000
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
2022				
Water supply:				
- treatment plants and facilities	6,602	789	-	13,586
- other assets	24,715	525	-	41,433
Sewerage:				
- treatment plants and facilities	13,224	323	-	18,058
- other assets	18,919	136	-	28,635
Stormwater drainage	7,988	-	-	11,974
Roads and footpaths	167,187	1,969	-	196,137

Replacement cost differs to the closing book value (carrying amounts) because the closing book values are determined using depreciated replacement cost. Replacement costs were determined on 30 June 2022 for all disclosed categories.

21 Intangible assets

Computer software

Software includes the ERP software, Ozone, supplied by Datacom NZ Ltd. This whole-of-Council software solution provides financial, rates, customer service and regulatory modules. Software also includes library software, Liberty, which now provides an improved cataloguing system.

Last year (2021), the Council 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	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
COMPUTER SOFTWARE				
Opening balance 1 July	143	77	143	77
Additions	-	156	-	156
Disposals	-	-	-	-
Amortisation	(45)	(90)	(45)	(90)
Closing balance 30 June	98	143	98	143

22 Payables and deferred revenue

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Current portion				
Payables and deferred revenue under exchange transactions:				
Trade payables, deferred revenue, and accrued expenses	1,660	2,001	1,646	1,937
Marlborough Regional Forestry creditors	11	16	11	16
Salaries and wages	-	-	-	-
Total	1,671	2,017	1,657	1,953
Payables and deferred revenue under non-exchange transactions:				
Rates paid in advance	230	151	230	151
Goods & services tax	-	-	38	-
Deposits and bonds held	283	295	283	295
Environmental Canterbury liability	62	250	62	250
Grant liabilities	990	1,686	990	1,686
Total	1,564	2,381	1,603	2,382
Total current portion	3,235	4,399	3,259	4,335

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.

23 Employee benefit liabilities

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Accrued salaries & wages, PAYE and FBT	47	37	91	100
Annual leave	222	229	335	357
Sick leave	15	11	16	11
Long service leave	19	19	19	19
Total employee benefit liabilities	304	296	461	487

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.

24 Borrowings

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<i>Current</i>				
Secured loans	-	3,000	-	3,000
Short term loan (cash advance)	-	-	-	-
Total current borrowings	-	3,000	-	3,000
<i>Non-current</i>				
Secured loans	5,300	2,000	5,300	2,000
Total non-current borrowings	5,300	2,000	5,300	2,000
Total borrowings	5,300	5,000	5,300	5,000

Security

The Council is a non-guaranteeing member of the Local Government Funding Agency (LGFA). The borrowings are secured against rates of the Council under a debenture trust deed. The Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the Council's Long-Term Plan. The Council has also retained a committed cash advance facility with the Bank of New Zealand (BNZ), secured by negative pledge.

At balance date, \$5,300,000 in borrowings has been drawn with LGFA (2021: \$5,000,000). No loans are held with the BNZ (2021: Nil).

Maturity analysis and effective interest rates

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

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Less than one year	-	3,000	-	3,000
<i>Weighted average effective interest rate</i>	-	0.79%	-	0.79%
Later than one year but not more than five years	4,000	2,000	4,000	2,000
<i>Weighted average effective interest rate</i>	0.93%	0.52%	0.93%	0.52%
Later than five years	1,300	-	1,300	-
<i>Weighted average effective interest rate</i>	0.85%	-	0.85%	-

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

25 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 3.34% to 4.47% (2021: 0.38% to 4.30%), and a multi-factored inflation rate ranging from 1.76% to 3.87% (2021: 1.88% to 2.0%).

CURRENT VS. NON-CURRENT	COUNCIL & GROUP	
	2022 \$000	2021 \$000
<i>Current</i>		
Landfill aftercare costs	-	-
<i>Non-current</i>		
Landfill aftercare costs	1,445	1,548
Total provisions	1,445	1,548

MOVEMENTS IN PROVISIONS	COUNCIL & GROUP	
	2022 \$000	2021 \$000
Opening balance 1 July	1,548	1,616
Amount used	-	-
Unwinding of landfill provision	-	-
Additional provisions made	(103)	(68)
Closing balance 30 June	1,445	1,548

26 Other term liabilities

	COUNCIL & GROUP	
	2022 \$000	2021 \$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	416	408
Total other term liabilities	416	408

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.

				2022 \$000
Marlborough District Council loan	KDC share at 11.5%	5,897,987	11.5%	678,269
Kaikōura District Council loan	KDC's claim from MDC's share	766,405	88.5%	(678,269)
Total liability				-

27 Equity

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Public equity	115,080	111,703	116,116	112,801
Special reserves & special funds	4,089	7,432	4,089	7,432
Asset revaluation reserves	166,333	92,130	166,333	92,130
Total equity	285,503	211,265	286,540	212,363

Public Equity

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Opening balance 1 July	111,703	105,668	112,801	106,614
Net surplus/(deficit)	(227)	6,984	(289)	7,136
Change to opening balance of special funds and reserves		-		-
Transfers (to)/from special reserves	1,702	(2,600)	1,702	(2,600)
Transfers (to)/from special funds	1,641	1,651	1,641	1,651
Transfer (to)/from revaluation reserve on disposal	261	-	261	-
Closing balance 30 June	115,080	111,703	116,116	112,801

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	199	1,341	(888)	652
East Coast water	Maintenance, administration, upgrading and loan costs	23	86	(83)	26
Kincaid water	Maintenance, administration, and upgrading costs	191	94	(79)	206
Fernleigh water	Maintenance, administration, and upgrading costs	47	92	(101)	38
Roading	Maintenance and upgrading of local roads and bridges	1,768	1,874	(3,376)	266
Roading events	Responding to flooding and other events, and repairing damage to roads and bridges	185	33	(48)	170
Footpaths & streetlights	Maintenance, administration, upgrading and loan costs	18	265	(263)	20
Recycling	Recycling collection and sorting, and recycling stations	35	205	(185)	55
District Plan	All costs in relation to the District Plan	61	214	(280)	(5)
Stormwater	Maintenance, administration, upgrading and loan costs	191	116	(130)	177
Sewerage	Maintenance, administration, upgrading and loan costs	245	625	(647)	223
Tourism & Marketing	Support for the i-Site and Destination Kaikōura	(38)	224	(225)	(39)
Commercial Rate	A portion of the cost of providing traffic control, public toilets, public rubbish bins	-	120	(127)	(7)
Harbour	South Bay & North Wharf maintenance, administration, upgrading and loan costs	708	(270)	(298)	140
Registered Premises	The net cost of food and liquor premises inspection and certification	-	160	(160)	-
West End town centre	Car park, village green, public toilets and town centre maintenance, administration, upgrading and loan costs	-	117	(137)	(20)
Civic centre	Maintenance, administration, upgrading and loan costs	(409)	387	(351)	(373)
Stock control	All costs including enforcement and control	29	-	(8)	21
Earthquake – Roothing	Roothing rebuild associated with the November 2016 quake	-	220	(220)	-
		3,253	5,906	(7,608)	1,551

	Purpose	Opening balance \$,000s	Transfers in \$,000s	Transfers out \$,000s	Closing balance \$,000s
Special funds					
Social services	Social projects & committee costs	6	-	(1)	5
Tourism strategy	Tourism strategy costs	35	-	-	35
Creative communities	Arts funding available by application	12	23	(28)	7
George Low bequest	Sports & recreation funding available by application	55	9	(4)	60
Economic development	Economic development projects	40	-	(30)	10
3W Stimulus Package	Improvements to drinking water supplies and wastewater treatment systems	457	564	(1,395)	(374)
Forestry	Net costs of forestry, and surpluses for strategic investment	1,087	11	(11)	1,087
Significant natural areas	Biodiversity projects	22	-	-	22
Parks & reserves	Upgrades and new parks/reserves assets	65	57	-	122
Pensioner flats	Maintenance, upgrades, administration, and loan costs	41	120	(136)	25
Community facilities	Maintenance, upgrades, administration, and loan costs	1,048	354	(377)	1,025
Waste minimisation levy	Waste minimisation project	56	22	-	78
Landfill development	New/upgrades to landfill	81	-	(81)	-
Landfill aftercare	Landfill closure expenses	146	8	-	154
Library grants	Library resources	4	-	(2)	2
Family violence	Service coordination	30	18	(18)	30
Mayoral fund	Discretionary funds	32	1	-	33
Airport	Debt Repayment and capital projects	98	99	(137)	60
Responsible Camping	Grant funding for bylaw & enforcement	116	46	(27)	135
Financial Sustainability	Financial & Corporate Sustainability (FCS) DIA funded review	161	-	(29)	132
Winter warmer project	Weather-proof and heating work for EQ damaged homes	31	-	(31)	-
Communication Assistant	Covid-19 communication assistance	-	13	(13)	-
Legal challenges	Court costs and legal advice	100	3	(3)	100
Three Waters EQ Fund	Water, sewer and stormwater rebuild	-	164	(164)	-
Building accreditation	Building control authority accreditation	181	26	(40)	167
Wakatu Quay	PGF funded Wakatu Quay project	249	500	(1,108)	(359)
South Bay feasibility	PGF funded South Bay Project	-	573	(607)	(34)
Environmental planning fund	Environmental projects and grants	28	-	(10)	18
		4,179	2,613	(4,255)	2,538

Asset Revaluation Reserves

	COUNCIL & GROUP	
	2022 \$000	2021 \$000
Opening balance 1 July	92,130	85,639
Revaluation gains/(losses)	74,507	6,504
Transfer to Public Equity	(257)	
Environment Canterbury's share of MRF Revaluation (gains)/losses	(47)	(12)
Closing balance 30 June	166,333	92,130

The Asset Revaluation Reserves consist of:

	COUNCIL & GROUP	
	2022 \$000	2021 \$000
Land	10,263	5,369
Buildings	9,182	3,651
MRF Land & Improvements	469	(18)
Library Books	65	65
Roading	108,133	73,121
Stormwater	5,372	2,083
Water Supply	19,456	7,569
Sewerage	13,286	-
Other Assets	107	289
	166,333	92,130

28 Remuneration

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$238,963 (2021: \$220,703).

Elected Representatives

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

	COUNCIL	
	2022 \$000	2021 \$000
Mayor Craig Mackle	84	84
Deputy-Mayor Julie Howden	40	40
Councillor Vicki Gulleford	32	26
Councillor Lisa Bond	27	26
Councillor Tony Blunt	27	26
Councillor Neil Pablecheque	27	26
Councillor Robby Roche	27	26
Councillor Derrick Milton	27	26
Total elected representative remuneration	291	282

Key management personnel

Key management personnel include the Mayor, Councillors, Chief Executive, and Senior Managers.

	COUNCIL & GROUP	
	2022 \$000	2021 \$000
Total key management personnel remuneration	897	866
Total full-time equivalent key management personnel	11	11

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

Council employees

At balance date, the Council employed 22 full-time employees (2021: 26), with the balance of staff representing 9 full-time equivalent employees (2021: 7.5). A full-time employee is determined based on a 35-hour working week.

COUNCIL			
Total annual remuneration by band for employees on 30 June:			
	2022		2021
<\$60,000	15	< \$60,000	17
\$60,000 - \$79,999	8	\$60,000 - \$79,999	9
\$80,000 - \$139,999	8	\$80,000 - \$139,999	7
\$140,000 - \$239,999	3	\$140,000 - \$239,999	3
Total employees	34	Total employees	36

During the year, the Council made no severance payments to employees (2021: Nil).

29 Financial instrument categories

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

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Loans and receivables				
Cash & cash equivalents	2,790	5,436	3,066	5,777
Trade & other receivables	1,018	1,489	1,083	1,518
Other financial assets	217	202	142	107
	4,025	7,127	4,290	8,121
Financial liabilities at amortised costs				
Trade & other payables	3,235	4,399	3,221	4,335
Secured loans	5,300	5,000	5,300	5,000
MRF share held on behalf of Environment Canterbury	416	408	416	408
	8,951	9,807	8,937	9,743

30 Taxation

The Council's harbour activities attract taxation. A deferred tax asset has not been recognised in relation to unused tax losses of \$971,893 (2021: \$947,316), which are available to carry forward and offset against future taxable profits. The tax effect of the losses is \$272,130 (2021: \$265,248), based on a tax rate of 28%.

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Components of tax expense recognised in statement of comprehensive revenue and expense:				
Current Taxation	-	-	-	68
Deferred Taxation	-	-	(28)	(2)
Income tax expense	-	-	(28)	66
Components of deferred tax recognised directly in equity:				
	-	-		-
Income tax expense	-	-	(28)	66
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	(227)	6,984	(317)	7,202
Tax at 28%	-	1,955	(17)	2,016
<i>Add/(less) tax effect of:</i>				
(Non-taxable Income)	-	(1,955)	-	(1,961)
Non-deductible expenditure	-	-	-	-
Deferred Taxation	-	-	(11)	11
	-	-	(28)	66
Movement in tax (refund)/payable:				
Balance at start of year	-	-	43	35
Taxation (paid)/refunded	-	-	(69)	(60)
Provided for this year	-	-	-	68
Balance at the end of the year	-	-	(26)	43

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)
	2022 Group only			
	Balance 30/6/2021	Recognised in income	Recognised in equity	Balance 30/6/2022
Property, plant, and equipment	(50)	12	-	(38)
Employee benefits	29	(4)	-	26
Accrued expenses	-	-	-	-
Losses to carry forward	-	19	-	19
	(21)	27	-	7

Innovative Waste Kaikōura Limited recognises its tax obligations.

31 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	
	2022 \$000	2021 \$000
Current assets	7	25
Non-current assets	3,881	3,741
Total assets	3,888	3,766
Current liabilities	11	16
Non-current liabilities	766	695
Total liabilities	777	711
Share of net assets employed	3,111	3,055
Share of net surplus/(deficit)	(297)	(321)

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

32 Related party transactions

Intergroup

Innovative Waste Kaikōura Ltd

During the year, through the ordinary course of business, the Council has paid \$1,680,530 (including GST) in fees and grants to Innovative Waste Kaikōura Ltd (2021: \$1,656,673 excluding GST) and received \$45,860 (including GST) from Innovative Waste Kaikōura Ltd (2021: \$4,950 excluding GST). 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 \$159,692 (including GST) (2021: \$247,577) payable by the Council to Innovative Waste Kaikōura Ltd and \$17,078 (including GST) (2021: \$11,385) 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 2022 is \$3,297 (2021: \$3,204).

Key management personnel

Key management personnel include 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 (2021: \$nil).

33 Commitments as lessee, and contingent liabilities

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

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<i>Non-cancellable operating leases as lessee</i>				
Not later than one year	24	23	24	23
Later than one year and not later than five years	25	48	25	48
Later than five years	-	-	-	-
	49	71	49	71

Capital commitments

CONTRACTS	COUNCIL & GROUP	
	2022 \$000	2021 \$000
Peninsula Reservoir	-	261
Minor structural repairs for 14 bridges	-	-
3 Waters reticulation earthquake repairs	-	-
	-	261

Housing NZ Corporation funding

Housing New Zealand Corporation has provided \$497,776 (2021: \$497,776) towards the construction of social housing. This advance would be payable if the Council were to withdraw its investment in that housing. The advance was stated as grant revenue in the 2009 financial year.

Superannuation schemes

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

On 31 March 2022, the scheme had a past service deficit of \$0.595 million excluding Employer Superannuation Contribution Tax (2021: \$1.262 million surplus). 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 an employer contribution rate sufficient to meet the accrued and future liabilities of the scheme. Based on the latest review, completed on 31 March 2021, the Actuary recommended an employer contribution rate of between two- and four-times contributors' contributions from 1 April 2022. If the Board remained with the investment strategy applicable on 31 March 2022, the Actuary recommended an employer contribution rate of two times contributor contributions and, if the Board move to a more conservative investment strategy, the Actuary recommended an employer contribution rate of four times contributor contributions. The Board resolved to move toward a more conservative strategy and therefore retain the employer contribution rate at four times contributor contributions, applicable from 1 April 2022.

34 Commitments as lessor, and contingent assets

The New Zealand Emissions Trading Scheme

The New Zealand Emissions Trading Scheme (ETS) became law on 28 September 2008 with the passing of the Climate Change Response (Emissions Trading) Amendment Act 2009 (the Act). The Act provides for carbon credits to be

allocated to owners of pre 1990 forest land pursuant to the New Zealand governments' Allocation Plan. Marlborough Regional Forestry is registered. Additionally, MRF has registered its post 1989 forestry which will entitle it to emission units as carbon is sequestered through forestry growth. The Council has no other post 1989 forestry that is eligible to enter in the Scheme.

Under the ETS, both the Council and MRF will have an obligation to account for any emission released as a consequence of deforestation of pre 1990 land by surrendering credits equal to the extent of that emission. The Council has no liability for deforestation on 30 June 2022, either on its own account or as a joint venture operation partner in MRF (2021: Nil).

Non-cancellable operating leases as lessor

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

	COUNCIL		GROUP	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Not later than one year	199	222	199	222
Later than one year, but not later than five years	446	516	446	516
Later than five years	498	573	498	573
	1,143	1,310	1,143	1,310

35 Insurance on assets

Buildings and building contents

The assets covered by the Council's material damage policy carry a total depreciated value on 30 June 2022 of \$45,460,748 (2021: \$36,454,131), and have a total sum insured of \$40,417,786 (2021: \$39,489,494). The insured value takes into account the cost to replace/rebuild the assets including demolition (if any). The carrying value of buildings has been revalued on 30 June 2022, including both community buildings and infrastructure buildings such as pump stations and reservoirs. The remainder of assets (e.g., contents such as furniture, artwork, and computer equipment) are stated at their last known market value less depreciation, and after impairment (if any). The Council has an excess of \$10,000 for any one claim.

Vehicles and plant

Vehicles and plant have a total asset value on 30 June 2022 of \$100,706 (2021: \$94,729), with insurance cover for replacement value of \$159,900 (2021: \$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 \$56,031,687 (2021: \$67,377,585), 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 on 30 June 2022 of \$33,950,370 (2021: \$26,776,103).

Roads, bridges, and footpaths

These assets have a total carrying value on 30 June 2022 of \$113,906,697 excluding land under roads (2021: \$115,124,995). For normal maintenance work, the Council receives 51% subsidy from the NZTA (2021: 52%). 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 left the Council to find \$1.25 million, from reserves in the first instance and then from loans. On 30 June 2022, the Council has no cash in the roading special reserve, having spent all available funds on emergency roading repairs (2021: \$Nil).

There is \$4,018,694 of assets that the Council considers to be uninsured within this group of activities (2021: \$4,117,883). These include sea walls and footpaths.

36 Explanation of major variations against budget

The significant variances to budget are detailed below.

Statement of Comprehensive Revenue & Expense

The Council's financial operating result for the year ended 30 June 2022 was a small deficit of \$227k, against a budgeted surplus for the same period of \$1.74 million.

Revenue was \$16.1 million, less than the budgeted \$16.9 million. While the result is relatively close to budget, there were significant ups and downs within Council's activities. Additional revenue included ongoing funding for the Mayors Taskforce for jobs, and three-waters stimulus package to improve water and wastewater treatment systems.

That additional revenue was offset by subsidies forecast but not received for the Waiiau-Toa/Clarence River bridge, with all progress on the bridge stalled while the Council has tried to work through concerns raised with the Runanga. The Kaikōura Marine Development project had optimistically forecast both the Wakatu Quay project and the South Bay feasibility study to be well-advanced by June 2022 and for \$2.1 million in grant revenue from the Provincial Growth Fund (PGF) to have already been received. We received \$1.07 million. The feasibility study was completed but the Wakatu Quay project had found an interested co-investor who has since withdrawn.

Operating expenditure of \$16.4 million is \$1.2 million more than budget; with \$692k of this variance attributable to depreciation being higher than budget due to the change in values of assets.

Other areas where expenditure exceeded budget were:

- Losses in the value of forestry assets and the value of the Esplanade offices now demolished
- Extra roading maintenance work in preparation for reseals (e.g. drainage repairs and minor works)
- Use of external resources to fill staff vacancies, especially in building and regulatory activities
- Grants paid out due to extra funds received (e.g. Mayors Taskforce for Jobs grants paid to Te Ha)

Statement of Financial Position

The effect of the roading and three-waters valuation is significant on the Council's financial position, with assets increasing by over 35% by revaluation movements alone.

Statement of Cash Flows

Cash decreased over the year by \$2.6 million, to a balance of \$2.8 million on 30 June 2022. Grants received in the 2021 year have progressively been spent.

37 Post balance date events

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 Kaikōura 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 (2021: the same disclosure applied).

38 Breach of statutory deadline

The Council was required under section 98(7) of the Local Government Act 2002 to complete and adopt its audited financial statements and service performance information by 31 December 2022. 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 2022

What is the purpose of this statement?

The purpose of this statement is to disclose the Council’s financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014. Please refer to those regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

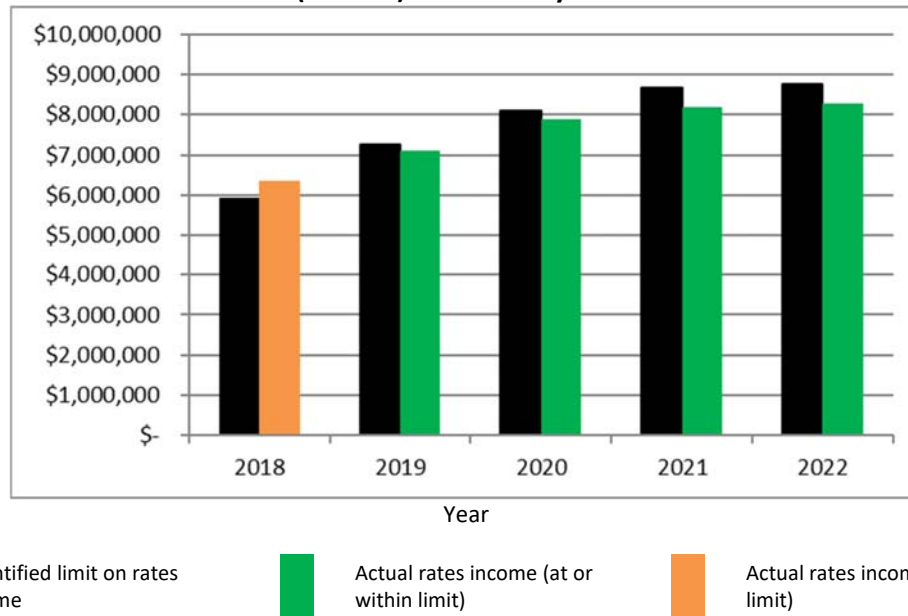
The Council meets the rates affordability benchmark if –

- actual rates income equals or is less than each quantified limit on rates; and
- actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the Council’s actual rates income with the quantified limit on rates increases contained in the financial strategy included in the Council’s LTP. After the 2016 earthquake, and to meet the costs of the earthquake rebuild, the Council set its limit on rates increases to 14% for the 2019 and 2020 financial years, and 10% for the 2021 year. In 2022, with the bulk of the rebuild work complete, the Council set the limit on rates increases to 7.0%. In dollar terms this set a cap for 2022 of \$8,761,879. The Council’s actual rates for the 2022 financial year were \$8,264,607, which is only a 0.93% increase on the previous year, and well within the cap.

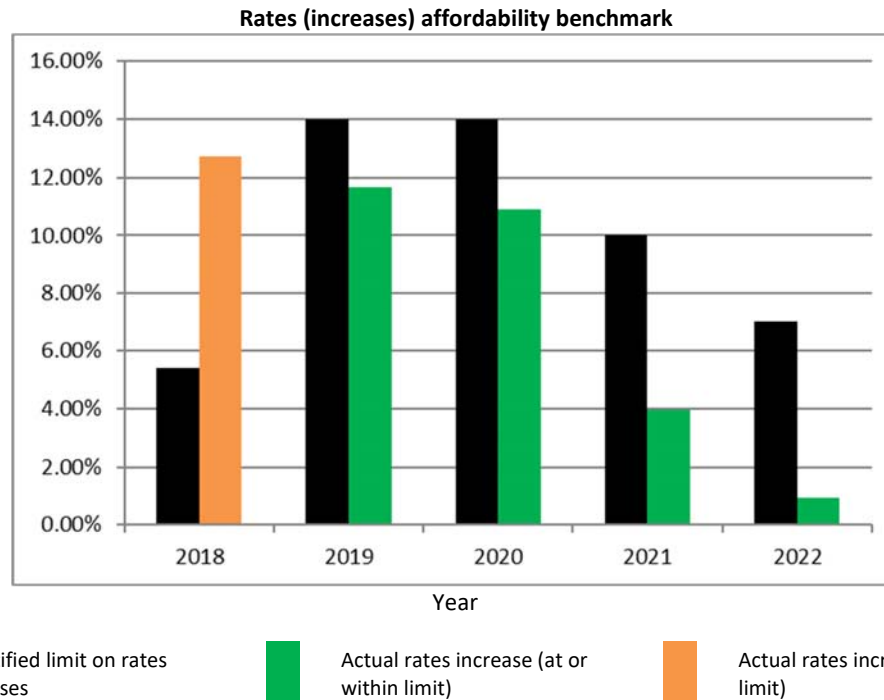
Rates (income) affordability benchmark



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 Council's financial strategy in each of the last five years. The quantified limit is 7% in 2022, and the actual increase was 0.93%.



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.

For the 2019 and 2020 financial years, the Council set its limit on rates increases to 14% 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%.

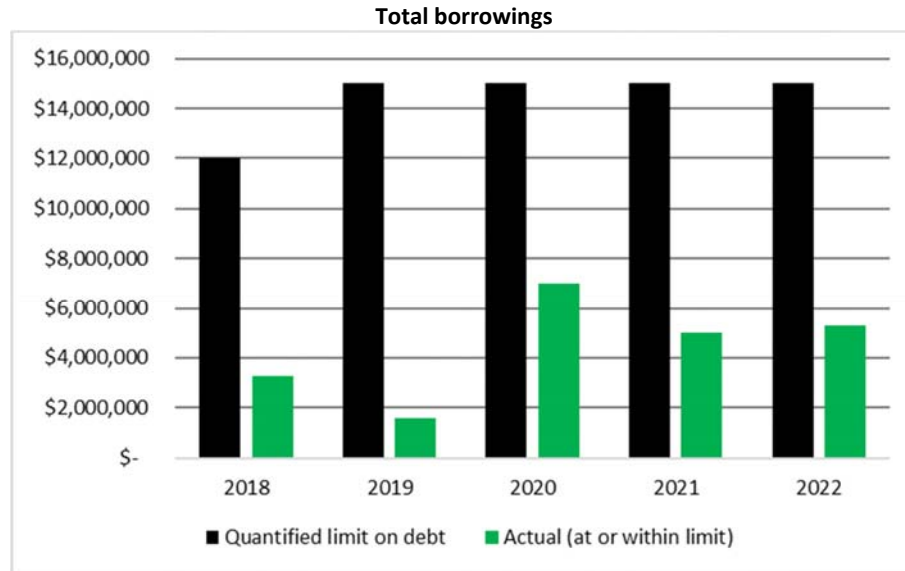
For this 2022 financial year, actual rates revenue was substantially reduced due to new legislation surrounding the rating of Māori Freehold Land (MFL), which required all rates on MFL that met certain criteria be written off and for the land to be non-rateable going forward. This resulted in over \$317k of rates revenue being written off.

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.

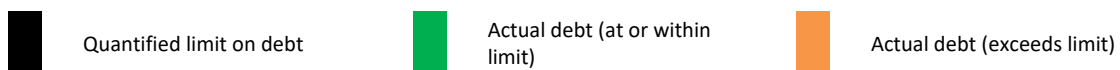
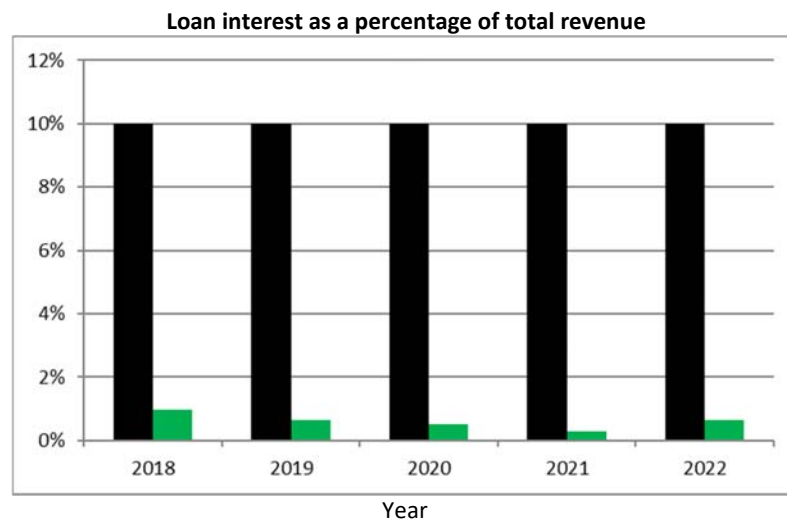
The following graph compares the Council’s actual borrowing with the quantified limit on borrowing stated in the financial strategy included in the Three-Year Plan. The quantified limit is \$15 million.



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. The Council has received external funding for the majority of the rebuild and has not needed to borrow to the extent forecast.

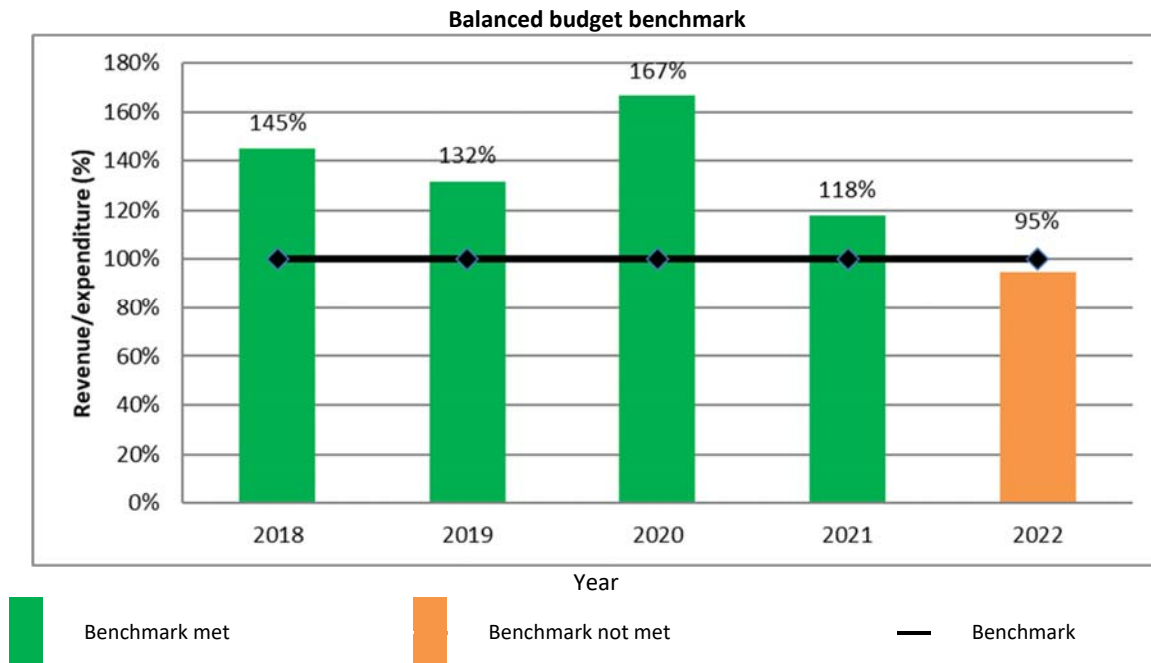
The following graph compares the Council’s actual borrowing with a quantified limit on loan interest as a percentage of total revenue. Loan interest expense is less than 1% due to savings by minimising debt.



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.

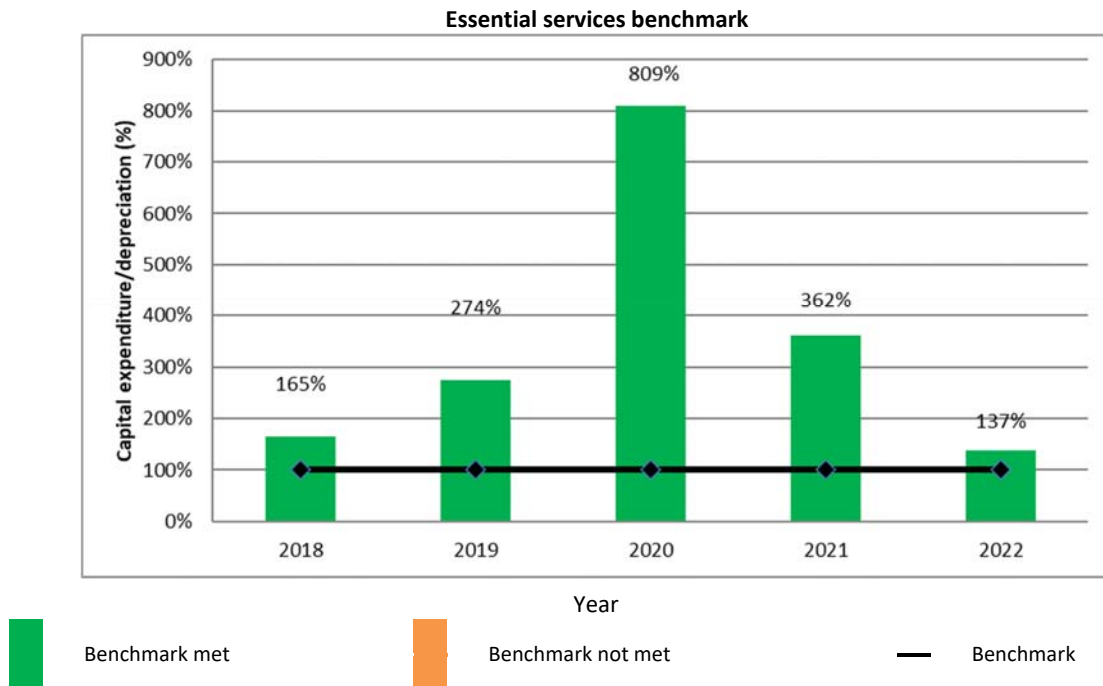


In the years of rebuild following the earthquake, the Council received substantial grants and subsidies to complete the earthquake rebuild projects. Those grants and subsidies are stated as operating revenue in the Council's financial statements, but the rebuild expenses are capital expenditure rather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

In the 2022 financial year, operating expenses exceeded operating revenues for the first time since the earthquake. Operating expenses, however, include non-cash items such as depreciation and fair value losses in the carrying value of forestry and property. The Council does not fund depreciation (which in the 2022 financial year totalled \$3.9 million), and the fair value losses of \$260k were unbudgeted and therefore also not funded.

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.

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

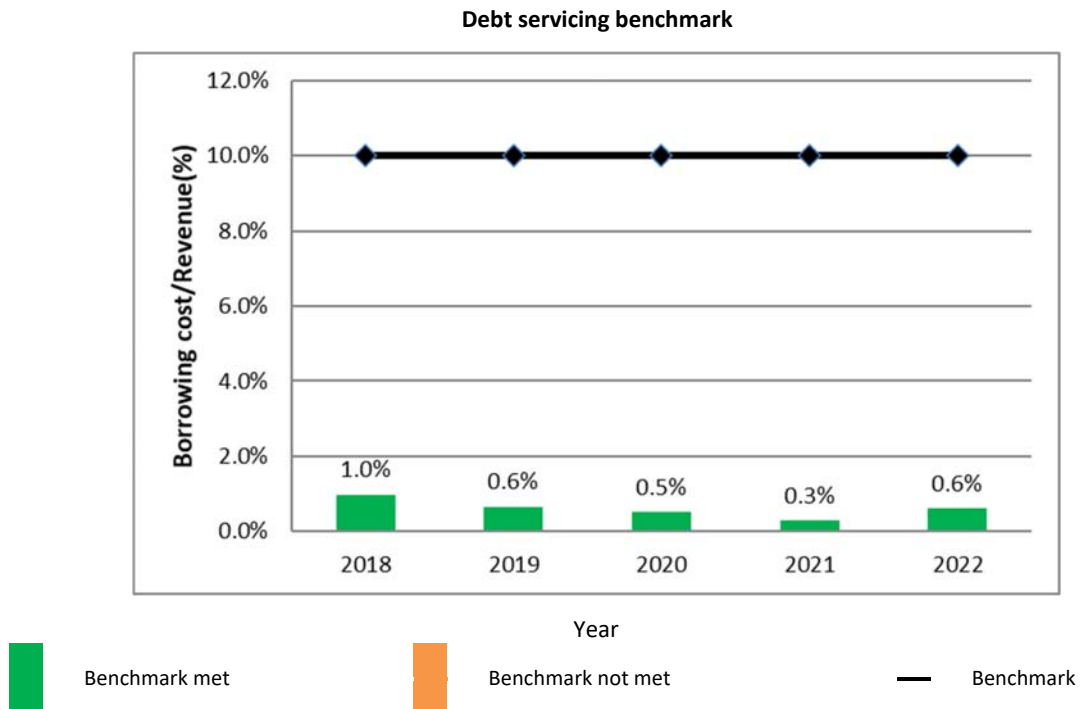
For 2021, the last of the earthquake rebuild projects were completed (except for the Peninsula reservoir, which was delayed by the COVID-19 border closures) and the replacement of the Glen Alton Bridge over the Clarence River.

For 2022, the Council largely returned to business-as-usual renewal works.

Debt servicing benchmark

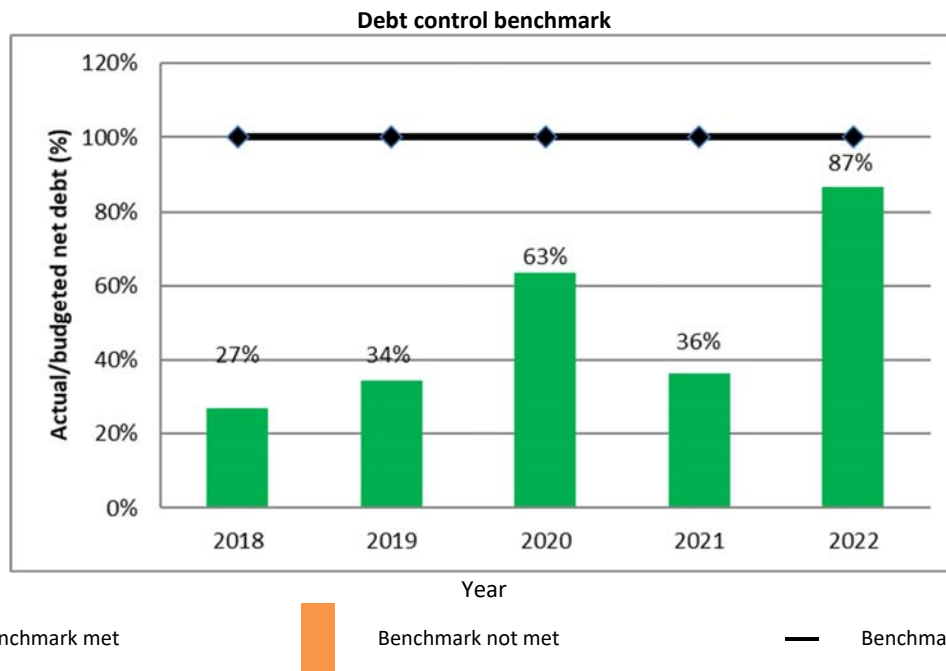
The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

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 2022 financial year, the Council's borrowing costs are 0.6% 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.



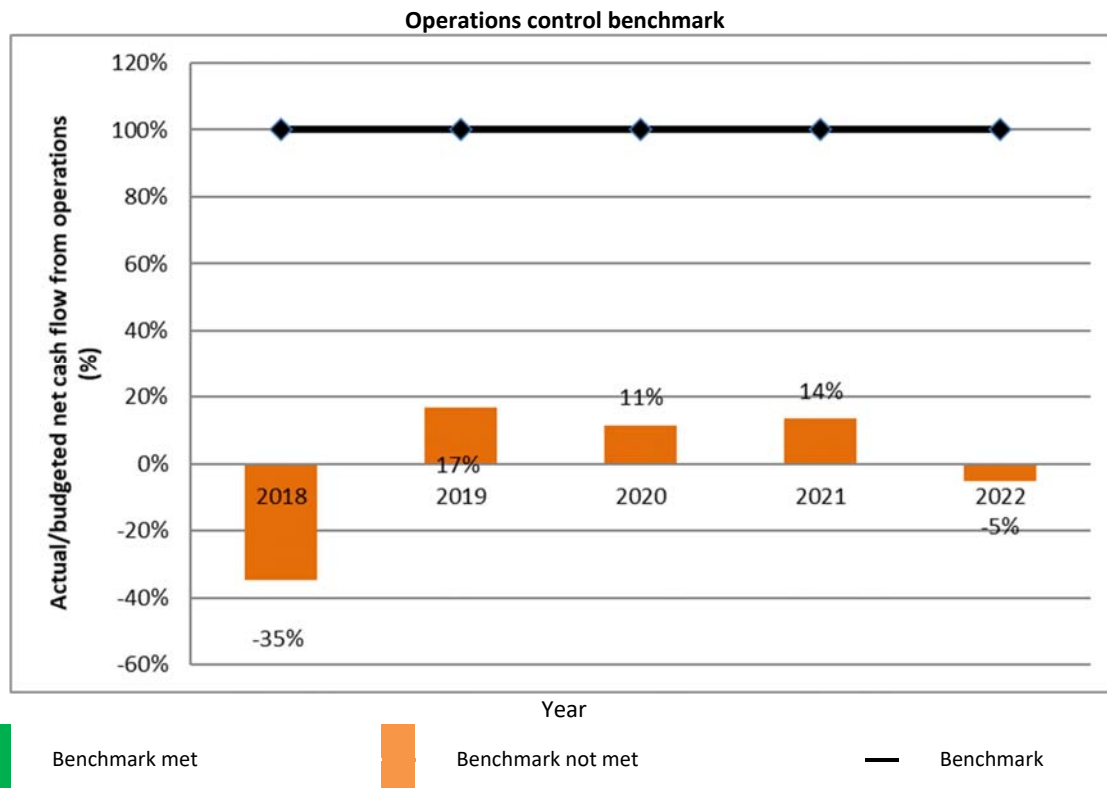
Comment

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 the second instalment for three-waters stimulus funding of \$564k, following the instalment last year of \$940k, ongoing subsidies from Waka Kotahi (NZTA), and others. Not only has this meant loans were not required, but 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.

Notwithstanding this, if the figures were to include grants and subsidies for capital projects, the Council would not have met the benchmark in any of the financial years because the planned grants and subsidies were not received in the financial year they were planned to be received. Specific examples of this are the Waka Kotahi subsidies for the replacement of the Glen Alton bridge and Provincial Growth Fund grants for the Wakatu Quay development (both projects have been significantly delayed and so the funding has not been received).

Funding Impact Statement

For the years ended 30 June (whole of Council)

	2021 Annual Plan \$000	2021 Actual \$000	2022 Annual Plan \$000	2022 Actual \$000
Sources of operating funding				
General rates, UAGCs, rates penalties	3,385	3,422	3,744	3,517
Targeted rates (incl. water meter charges)	4,680	4,767	4,809	4,748
Subsidies & grants for operating purposes	2,985	4,431	1,638	2,429
Fees & charges	1,371	2,520	1,528	1,558
Interest & dividends from investments	14	6	7	10
Fuel tax, fines, infringement fees & other receipts	389	761	78	329
Total operating funding (A)	12,824	15,907	11,805	12,591
Applications of operating funding				
Payments to staff and suppliers	13,391	14,425	11,843	12,132
Finance costs	134	69	118	93
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	13,525	14,494	11,961	12,225
Surplus/(deficit) of operating funding (A-B)	(701)	1,413	(156)	366
Sources of capital funding				
Subsidies & grants for capital expenditure	14,191	7,360	4,976	2,095
Development and financial contributions	-	18	125	153
Increase/(decrease) in debt	3,772	(2,000)	1,214	300
Gross proceeds from sale of assets	143	-	250	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	18,106	5,379	6,565	2,548
Application of capital funding				
Capital expenditure				
- To meet additional demand	4,793	254	3,894	599
- To improve the level of service	1,307	1,223	2,623	1,042
- To replace existing assets	6,367	7,597	4,716	4,011
Increase/(decrease) in reserves	4,938	(2,281)	(4,824)	(2,738)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	17,405	6,792	6,409	2,914
Surplus/(deficit) of capital funding (C-D)	701	(1,413)	156	(366)
Funding balance ((A-B) + (C-D))	-	-	-	-

Other Information

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 a Council Controlled Organisation (CCO) under the provisions of the Local Government Act 2002, because the Council appoints its trustees. The Council resolved to exempt the Kaikōura Enhancement Trust from being a CCO, however that exemption has now expired.

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 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 several performance measures in its Statements of Intent, and actual performance is reported as follows.

Financial Performance Targets

	2020/2021 Actual	2021/2022 Target	2021/2022 Actual	Achieved
Revenue	\$2,765,450	\$2,308,499	\$2,293,079	No
Net Profit After Tax	\$236,160	\$170,175	(\$32,441)	No
Return on Equity	21%	10%	(3%)	No
Equity	\$1,110,861	\$1,021,296	\$972,486	No
Liquidity Ratio	3.01%	1.31%	2.24%	Yes
Wages as a % of revenue	48.23%	53.38%	52.54%	Yes
R&M as a % of revenue	1.54%	6.38%	1.96%	Yes

Operational Performance Targets

Target	Performance target to achieve the output	Achievements to 30 June 2021	Achievements to 30 June 2022
Client satisfaction	98% of all urgent or callouts, applicable to the contract are responded to within one hour or two hours respectively from the time of the notification to the time that service personnel depart to site.	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.	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, the system became operational in June 2022. All 0800 calls are captured on invoice spreadsheet sent to KDC. 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 or entered through the Service Request portal on KDCs website for KDC to record in Ozone. 1 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 – Mill Road
Contractual or legal obligations	Compliance with and provision of all KPI information as per contracts.	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	Measure not relevant for 2022 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 a quarterly review attached.
	Obtaining an unqualified audit opinion	Not achieved Not achieved due to SSP audit qualification	Not achieved Qualified Audit opinion received in 2021/22 – in relation to the Statement of Service Performance.

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 in relation to IWK's contracts or works.
	The number of complaints received per year being due to a service request not being actioned appropriately is less than 10.	Achieved 0 complaints in total	Achieved 3 complaints in total.
Health & Safety	5% reduction in TRIF (Total Recordable Incident Frequency) accident rates	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)).	Achieved TRIFR rate for 2021/22 was 131.48 (18 TRI x 200,000/27,116 (hours worked)). TRIFR rate for 2021/22 was 79.86 (12 TRI x 200,000/30,053 (hours worked)).
	LTIFR (LTI per 200,000 hours worked) <6	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).	Achieved LTIFR rate for 2021/22 was 0.00 (0 LTI x 200,000/30,053 (hours worked)).
Staff Engagement	Staff Engagement score at 4.0 or better	Not achieved Average engagement score of 4.0	Not achieved Average engagement score of 3.9 – survey undertaken in August 2022 due to workloads of the research company used.
Diversion from Landfill	55% as per Ministry for the Environment methodology	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.	Achieved 55.9%

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 in the year to 30 June 2022)***



K A I K O U R A
T O O G O O D T O W A S T E