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

Financial overview

Statement of Comprehensive Revenue & Expense

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

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

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

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

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

Explanation of major variances against budget

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

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

Statement of comprehensive revenue and expense

For the year ended 30 June 2024

		Council			Group	
	Note	**Actual 2024 $'000**	**Budget 2024 $'000**	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Revenue						
Rates	5	**9,625**	**9,384**	9,036	**9,625**	9,036
Fees & charges	6	**1,820**	**1,734**	1,824	**2,690**	2,776
Development contributions		**12**	**44**	40	**12**	40
Grants & subsidies	7	**7,962**	**20,483**	4,911	**7,936**	4,911
Interest revenue	8	**106**	**3**	39	**106**	39
Other revenue	9	**434**	**113**	403	**434**	449
Gains	15,10	**707**	**-**	3,040	**707**	3,040
Total revenue		**20,666**	**31,761**	19,293	**21,510**	20,291
Expenses						
Personnel costs	11	**(3,562)**	**(3,837)**	(3,322)	**(4,762)**	(4,395)
Depreciation & amortisation	12	**(5,233)**	**(6,247)**	(4,659)	**(5,349)**	(4,786)
Finance costs	8	**(322)**	**(327)**	(215)	**(330)**	(220)
Other expenses	13	**(8,598)**	**(8,633)**	(8,564)	**(8,324)**	(8,486)
Losses	10	**(619)**	**-**	(211)	**(619)**	(211)
Total expenses		**(18,334)**	**(19,045)**	(16,971)	**(19,384)**	(18,098)
Operating surplus before tax and share of equity accounted investments		**2,332**	**12,716**	2,322	**2,126**	2,193
Environment Canterbury share of Marlborough Regional Forestry (surplus) / deficit	14	**(55)**	**-**	(38)	**(55)**	(38)
Surplus before tax	4,33	**2,277**	**12,716**	2,284	**2,071**	2,155
Income tax expense	33	**-**	**-**	-	**(42)**	29
Surplus from continuing operations		**2,277**	**12,716**	2,284	**2,029**	2,184
Other comprehensive revenue & expenses						
Gains/(losses) on asset revaluation	10,15	**10,269**	**-**	191	**10,269**	191
Total other comprehensive revenue & expense		**10,269**	**-**	191	**10,269**	191
Total comprehensive revenue & expense		**12,546**	**12,716**	2,475	**12,298**	2,375

Surplus is attributable to:

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

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

Statement of financial position (continued)

	Note	Council Actual 2024 $'000	Budget Budget $'000	Actual 2023 $'000	Group Actual 2024 $'000	Actual 2023 $'000

Kaikoura District Council
Statement of financial position
As at 30 June 2024

Statement of financial position
As at 30 June 2024

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

Statement of financial position (continued)

	Note	Council Actual 2024 $'000	Council Budget Budget $'000	Council Actual 2023 $'000	Group Actual 2024 $'000	Group Actual 2023 $'000
EQUITY						
Asset revaluation reserves	30	**176,793**	**166,644**	166,525	**176,718**	166,450
Accumulated funds	30	**119,940**	**130,831**	117,660	**120,701**	118,671
Asset revaluation reserves	30	**-**	**-**	-	**-**	-
Special reserves & special funds	30	**3,802**	**4,380**	3,805	**3,802**	3,805
Equity	30	**300,535**	**301,855**	287,990	**301,221**	288,926
Total equity		**300,535**	**301,855**	287,990	**301,221**	288,926
Total liabilities & equity		**317,772**	**313,857**	299,461	**318,663**	300,547

Statement of cash flows
For the year ended 30 June 2024

	Note	Council			Group	
		Actual 2024 $'000	**Budget 2024 $'000**	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Operating activities						
Receipts from rates (excl. water meter charges)		**9,552**	**9,243**	8,823	**9,552**	8,823
Interest received		**106**	**3**	39	**106**	39
Receipts from other revenue		**4,429**	**21,609**	5,131	**5,371**	5,969
Payments to supplier and employees		**(12,900)**	**(12,520)**	(11,848)	**(13,872)**	(12,756)
Interest paid		**(322)**	**(327)**	(215)	**(324)**	(219)
GST (net) and company tax		**(148)**	**-**	145	**(127)**	151
Net cash flow from operating activities		**717**	**18,008**	2,075	**706**	2,007
Investing activities						
Grants received for purchase of assets		**4,523**	**-**	2,825	**4,523**	2,825
Purchase of property, plant & equipment		**(8,035)**	**(18,447)**	(4,313)	**(8,077)**	(4,393)
Sale of property, plant & equipment		**55**	**150**	-	**55**	6
Purchase of forestry assets		**-**	**-**	-	**-**	-
Sale of forestry assets		**-**	**-**	17	**-**	17
Purchase of investment properties		**-**	**(4,436)**	-	**-**	-
Sale of other financial assets		**-**	**-**	20	**-**	20
Purchase of other financial assets		**(30)**	**-**	-	**(50)**	-
Net cash flow from investing activities		**(3,487)**	**(22,733)**	(1,451)	**(3,549)**	(1,525)
Financing activities						
Proceeds from borrowings		**2,000**	**3,000**	-	**2,078**	50
Repayment of borrowings		**-**	**-**	-	**(58)**	(60)
Net cash flow from financing activities		**2,000**	**3,000**	-	**2,020**	(10)
Net increase/(decrease) in cash & cash equivalents		**(770)**	**(1,725)**	624	**(823)**	472
Cash and cash equivalents at the beginning of the year		**3,414**	**3,340**	2,790	**3,538**	3,066
Cash and cash equivalents at the end of the year	16	**2,644**	**1,615**	3,414	**2,715**	3,538

1 Statement of accounting policies

1.1 Reporting entity

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

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

Statement of compliance

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

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

Measurement base

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

Presentation currency and rounding

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

Changes in accounting policies

There have been no changes to the accounting policies.

2.2 Basis of consolidation

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

Subsidiaries

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

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

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

2 Summary of significant accounting policies (continued)

Joint operations

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

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

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

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

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

2.3 Revenue

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

Rates revenue

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

Water billing revenue

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

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

Other grants and subsidies received

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

Donations and bequests

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

Provision of services

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

Sales of goods

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

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

2 Summary of significant accounting policies (continued)

Agency arrangements

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

Interest and dividends

Interest revenue is recognised using the effective interest method.

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

Development contributions

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

2.4 Borrowing costs

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

2.5 Grant expenditure

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

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

2.6 Foreign currency transactions

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

2.7 Income tax

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

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

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.8 Leases

Finance leases

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

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

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.10 Debtors and other receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates receivable

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If the payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criterial of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

2.11 Derivative financial instruments and hedge accounting

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

2 Summary of significant accounting policies (continued)

2.12 Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans
Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost
Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE
Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity.

Subsequent measurement of financial assets at FVTSD
Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue. Other than for derivatives, the Council and group has no instruments in this category.

Expected credit loss allowance (ECL)
The Council and group recognise an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

2 Summary of significant accounting policies (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment and including forward-looking information.

The Council and group consider a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

The Council measures ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Shares in subsidiaries (at cost)
The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

2.13 Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition. Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first-in first-out (FIFO) method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

2.14 Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised in the surplus or deficit up to the level of any impairment losses that have previously been recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

2.15 Property, plant and equipment

Property, plant, and equipment consists of:

(i) Operational assets

These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

(ii) Restricted assets

Restricted assets are parks and reserves owned by the Entity and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

2 Summary of significant accounting policies (continued)

(iii) Infrastructure assets

Infrastructure assets are the fixed utility systems owned by the Entity and Group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation, and impairment losses. The asset classes recorded at cost are office equipment, vehicles and plant, park furniture and other assets, library books, artwork, and harbour assets.

Revaluation

Those asset classes that are revalued are valued on a three yearly cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

(i) Operational land and buildings

As key properties, the Civic Centre, the former office building, and the memorial hall were valued to component level by Cameron Ferguson, (Registered Valuer, B. Com, VPM) of Quotable Value NZ on 30 June 2022. The balance of land and buildings were valued effective on 30 June 2022 by Cameron Ferguson, (B. Com, VPM) of Quotable Value NZ, at fair value as determined from market-based evidence. Where fair value is not able to be reliably determined using market-based evidence, depreciated replacement cost is used. Operational assets valued at DRC consist of community centres, library and museum, Carrying values for those specific assets are shown less accumulated depreciation and plus any subsequent additions at cost.

(ii) Restricted land and buildings

The most recent valuation was performed by Cameron Ferguson, (Registered Valuer, B. Com, VPM) of Quotable Value NZ, and the valuation is effective on 30 June 2022 at fair value as determined from market-based evidence. Where fair value is not able to be reliably determined using market-based evidence, depreciated replacement cost is used. Restricted assets valued at DRC consist of public toilets, sports grounds and sports facilities.

(iii) Infrastructure

This includes roads, bridges & footpaths, water systems, sewerage systems and stormwater systems, stated at fair value determined on a depreciated replacement cost basis. The most recent valuation of these assets has been performed by the Council’s inhouse engineers on 30 June 2024, and peer reviewed by WSP Ltd. Roading was not included in the latest valuation.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

2 Summary of significant accounting policies (continued)

The estimated useful economic lives of major classes of assets have been estimated as follows:

	Years	Rate (rounded)
Infrastructural assets		
Roading		
Land and road formation		Not depreciated
Base course	20	4.55%
Bridges	5 - 97	From 1.03% - 20%
Sealed top layer	1 - 42	2.38% - 100%
Kerb and channels	37 - 76	1.32% - 2.70%
Drainage	37 - 42	2.38% - 2.70%
Traffic facilities	1 - 10	10% - 100%
Seawalls	22 - 47	2.13% - 4.55%
Footpath surface	1 - 49	2.04% - 100%
Street lighting	10-27	3.70% - 10%
Subbase		Not depreciated
Stopbanks	30	3%
Sewerage/wastewater		
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%
Water		
Pump stations	12 – 25	From 4% to 8%
Pipes & reticulation	7 – 99	From 1% to 14%
Stormwater		
Catchment mains & reticulation	70 – 99	From 1% to 2%
Structures	19 – 75	From 1% to 6%
Operational assets		
Buildings – structure	20 - 100	From 1% to 5%
Buildings – services	9 – 33	From 3% to 11%
Buildings – internal fit out	5 – 25	From 4% to 20%
Harbour seawall & wharf	10 – 50	From 1.5% to 10%
Computer equipment	5	20%
Plant, vehicles, and machinery	5 - 50	From 2% to 20%
Land		Not depreciated
Library books	12	10%
Library non-books	1	100%
Restricted assets		
Parks & reserves buildings	50	2%
Parks & reserves land		Not depreciated
Parks furniture & other assets	3 – 50	From 1.33% to 30%
Artwork		Not depreciated

In relation to infrastructural assets, depreciation has been calculated at a component level based on the estimated remaining useful lives as assessed by the Council's engineers and independent registered valuers. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

2 Summary of significant accounting policies (continued)

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

2 Summary of significant accounting policies (continued)

Deemed cost

Land under roads, was valued based on fair value of adjacent land determined by Connell Wagner Ltd effective 30 June 2001. On transition to NZ equivalents to IFRS on 1 July 2006, the Council elected to use the fair value of land under roads on 30 June 2001 as deemed cost. Land under roads is no longer revalued.

Library collections

Library Books were valued at 30 June 2007 using actual cost per book, by the Kaikoura District Librarian, and this value has been deemed cost at that date. Library collections are no longer revalued.

Accounting for revaluations

The Council accounts for revaluations of property, plant, and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the other comprehensive revenue and expense and revaluation reserve for that class of asset.

2.16 Forestry assets

Forestry assets owned via the Marlborough Regional Forestry joint operation, and the Council's own forestry assets, are independently revalued annually at fair value less estimated point of sale costs. These valuations are performed by Forme Consulting Group for the joint operation (2023: by Forme Consulting Group). Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

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

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

2.17 Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at cost, including transaction costs. After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer.

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

2.18 Intangible assets

(i) Carbon credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

(ii) Software acquisition

Acquired computer software licences are capitalised on the basis of costs to acquire and bring to use the specific software. Costs associated with maintaining computer software, staff training on software use, and website development and maintenance, are recognised as an expense when incurred. Computer software has a 5-year useful life, and a 20% straight line amortisation rate.

2.19 Impairment of property, plant, and equipment and intangible assets

Non-financial assets that have an indefinite useful life, are not yet available for use and are not subject to amortisation are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

2 Summary of significant accounting policies (continued)

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

(i) Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

(ii) Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash flows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

2.20 Creditors and other payables

Short-term creditors and other payables are recorded at the amount payable.

2.21 Borrowings

Borrowings are initially recognised at their fair value net of transactions costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

2.22 Employee entitlements

(i) Short-term employee entitlements

Employee benefits that the Council expects to be settled within twelve months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Council anticipates it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2 Summary of significant accounting policies (continued)

(ii) Long-term employee entitlements

Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

The Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the board of trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/(deficit) will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. note 36.

The Actuary to the Scheme recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report, the Actuary recommended employer contributions change from zero to 1 times (100%) of the employee's contribution from 1 April 2019.

2.23 Provisions

A provision for future expenditure of uncertain amount or timing is recognised when there is a present obligation (either legal or constructive) because of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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

2.24 Equity

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

The components of equity are:

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

Special and Council-created reserves

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

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

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

Asset revaluation reserves

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

Fair value through other comprehensive revenue and expense reserves

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

2 Summary of significant accounting policies (continued)

2.25 Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position .

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

2.26 Budget figures

The budget figures are those approved by the Council in its 2023/2024 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

2.27 Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a significant activity.

Direct costs are charged directly to significant activities. Indirect costs are allocated to Council activities on a percentage of use basis.

2.28 Statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments, with original maturities of three months or less, in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the statement of cash flows because they flow through the Council’s main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the Council.

3 Critical accounting estimates and assumptions

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Fair value of assets

The Council has performed a fair value assessment of asset values between valuation years, for all its asset types. The assessment shows that inflation and cost pressures are unlikely to have had a material impact on the value of Council owned assets (roads, land, and buildings), and that a valuation outside the normal three-yearly cycle is not required. However the fair value assesment of asset values for three waters indicated a valuation was necessary with a revaluation of these assets completed for 30 June 2024.

(ii) Landfill aftercare provision

Note 28 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

(iii) Infrastructural assets

There are several assumptions and estimates used when performing optimised DRC valuations over infrastructural assets.

These include:

The unit cost rates for valuing the three water assets reflect an average cost rate for local construction. Where there has been recent construction/renewal activity, the actual construction costs are used in place of the existing average rates.

A minimum asset life of three years for assets with expected total useful life of less or equal to 30 years, and a minimum asset life of 10% of asset expected total useful life for assets with expected useful life greater than 30 years and capped at five years.

Earthworks for wastewater lift and monitoring stations and stormwater channel linings have been assigned a residual value of 100% and 80% respectively. A residual value of 50% of programming fees has been allowed for Water supply Human Machine Interface (HMI) assets. A residual value of 0% has been adopted for all other water assets.

If no age or condition information the asset is assumed to be halfway through its expected life.

Critical judgements in applying the Council's accounting policies

Management has exercised the following critical judgements in applying accounting policies for the year ended 30 June 2024:

(i) Classification of property

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

(ii) Service performance reporting (PBE FRS48)

The Council's statements of service performance are formally classified from pages _______. The relevant legislation governing the requirement of reporting the Council's service performance is Part 3 of Schedule 10 of the Local Government Act (2002).

The Council's statements of service performance have been prepared in accordance with Public Benefit Entity (PBE) standards and are for the year ended 30 June unless otherwise stated.

In preparing the statements of service performance, the Council has made judgements on the application of reporting standards and has made estimates and assumptions concerning the measurement of certain service performance targets. The main judgements, estimates and assumptions are discussed below.

Measurement selection and level of aggregation

3 Critical accounting estimates and assumptions (continued)

The service performance measures in this Annual Report are intended to compare the actual results of the activities delivered by the Kaikoura District Council against the targeted levels of service. The service performance measures were originally adopted in the 2021-2031 Long-Term Plan.

The service performance measures are reported to the Council in a half year report, for the period ended 31 December, during the relevant annual period. The annual results are then reported in the relevant annual report for the year to 30 June.

The performance measures were selected to cover quantitative measurement of progress towards the Council's Long-Term Plan and Annual Plan. The final measures included in this Annual Report are broken down into the ten groups of activities, providing a set of measures that give a rounded picture of the non-financial performance of the Council. Each group of activities has a set of measures that were identified through the 2021-2031 LTP involving Council and management, and are linked to the Council's Community Outcomes, goals and objectives. This process ensured the selected measures best reflect the Council's performance and are available in a timely manner.

Several measures pertaining to water supplies, wastewater, stormwater and roading are the mandatory performance measures set under Section 261B of the Local Government Act (2002), the Secretary for Local Government made the Non-Financial Performance Measures Rules (2013).

Satisfaction and complaints

The Council has chosen to report on customer satisfaction (gathered by responses to our Resident & Ratepayer Satisfaction Survey) in 6 out of 87 performance measures, and a further 6 measures on the number of complaints received in relation to services delivered by the Council. While these measures are important, customer satisfaction or complaints are not critical to the functioning of the activity or service. The measures do not require interpretation by the reader. This judgement is not considered to be significant.

Customer service requests (CSRs)

CSRs referred to in a range of measures means requests received by email, telephone, snap-send-solve or through automated telemetry alarm systems, by Council staff and those received by the Council's contractor, Innovative Waste Kaikoura Ltd (IWK).

The Council and IWK do not have integrated systems, and so CSR's received by the Council are entered into the Council's enterprise system and forwarded to IWK as necessary, and IWK's CSR's are entered into a spreadsheet that is sent back to the Council to include in the Council's service performance reporting.

4 Summary revenue and expense for group of activities

	2024 Revenue $'000	2024 Expense $'000	2024 Net result $'000
Activity revenue & expense			
Roading	**5,852**	**(3,677)**	2,175
Water supplies	**1,851**	**(2,538)**	(687)
Wastewater	**796**	**(1,883)**	(1,087)
Stormwater	**54**	**(257)**	(203)
Reuse & recycling	**370**	**(603)**	(233)
Community facilities	**4,297**	**(3,862)**	435
Leadership & governance	**63**	**(1,362)**	(1,299)
Building & regulatory	**1,076**	**(1,694)**	(618)
Community services	**620**	**(1,532)**	(912)
District development	**588**	**(739)**	(151)
Total activity revenue & expense	**15,567**	**(18,147)**	(2,580)
Non-activity revenue & expense			
Plus general rates, uniform annual general charges, and penalties (less remissions)			4,291
Plus interest and dividends received			103
Plus net gain/(losses) on forestry assets			244
Plus gains from vested assets			-
Plus/(less) Landfill change in estimate			34
Plus/(less) gains on investment properties			60
Plus/(less) gains/(losses) on sale or disposal of assets			-
Plus/(less) Environment Canterbury share of MRF surplus/deficit			(55)
Plus/(less) Provision for impairment and expected credit losses			191
Plus/(less) Revaluation in excess of asset revaluation reserve			-
Less bad debt expenses (net of bad debts recovered)			(7)
Total non-activity revenue & expense			4,861
Net surplus/(deficit) per Statement of Comprehensive revenue & expense			2,277

5 Rates

	Council			Group	
	Actual 2024 $'000	**Budget 2024 $'000**	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
General rates	**2,449**	**2,391**	2,226	**2,449**	2,226
Uniform annual general charge	**1,804**	**1,767**	1,695	**1,804**	1,695
Earthquake levy	**109**	**106**	107	**109**	107
Roading rate	**1,052**	**1,028**	912	**1,052**	912
District planning rate	**207**	**202**	306	**207**	306
Kaikoura water annual charge	**816**	**803**	735	**816**	735
Suburban water unit charge	**21**	**20**	19	**21**	19
Ocean Ridge water charge	**47**	**45**	41	**47**	41
East Coast water unit charge	**72**	**84**	83	**72**	83
Kincaid water unit charge	**88**	**88**	79	**88**	79
Fernleigh water unit charge	**152**	**153**	94	**152**	94
Oaro water unit charge	**30**	**30**	27	**30**	27
Peketa water charge	**8**	**8**	7	**8**	7
Stormwater rate	**52**	**51**	55	**52**	55
Sewerage charges	**749**	**701**	677	**749**	677
Commercial rate	**469**	**419**	439	**469**	439
Accommodation sector charge	**69**	**68**	68	**69**	68
Registered premises charge	**36**	**36**	31	**36**	31
Footpath & streetlight rate	**328**	**319**	400	**328**	400
Harbour rate	**62**	**61**	106	**62**	106
Town centre rate	**118**	**115**	94	**118**	94
Kerbside recycling charge	**273**	**268**	260	**273**	260
Public rubbish bin charge	**34**	**33**	33	**34**	33
Civic centre rate	**457**	**448**	407	**457**	407
Rate penalties	**107**	**-**	111	**107**	111
Rates remissions, rebates & write offs	**(133)**	**-**	(114)	**(133)**	(114)
Water meter charges	**149**	**140**	138	**149**	138
	9,625	**9,384**	9,036	**9,625**	9,036

The Local Government (Rating of Whenua Māori) Amendment Act of 2021, which amended the Local Government Rating Act (2002). 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.

6 Fees and charges

	Council			Group	
	Actual 2024 $'000	**Budget 2024 $'000**	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Buildings & resource consents fees	**481**	**607**	568	**481**	568
Lease & rental revenue	**413**	**391**	378	**413**	378
License fees	**220**	**202**	214	**220**	214
Parking & slipway fees	**147**	**143**	121	**147**	121
Other fees & charges	**559**	**392**	543	**1,429**	1,495
Total fees and charges	**1,820**	**1,735**	1,824	**2,690**	2,776

Building & resource consent revenue exceeded forecasts, and cost recoveries were also higher than expected (the on charging of external resources such as consent processing and legal advice).

7 Grants & subsidies

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

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

8 Interest revenue & finance costs

		Council		**Group**	
	Actual 2024 $'000	**Budget 2024 $'000**	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Interest revenue					
Interest on term deposits	**106**	**3**	39	**106**	39
Total financing revenue	**106**	**3**	39	**106**	39
Financing expenses					
Interest on borrowings	**(322)**	**327**	(215)	**(330)**	(220)
Total financing expense	**(322)**	**(327)**	(215)	**(330)**	(220)
Net finance costs	**(216)**	**(324)**	(176)	**(224)**	(181)

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

9 Other revenue

	Council			Group	
	Actual 2024 $'000	**Budget 2024 $'000**	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Share of Marlborough Regional Forestry joint opera	**254**	**-**	256	**254**	256
Petrol tax	**41**	**43**	43	**41**	43
Waste minimisation levies	**68**	**50**	39	**68**	39
Sale of land	**54**	**-**	50	**54**	50
Insurance settlement	**5**	**-**	4	**5**	4
Infringement fees & other revenue	**12**	**20**	11	**12**	57
Total other revenue	**434**	**113**	403	**434**	449

The Council accounts for its 11.5% share of the Marlborough Regional Forestry joint operation revenue. In 2023, the Council sold a land-locked piece of unused land behind properties on Beach Road, to the adjacent landowner.

10 Fair value gains and losses

	Council			Group	
	Actual 2024 $'000	**Budget 2024 $'000**	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Gains					
Forestry asset revaluation gains	**293**	**-**	167	**293**	167
Landfill provision change in estimate	**34**	**-**	576	**34**	576
Gain on changes in fair value of investment property	**380**	**-**	-	**380**	-
Gains from vested asset	**-**	**-**	2,297	**-**	2,297
Total gains	**707**	**-**	3,040	**707**	3,040
Losses					
Loss on sale/disposal of asset	**(250)**	**-**	-	**(250)**	-
Forestry asset revaluation losses	**(49)**	**-**	(21)	**(49)**	(21)
Investment property revaluation losses	**(320)**	**-**	(190)	**(320)**	(190)
Total losses	**(619)**	**-**	(211)	**(619)**	(211)
Gains/(losses) through other comprehensive income expense					
Gain on asset revaluations - refer note 15	**10,269**	**-**	191	**10,269**	191
Total gains/(losses) through other comprehensive expense	**10,269**	**-**	191	**10,269**	191
Net gains	**10,357**	**-**	3,020	**10,357**	3,020

The Council owns an 11.5% share of the Marlborough Regional Forestry, which in 2024 the Council benefited from a 16% increase since the 2023 valuation in the tree crop value, primarily to biological growth and decreased time until harvesting.

The Council’s small plantation at South Bay, however, suffered a loss in value due to the drop in log pricing.

11 Personnel expense

	Council			Group	
	Actual 2024 $'000	**Budget 2024 $'000**	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Salaries, wages, and honorarium	**3,552**	**3,731**	3,300	**4,752**	4,373
Employer contributions to defined contribution plan	**84**	**106**	86	**84**	86
Increase/(decrease) in employee entitlements	**31**	**-**	(64)	**31**	(64)
Direct personnel overheads	**(105)**	**(40)**	-	**(105)**	-
Total personnel expense	**3,562**	**3,797**	3,322	**4,762**	4,395

Employer contributions to defined contribution plans include contributions to KiwiSaver and Super Trust of NZ. Salaries, wages, and honorarium include remuneration expenses relating to the Chief Executive, elected members, and Council employees. See note 31 for further disclosure on these expenses. The increase/decrease in employee entitlements refers to changes in annual leave, sick leave, and long service leave balances.

12 Depreciation & amortisation by group of activity

	Council			Group	
	Actual 2024 $'000	**Budget 2024 $'000**	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Roading	**2,004**	**2,479**	1,806	**2,004**	1,806
Water supplies	**984**	**978**	977	**984**	976
Wastewater	**1,079**	**788**	776	**1,079**	776
Stormwater	**155**	**139**	137	**155**	138
Refuse & recycling	**15**	**76**	30	**131**	157
Facilities	**841**	**1,644**	780	**841**	780
Leadership & governance	**113**	**100**	94	**113**	94
Building & regulatory	**2**	**-**	2	**2**	2
Community services	**40**	**43**	56	**39**	56
Total depreciation & amortisation	**5,233**	**6,247**	4,659	**5,348**	4,786

The Council’s water, wastewater and stormwater assets were revalued at 30 June 2024 with a significant increase in the carrying value of those assets due to construction cost increases.

Conversely, the Wakatu Quay development and Waiau Toa Bridge was expected to be well under way by June 2024, with components of the project budgeted to be fully capitalised and for depreciation to commence. Delays in those project have resulted in depreciation being less than budget for facilities and roading.

13 Other expenses

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

The significant increases in audit fees and insurance premiums first signalled in 2023 have increased even further in 2024. A significant cost to the Council during the year was due to our reliance on external resources (contractors) to provide building control services in lieu of recruiting qualified building inspectors and a building control manager. A fully qualified building control manager joined the Council in June 2024, immediately alleviating the need for those contractors.

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

Legal fees are over budget with procurement and contractual advice for the Wakatu Quay project, working towards resolution of a dispute, and legal advice on the Revenue & Financing Policy review and District Plan hearings.
The provision for impairment of receivables decreased significantly with the likelihood of recovering a long-outstanding debt being closer to resolution.

“Other operating expenses” captures everything else not already categorised, from accreditation expenses to youth projects, and everything in between such as electricity, IT services, photocopying and printing, software licences, telecommunications, valuation services and much more.

Of these “Other operating expenses”, expenses relating to the IAF project were not budgeted but are fully funded by the developer and/or government grants. Changes to mandatory standards for drinking water required increased water sampling and testing. Other than those items, budgets were largely adhered to overall for this expense category.

13 Other expenses (continued)

Auditors' fees

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

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

14 Environment Canterbury's share of the Marlborough Regional Forestry joint operation surplus / (deficit)

The Council holds an 11.5% share in the Marlborough Regional Forestry (MRF) joint operation (see note 34). Of that share, the Council holds 13.37% share on behalf of Environment Canterbury, and their share of any surplus or deficit. Any gains or losses on asset revaluation (note 15), are shown in the statement of comprehensive revenue and expense, and the total share is disclosed as a non-current liability (note 29).

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Marlborough Regional Forestry joint operation surplus/(deficit)	**410**	284	**410**	284
Environment Canterbury share @ 13.37%	**(55)**	(38)	**(55)**	(38)

15 Gains/(losses) on asset revaluation

There were no gains or losses on asset revaluation in the 2024 other than the value of the Council's share in the Marlborough Regional Forestry joint operation. The result is a substantial gain in the value of these assets.

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Land	**-**	-	**-**	-
Buildings	**-**	-	**-**	-
Roading	**-**	-	**-**	-
Stormwater	**725**	-	**725**	-
Water	**3,580**	-	**3,580**	-
Sewerage	**5,918**	-	**5,918**	-
Marlborough Regional Forestry joint operation revaluation	**53**	220	**53**	220
Environment Canterbury share of MRF revaluation (13.37%)	**(7)**	(29)	**(7)**	(29)
Total gains/(losses) on asset revaluation	**10,269**	**191**	**10,269**	191

16 Cash & cash equivalents

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Cash at bank and in hand	**2,644**	3,413	**2,715**	3,537
Term deposits with a maturity of three months or less at acquisition	**-**	-	**-**	-
MRF bank accounts	**-**	1	**-**	1
Total cash and cash equivalents	**2,644**	3,414	**2,715**	3,538

Council has a negative pledge agreement with BNZ dated 15 August 2002 for facilities totalling $4,961,000 to be renewed four yearly.

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

16 Cash & cash equivalents (continued)

The Council holds special reserves and special funds, included in cash at bank and investments, that are subject to restrictions. These funds relate to grants received, targeted rates accumulating and/or loans drawn for special projects, and other funds where the spending of funds is separately monitored. These special funds and special reserves are detailed in note 30 Equity.

17 Trade & other receivables

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Rates receivables	**394**	479	**394**	479
Debtor receivables	**6,140**	1,624	**6,213**	1,756
Debtor accruals	**379**	124	**379**	124
Receivables prior to impairment	**6,913**	2,227	**6,986**	2,359
Less provision for overdue rates	**(10)**	(53)	**(10)**	(53)
Less expected credit losses for other receivables	**(903)**	(1,051)	**(903)**	(1,051)
Total debtors and other receivables	**6,000**	**1,123**	**6,073**	**1,255**
Total receivables comprise:				
Receivables from exchange transactions- including fees and charges, lease revenue and consent fees	**5,322**	676	**5,395**	803
Receivables from non-exchange transactions- including rates, grants & subsidies, and development contributions	**678**	447	**678**	452
	6,000	1,123	**6,073**	1,255
Current portion	**6,000**	1,123	**6,073**	1,255
Non-current portion	**-**	-	**-**	-

Debtor receivables include significant invoices for subsidies from the Crown and NZTA. Those invoices were paid after balance date.

Non-exchange transactions are primarily rates and other taxes, levies, grants, donations, infringements, and fines, where there has not been an exchange of goods, services, or use of assets of an equal value.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

	Council	
	Actual 2024 $'000	Actual 2023 $'000
The ages of rates receivables are as follows:		
Current year	**295**	368
1 - 2 years overdue	**81**	60
2 - 3 years overdue	**18**	14
More than 3 years overdue	**-**	37
Total rates receivables	**394**	479

17 Trade & other receivables (continued)

	Council	
	Actual 2024 $'000	Actual 2023 $'000
Movements in the provision for overdue rates are as follows:		
At 1 July	**(53)**	(114)
Additional provisions made during the year	**-**	-
Receivables written-off during the period	**43**	61
Total rates receivables	**(10)**	(53)

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

The ages of receivables, and the allowance for expected credit losses, is as follows:

	2024			2023		
	Gross carrying amount $'000	**Expected loss rate %**	**Provision for Impairment $'000**	Gross carrying amount $'000	Expected loss rate %	Provision for Impairment $'000
Council						
Not past due	**4,714**	**0.3%**	**(13)**	403	2.1%	(9)
Past due 1-60 days	**15**	**14.5%**	**(2)**	11	44.2%	(5)
Past due 61-90 days	**2**	**100.0%**	**(2)**	4	100.0%	(4)
Past due > 90 days	**1,192**	**74.3%**	**(886)**	1,058	97.7%	(1,033)
Total	**5,923**		**(903)**	1,476		(1,051)
Group						
Not past due	**4,755**	**0.3%**	**(13)**	481	2.1%	(9)
Past due 1-60 days	**16**	**14.5%**	**(2)**	16	44.2%	(5)
Past due 61-90 days	**2**	**100.0%**	**(2)**	4	100.0%	(4)
Past due > 90 days	**1,195**	**74.3%**	**(886)**	1,059	97.7%	(1,033)
Total	**5,968**		**(903)**	1,560		(1,051)

Trade debtors are shown net of Expected Credit Losses (ECL) arising from likely non-payment.

As at 30 June 2024 accounts receivable have been grouped by days past due and assessed ECL based on historical experience and the future economic environment.

Other receivables are made up of Council's debtors control accounts that are not rates. Other receivables are recorded at the amount due, less an allowance for expected credit losses (ECLs).

The Council applies the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into Rates receivables (ECL does not apply) and other receivables and assessed on a collective basis as they possess shared credit risk characteristics.

They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The ECL rates for other receivables are based on historical credit losses experienced plus adjustments for current and forward forward-looking macroeconomic factors that might affect the expected recoverability of receivables. Given the short period of credit risk exposure, the effects of macroeconomic factors are not considered significant, with the exception of one debtor with a total overdue balance of $890,587 in whole dollars at 30 June 2024 (2023: two debtors, $1,048,360).

	Council	**Group**

17 Trade & other receivables (continued)

	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Balance at 1 July measured under PBE IPSAS 29	**-**	867	**-**	1,049
ECL adjustment due to adoption of PBE IPSAS 41	**-**	(12)	**-**	(29)
Opening balance for credit losses at 1 July	**1,051**	855	**1,051**	1,020
Additional Provision	**(148)**	196	**(148)**	31
Total provision	**903**	1,051	**903**	1,051

18 Prepayments

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Prepayments	**348**	255	**348**	254
Total prepayments	**348**	255	**348**	254

Prepayments are items that relate to the following financial year but have been paid in advance. They include items such as insurance, subscriptions, software licenses and similar expenses.

19 Other financial assets

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Current portion				
Loan to subsidiaries	**20**	20	**-**	-
Total current portion	**20**	20	**-**	-
Non-current portion				
Unlisted shares in Civic Financial Services Ltd	**9**	9	**9**	9
Borrower Notes	**183**	132	**183**	132
Loans to Subsidiaries	**15**	35	**-**	-
Total non-current portion	**207**	**176**	**192**	**141**
Total other financial assets	**227**	**196**	**192**	**141**

19 Non-current assets - Other financial assets (continued)

Unlisted shares – valuation

The Council holds 9,000 shares in Civic Financial Services Ltd (2023: 9,000) of $1 each. The Council holds 0.08% of the total shares in the company. Due to the immaterial size and nature of the Council's investment, the Council has estimated the fair value of this investment based on Civics' net asset backing on 30 June. There were no impairment provisions for other financial assets. At balance date, none of these financial assets are either past due or impaired.

Borrower notes

The Council is a non-guaranteeing member of the NZ Local Government Funding Agency Ltd (LGFA). Borrower notes are subordinated convertible debt instruments that the Council is required to subscribe for when borrowing from the LGFA, currently set at 2.5% of the amount borrowed. The LGFA will redeem borrower notes when the Council's related borrowings are repaid or are no longer owed to the LGFA or may convert them to equity under specific circumstances. Given that the time value of money component is compensated by the interest income, the fair value of borrower notes approximates to the principal amount.

Loans to subsidiaries

In 2021, the Council provided a loan of $100,000 to Innovative Waste Kaikoura Ltd (IWK) for a five-year term, to enable IWK to purchase a truck for the kerbside collection service. The interest rate is 0.25% above the Council's 5-year fixed term borrowing rate from the LGFA, with principal and interest to be repaid quarterly. The loan is due to be fully repaid in 2026, with earlier repayment allowed.

20 Non-Current assets held for sale

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Non-current assets held for sale are:				
Land	**330**	330	**330**	330
Total non-current assets held for sale	**330**	330	**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 in 2022. The Runanga is yet to make an offer for the land that is acceptable to the Council.

21 Forestry assets

The Council has an 11.50% interest in a joint operation agreement on the Marlborough Regional Forestry (MRF). Of the Council's share of MRF, 13.37% is held on behalf of Environment Canterbury. The forestry assets are at varying stages of maturity. The joint operation had no logging activity during the 2024 year. The joint operation has now completed all its available logging and is entering a phase of limited revenues, expected to last at least five years, until the next blocks reach suitable height for logging to recommence.

The Council owns a small eight-hectare pine forest at South Bay. The Council has not logged trees from South Bay for many years, and so net logging sales returned nil during the year (2023: $nil).

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Opening balance at 1 July	**2,398**	2,155	**2,398**	2,155
Increase due to additions	**-**	100	**-**	100
Losses arising from changes in fair value attributable to physical changes	**348**	(9)	**348**	(9)
Gains arising from changes in fair value attributable to price changes	**(18)**	152	**(18)**	152
	330	143	**330**	143
Closing balance at 30 June	**2,728**	2,398	**2,728**	2,398

21 Forestry assets (continued)

Valuation Assumptions

Forme Consulting Group valued the Marlborough Regional Forestry assets on 30 June 2024 and 2023, using the estate based net present value method. Forestry estate land and improvements owned by Marlborough Regional Forestry were valued as of 30 June at fair value. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A pre-tax discount rate of 6.5% (2023: 6.5%) has been used in discounting the present value of expected future cash flows;
- The forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis;
- The forest valuation is pre-tax, valued over a single rotation with all cost and revenues in current (todays) dollars;
- No allowance has been made for inflation. It is assumed inflation will affect both costs and prices equally;
- Costs are current average costs. No allowance has been made for cost improvements in future operations.

The South Bay Forest has minimal value in its standing trees, being used mainly as a recreation area. The Council plans to complete logging in the 2025 financial year.

Forme Consulting Group also valued the South Bay Forest on 30 June 2024 (2023: Forme Consulting Group).

Sensitivity analysis

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

		On 30 June 2024	
Discount rate:	6%	6.5% (as used)	7%
The Council's 11.5% share of MRF tree crop value ($000's)	**2,918**	**2,681**	2,466

22 Investment property

The movement of investment property is as follows:

Breakdown of investment property and further information

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

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

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

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

Investment Property work in progress is valued at cost.

(a) Contractual obligations

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

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

22 Investment property (continued)

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Current portion				
Investment property held for sale	**-**	-	**-**	-
Non-current portion				
Investment property	**3,775**	2,940	**3,775**	2,940
	3,775	2,940	**3,775**	2,940

23 Property, plant & equipment

Land and buildings were valued at fair value on 30 June 2022, by Cameron Ferguson of Quotable Values, and a fair value movement assessment performed on 30 June 2024. That assessment confirmed that new valuations outside the normal three-yearly cycle were not necessary for the year ended 30 June 2024.

Water supplies, sewerage and stormwater systems were valued at 30 June 2024 by inhouse engineers and peer reviewed by WSP Ltd. Library books were valued at 30 June 2007 by the District Librarian and this value has been deemed cost at that date; library books are not revalued. Marlborough Regional Forestry PPE is valued annually. The Council does not revalue office equipment, plant and machinery, or artworks.

Land values include restricted land, which are parks and reserves owned by the Council but cannot be disposed of due to legal or other restrictions. On 30 June 2024, this land has a carrying value of $7,541,953 (2023: $7,541,953). Building values include restricted buildings, playgrounds, and other structures, that on 30 June 2024 have a carrying value of $2,905,022 (2023: $2,661,299).

Roading assets were revalued at 30 June 2022 by inhouse engineers and peer reviewed by WSP Ltd. Land under roads of $18,237,241 (2023: $18,237,242) is included under Roading in the tables on the following pages. The Council has elected to use the fair value of land under roads on 30 June 2001 as deemed cost. Land under roads is no longer revalued.

23 Property, plant & equipment (continued)

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

23 Property, plant & equipment (continued)

2023	**Cost / revaluation 1 Jul 2022 $'000**	**Accumulated depreciation 1 Jul 2022 $'000**	**Carrying amount 1 Jul 2022 $'000**	**Current year additions $'000**	**Current year disposals $'000**	**Current year transfers $'000**	**Current year depreciation $'000**	**Current year revaluations $'000**	**Cost / revaluation 30 Jun 2023 $'000**	**Accumulated depreciation 30 Jun 2023 $'000**	**Carrying amount 30 Jun 2023 $'000**
Land	17,267	-	17,267	4	-	-	-	-	17,271	-	17,271
Buildings	20,655	-	20,655	43	-	-	(554)	-	20,698	(554)	20,144
Landfill Provision	897	(821)	76	(27)	-	-	(50)	-	871	(871)	-
Office equipment	519	(412)	107	61	-	-	(48)	-	580	(459)	121
Vehicles & plant	618	(465)	153	48	-	-	(47)	-	667	(512)	155
Park furniture & other	439	(166)	273	-	-	-	(18)	-	439	(184)	255
Library books	677	(664)	13	43	-	-	(55)	-	720	(720)	-
Artwork	89	-	89	-	-	-	-	-	89	-	89
Harbour	7,928	(1,026)	6,902	2,751	-	-	(171)	-	10,679	(1,197)	9,482
Roading	167,217	(30)	167,187	1,124	-	-	(1,806)	-	168,341	(1,836)	166,505
Stormwater	7,988	-	7,988	12	-	-	(138)	-	8,000	(137)	7,863
Water supplies	30,001	-	30,001	102	-	-	(976)	-	30,101	(976)	29,125
Sewerage	32,143	(1)	32,143	24	-	-	(776)	-	32,167	(776)	31,391
MRF PPE	2,312	(468)	1,844	230	-	-	(25)	217	2,759	(493)	2,266
Work in progress	1,512	-	1,512	2,561	-	-	-	-	4,073	-	4,073
Council total	**290,261**	**(4,052)**	**286,209**	**6,976**	**-**	**-**	**(4,665)**	**217**	**297,455**	**(8,715)**	**288,740**
Subsidiary buildings	432	(177)	254	25	-	-	(8)	-	408	(137)	271
Subsidiary plant & equip	1,530	(851)	680	57	(73)	-	(119)	-	1,564	(984)	580
Group total	**292,223**	**(5,080)**	**287,143**	**7,058**	**(73)**	**-**	**(4,792)**	**217**	**299,427**	**(9,836)**	**289,591**

23 Property, plant & equipment (continued)

Core infrastructure asset disclosures

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

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

	Closing book value on 30 June $'000	**Additions constructed by the Council $'000**	**Additions transferred to the Council $'000**	**Replacement cost estimate for revalued assets $'000**
2024				
Water supply:				
- treatment plants & facilities	**7,296**	56	**-**	15,713
- other assets	**24,636**	155	**-**	45,010
Sewerage:				
- treatment plants & facilities	**14,485**	266	**-**	20,695
- other assets	**22,049**	39	**-**	34,897
Stormwater drainage	**8,478**	45	**-**	13,126
Roads and footpaths	**169,350**	4,849	**-**	196,137
2023				
Water supply:				
- treatment plants & facilities	6,267	84	**-**	13,586
- other assets	22,858	18	**-**	41,433
Sewerage:				
- treatment plants & facilities	12,762	24	**-**	18,158
- other assets	18,629	-	**-**	28,635
Stormwater drainage	7,863	12	**-**	11,974
Roads and footpaths	148,268	1,124	**-**	196,137

Replacement cost differs to the closing book value (carrying amounts) because the closing book values are determined using depreciated replacement cost. Replacement costs were determined on 30 June 2024 for 3 waters, roading valuations were not completed for 30 June 2024.

24 Intangible assets

Computer software

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

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Computer software				
Opening balance 1 July	**66**	98	**66**	98
Additions	**-**	-	**-**	-
Disposals	**-**	-	**-**	-

24 Intangible assets (continued)

Amortisation	**(32)**	(32)	**(32)**	(33)
Closing balance 30 June	**34**	66	**34**	65

25 Payables and deferred revenue

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Current portion				
Payables and deferred revenue under exchange transactions:				
Trade payables, deferred revenue, and accrued expenses	**2,666**	2,165	**2,665**	2,158
Marlborough Regional Forestry creditors	**12**	13	**12**	13
GST payable	**-**	-	**-**	-
Total	**2,678**	2,178	**2,677**	2,171
Payables and deferred revenue under non-exchange transactions:				
Rates paid in advance	**258**	222	**258**	222
Goods & services tax	**445**	24	**483**	47
Deposits and bonds held	**285**	279	**285**	279
Environmental Canterbury liability	**73**	79	**73**	79
Grant liabilities	**4,589**	1,844	**4,589**	1,843
Total	**5,650**	2,448	**5,688**	2,470
Total current portion	**8,328**	4,626	**8,365**	4,641

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

26 Employee benefits liabilities

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Accrued salaries & wages, PAYE and FBT	**70**	64	**118**	105
Annual leave	**199**	169	**277**	252
Sick leave	**12**	9	**12**	9
Long service leave	**12**	15	**12**	15
Total employee benefits liabilities	**293**	257	**419**	381

Key assumptions in measuring long service leave obligations

It is assumed that long service leave will be taken within twelve months. No discount rate has been applied, and leave obligations are stated at current rates of pay.

27 Borrowings

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Current				
Secured loans	**2,000**	-	**2,004**	-
Short term loan (cash advance)	**-**	-	**32**	11
Total current borrowings	**2,000**	-	**2,036**	11
Non-current				
Secured loans	**5,300**	5,300	**5,300**	5,300
Total non-current borrowings	**5,300**	5,300	**5,300**	5,300
Total borrowings	**7,300**	5,300	**7,336**	5,311

Security

The Council is a non-guaranteeing member of the Local Government Funding Agency (LGFA). The borrowings are secured against rates of the Council under a debenture trust deed. The Council manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the Council's Long-Term Plan.

At balance date, $7,300,000 in borrowings has been drawn with LGFA (2023: $5,300,000). No loans are held with the BNZ (2023: Nil).

Maturity analysis and effective interest rate

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

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

28 Provisions

Provision for landfill aftercare costs

The Council has a resource consent to operate the landfill and has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site has closed, and while the landfill has been capped and the site has been reconfigured as a transfer station, there remains some costs involved with the final capping and closure of the landfill.

The bulk of the cash outflows for landfill post-closure are expected to occur in 2024, with residual costs until 2060. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a multi-factored discount rate ranging from 4.25% to 5.36% (2023: 4.19% to 5.43%), and a multi-factored inflation rate ranging from 2.00% to 2.32% (2023: 1.93% to

3.36%).

28 Provisions (continued)

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Current				
Landfill aftercare costs	**389**	580	**389**	580
Non-current				
Landfill aftercare costs	**382**	225	**382**	225
Total provisions	**771**	805	**771**	805
Movements in provisions:				
Opening balance 1 July	805	1,445	805	1,445
Amount used	-	-	-	-
Unwinding of landfill provision	-	-	-	-
Additional provisions made	(34)	(640)	-	(640)
Closing balance	771	805	805	805

29 Other term liabilities

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Non-current				
Share of interest in MRF held on behalf of ECAN	**545**	483	**545**	483
Total other term liabilities	**545**	**483**	**545**	**483**

KDC has no non-current liabilities relating to MRF because its share in MRF is offset by KDC's claim from MRF for Marlborough District Council's 88.5% share on MRF loan from KDC.

	2024 $'000	**Share**	2024 $'000
Marlborough District Council loan - KDC share at 11.5%	**8,686,622**	**11.5%**	998,962
Kaikoura District Council loan - KDC's claim from MDC's share	**1,128,770**	**88.5%**	(998,962)
Total liability			-

30 Equity

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

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

Public equity

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

30 Equity (continued)

Special reserves and special funds

Special reserves are balances set aside by legislation and are held for specific purposes which the Council has funded by way of targeted rates, such as water maintenance.

Special funds are also funds set aside by the Council for specific purposes, but which are generally funded by sources other than rates, e.g., grants and development contributions.

	Purpose	Opening balance $'000	Transfers in $'000	Transfers out $'000	Closing balance $'000
Special reserves					
Kaikoura water	All costs for the Kaikoura, Ocean Ridge, Suburban, Oaro, and Peketa water supplies	644	1,430	(1,266)	808
East Coast water	Maintenance, administration, upgrading and loan costs	18	66	(172)	(88)
Kincaid water	Maintenance, administration, and upgrading costs	168	90	(143)	115
Fernleigh water	Maintenance, administration, and upgrading costs	(10)	163	(164)	(11)
Roading	Maintenance and upgrading of local roads and bridges	(80)	4,591	(4,385)	126
Roading events	Responding to flooding and other events, and repairing damage to roads and bridges	167	48	(28)	187
Footpaths & streetlights	Maintenance, administration, upgrading and loan costs	(182)	572	(311)	79
Recycling	Recycling collection and sorting, and recycling stations	124	268	(188)	204
District Plan	All costs in relation to the District Plan	15	309	(318)	6
Stormwater	Maintenance, administration, upgrading and loan costs	137	54	(146)	45
Sewerage	Maintenance, administration, upgrading and loan costs	145	744	(1,065)	(176)
Tourism & Marketing	Support for the i-Site and Destination Kaikoura	(35)	223	(225)	(37)
Commercial Rate	A portion of the cost of providing traffic control, public toilets, public rubbish bins	(3)	173	(241)	(71)
Harbour	South Bay & North Wharf maintenance, administration, upgrading and loan costs	157	305	(588)	(126)
West End town centre	Car park, village green, public toilets and town centre maintenance, administration, upgrading and loan costs	(16)	299	(140)	143
Civic centre	Maintenance, administration, upgrading and loan costs	(312)	525	(507)	(294)
Stock control	All costs including enforcement and control	18	-	-	18
		955	**9,860**	**(9,887)**	**928**

30 Equity (continued)

	Purpose	Opening balance $'000	Transfers in $'000	Transfers out $'000	Closing balance $'000
Special funds					
Social services	Social projects & committee costs	5	-	-	5
Tourism strategy	Tourism strategy costs	35	-	-	35
Creative communities	Arts funding available by application	7	23	(22)	8
George Low bequest	Sports & recreation funding available by application	61	5	(5)	61
Economic development	Economic development projects	-	31	(20)	11
Forestry	Net costs of forestry, and surpluses for strategic investment	912	24	(16)	920
Significant natural areas	Biodiversity projects	22	-	-	22
Parks & reserves	Upgrades and new parks/reserves assets	145	7	-	152
Pensioner flats	Maintenance, upgrades, administration, and loan costs	20	148	(145)	23
Community facilities	Maintenance, upgrades, administration, and loan costs	983	-	-	983
Waste minimisation levy	Waste minimisation project	116	69	-	185
Library grants	Library resources	-	3	(1)	2
Family violence	Service coordination	25	18	(18)	25
Mayoral fund	Discretionary funds	28	-	(3)	25
Airport	Debt Repayment and capital projects	69	134	(205)	(2)
Responsible Camping	Grant funding for bylaw & enforcement	119	202	(152)	169
Financial Sustainability	Financial & Corporate Sustainability (FCS) DIA funded review	98	-	(46)	52
Legal challenges	Court costs and legal advice	100	7	(7)	100
Building accreditation	Building control authority accreditation	66	19	(26)	59
Wakatu Quay	PGF funded Wakatu Quay project	(7)	980	(997)	(24)
South Bay feasibility	PGF funded South Bay Project	27	-	(1)	26
Environmental planning fund	Environmental projects and grants	18	-	(2)	16
Fords (Hapuku Puhi Kahutara)		-	24	(2)	22
		2,849	**1,694**	**(1,668)**	**2,875**

30 Equity (continued)

Asset revaluation reserves

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Opening balance 1 July	**166,525**	166,333	**166,525**	166,333
Revaluation gains/(losses)	**10,276**	217	**10,276**	217
Transfer to Public Equity	**-**	4	**-**	4
Environment Canterbury's share of MRF Revaluation gains	**(7)**	(29)	**(7)**	(29)
Closing balance 30 June	**176,794**	166,525	**176,794**	166,525

The Asset revaluation reserves consist of:

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Land	**10,263**	10,263	**10,263**	10,263
Buildings	**9,182**	9,182	**9,182**	9,182
MRF Land & Improvements	**438**	392	**438**	392
Library Books	**65**	65	**65**	65
Roading	**108,133**	108,133	**108,133**	108,133
Stormwater	**6,097**	5,372	**6,097**	5,372
Water Supply	**23,036**	19,456	**23,036**	19,456
Sewerage	**19,205**	13,286	**19,205**	13,286
Other Assets (including Harbour)	**375**	375	**375**	375
	176,795	166,525	**176,795**	166,525

31 Remuneration

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was $259,809 (2023: $246,846).

Elected representatives

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

	Council	
	Actual 2024 $	Actual 2023 $
Mayor Craig Mackle	**86**	86
Deputy-Mayor Julie Howden	**37**	44
Councillor Vicki Gulleford	**28**	32
Councillor Lisa Bond	**23**	31
Councillor Tony Blunt	**23**	31
Councillor Neil Pablecheque	**-**	8
Councillor Kevin Heays	**26**	23
Councillor Robby Roche	**23**	31
Councillor John Diver	**23**	23
Councillor Derrick Milton	**-**	8
Overpayment	**-**	(26)
Total elected representative remuneration	**269**	291

31 Remuneration (continued)

Breach of legislation

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

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

Key management personnel

	Council & Group	
	Actual 2024 $	Actual 2023 $
Total key management personnel remuneration	**929**	917
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 30 full-time employees (2023: 28), with the balance of staff representing 8 full-time equivalent employees (2023: 10). A full-time employee is determined based on a 35-hour working week.

	Council	
	2024	**2023**
Total annual remuneration by band for employees on 30 June:		
< $60,000	**15**	20
$60,000 – $79,999	**13**	9
$80,000 – $119,999	**6**	6
$120,000 - $219,999	**7**	6
$220,000 - $259,000	**-**	1
$> $260,000	**1**	-
Total employees	**42**	42

During the year, the Council made no severance payment (2023: $21,177).

32 Financial instruments

Financial instrument classification

		Council		Group	
	Level	**2024 $'000**	2023 $'000	**2024 $'000**	2023 $'000
FINANCIAL ASSETS:					
Amortised cost					
Cash * cash equivalents		**2,644**	3,414	**2,715**	3,538
Trade & other receivables		**6,007**	1,119	**6,072**	1,247
Loans to subsidiaries		**35**	55	**-**	-
Fair value through other comprehensive revenue & expense					
Civic Financial Services Ltd	3	**9**	9	**9**	9
Unlisted borrower notes LGFA	2	**183**	132	**183**	132
		8,878	4,729	**8,979**	4,926

32 Financial instruments (continued)

	Council		Group	
	2024	2023	**2024**	2023
	$'000	$'000	**$'000**	$'000
FINANCIAL LIABILITIES				
Amortised cost				
Trade & other payables	**8,329**	4,626	**8,366**	4,641
Borrowings	**7,300**	5,300	**7,336**	5,311
Share of MRF held on behalf of ECAN	**545**	483	**545**	483
	16,174	10,409	**16,247**	10,435

Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Level 1 - Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.
- Level 2 - Valuation technique using observable inputs - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 - Valuation techniques with significant non-observable inputs - Financial instruments valued using models where one or more significant inputs are not observable.

Financial instrument risks

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk averse and seeks to minimise exposure from its treasury activities. The Council has established Council-approved liability management and investment policies. These do not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Council is not exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is not exposed to currency risk, as its treasury policy does not allow the Council to enter into foreign currency transaction's and that financial instruments are transacted in New Zealand dollars

Interest rate risk

The interest rates on the Council's borrowings are disclosed in note 27.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rate. Borrowings issued at fixed rates expose the Council to fair value rate risk. The Council's liability management policy outlines the level of borrowing that is to be secured using fixed rate instruments. Investments at fixed interest rates expose the Council to fair value interest rate risk.

Sensitivity Analysis

If interest rates on borrowings/derivative financial instruments at 30 June 2024 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the surplus after tax by $36,500 (2023: $26,500).

32 Financial instruments (continued)

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in the market interest rates. Borrowings and investments issued at variable interest rates expose the Council to cash flow interest rate risk.

The Council manages its cash flow interest rate risk on borrowings by limiting its floating rate borrowings to the limits set in its liability management policy.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. The Council has a large number of credit customers, but does have a significant concentration of credit risk in the overdue balances relating to two debtors. The issues surrounding these balances are complex, and legal advice is being sought.

The Council has powers under the Local Government (Rating) Act 2002 to recover outstanding rates debts.

The Council invests funds only in deposits with registered banks and local authority stock and its investments policy limits the amount of credit exposure to any one institution or organisation.

Investments in other Local Authorities are secured by charges over rates. Other than other Local Authorities, the group only invests funds with those entities, which have a Standard and Poor's credit rating of at least A for short term and A for long term investments. Accordingly, the group does not require any collateral or security to support these financial instruments.

The derivatives are measured at fair value, and the maximum exposure to credit risk at the end of the reporting period will equal the carrying amount.

All Council's cash assets and derivative financial instrument assets are with New Zealand registered banks (Credit Ratings: BNZ AA-).

Liquidity risk

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months and to meet its projected business requirements in the next 12 months.

The Council manages its borrowing in accordance with its funding and financial policies, which includes a liability management policy. These policies have been adopted as part of the Council's Long-Term Plan.

The Council does not have an overdraft facility and manages its additional funding requirements through borrowing with the LGFA.

The maturity profiles of the Council's borrowing is disclosed in note 27.

Contractual maturity analysis of financial liabilities

The table below analyses the Council and group’s financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

32 Financial instruments (continued)

	Carrying amount $'000	Contractual Cashflows $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000
Council 2024					
Payables	**8,329**	**8,329**	**8,329**	**-**	**-**
Secured Loan	**7,300**	**8,007**	**2,098**	**2,163**	**3,745**
Total	**15,629**	**16,336**	**10,427**	**2,163**	**3,745**
Council 2023					
Payables	4,626	4,626	4,626	-	-
Secured Loan	5,300	5,848	169	2,159	3,520
Total	9,926	10,474	4,795	2,159	3,520
Group 2024					
Payables	**8,364**	**8,405**	**8,329**	**-**	**-**
Secured Loan	**7,300**	**8,009**	**2,100**	**2,163**	**3,745**
Total	**15,664**	**16,414**	**10,429**	**2,163**	**3,745**
Group 2023					
Payables	4,641	4,641	4,641	-	-
Secured Loan	5,300	5,848	169	2,159	3,520
Total	9,941	10,489	4,810	2,159	3,520

Contractual maturity analysis of financial assets

The table below analyses the Council and group's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and include interest receipts.

	Carrying amount $'000	Contractual Cashflows $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000
Council 2024					
Cash & cash equivalents	**2,644**	**2,644**	**2,644**	**-**	**-**
Receivables	**6,007**	**6,007**	**6,007**	**-**	**-**
Total	**8,651**	**8,651**	**8,651**	**-**	**-**
Council 2023					
Cash & cash equivalents	3,414	3,414	3,414	-	-
Receivables	1,119	1,119	1,119	-	-
Total	4,533	4,533	4,533	-	-
Group 2024					
Cash & cash equivalents	**2,715**	**2,715**	**2,715**	**-**	**-**
Receivables	**6,072**	**6,072**	**6,072**	**-**	**-**
Total	**8,787**	**8,787**	**8,787**	**-**	**-**
Group 2023					
Cash & cash equivalents	3,538	3,538	3,538	-	-
Receivables	1,247	1,247	1,247	-	-
Total	4,785	4,785	4,785	-	-

33 Taxation

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Components of tax expense recognised in statement of comprehensive revenue and expense				
Current Taxation	**-**	-	**42**	(29)
Deferred Taxation	**-**	-	**-**	-
Income tax expense	**-**	-	**42**	(29)
Components of deferred tax recognised directly in equity:	**-**	-	**-**	-
Income tax expense	**-**	-	**42**	(29)
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	**2,277**	2,284	**2,071**	2,155
Tax at 28%	**-**	-	**(48)**	(29)
Add/(less) tax effect of:				
(Non-taxable income)	**-**	-	**-**	-
Non-deductible expenditure	**-**	-	**-**	-
Deferred Taxation	**-**	-	**90**	-
	-	-	**42**	(29)
Movement in tax (refund)/payable:				
Balance at start of year	**-**	-	**-**	(26)
Taxation (paid)/refunded	**-**	-	**-**	26
Provided for this year	**-**	-	**-**	-

	Property plant and equipment $'000	**Employee benefits $'000**	**Accrued expenses $'000**	**Losses to carry forward $'000**	**Total $'000**
Movement in temporary balances - Group Only					
Balance at 1 July 2022	(38)	26	-	19	7
Recognised in income	18	(4)	-	15	29
Balance at 1 July 2023	(20)	22	-	34	36
Recognised in income	(81)	(1)	-	40	(42)
Recognised in equity	-	-	-	-	-
Balance at 30 June 2024	(101)	21	-	74	(6)

Innovative Waste Kaikoura Limited recognises its tax obligations.

34 Joint operation

Marlborough Regional Forestry

The Council has an 11.5% participating interest in the Marlborough Regional Forestry joint operation, 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 operation is accounted for as a jointly controlled operation, and are as follows:

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Current assets	**239**	7	**239**	7
Non-current assets	**4,979**	4,571	**4,979**	4,571
Total assets	**5,218**	4,578	**5,218**	4,578
Current liabilities	**12**	13	**12**	13
Non-current liabilities	**1,129**	951	**1,129**	951
Total liabilities	**1,141**	964	**1,141**	964
Share of net assets employed	**4,077**	3,614	**4,077**	3,614
Share of net surplus/(deficit)	**410**	502	**410**	502

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

35 Related party transactions

Intergroup

Innovative Waste Kaikoura Ltd (IWK)

During the year, through the ordinary course of business, the Council has paid $1,867,950 including GST in fees and grants to Innovative Waste Kaikoura Ltd (2023: $1,756,595) and received $24,032 including GST from Innovative Waste Kaikoura Ltd (2023: $67,584). The transactions include the day-to-day operations of the resource recovery centre and landfill, the kerbside recycling collection, normal maintenance, and operations of water supplies, stormwater and wastewater, public toilet cleaning, and emptying of public rubbish bins.

At year end there was $117,393 including GST (2023: $265,626) payable by the Council to Innovative Waste Kaikoura Ltd and $0 including GST (2023: $46,140) receivable by the Council from Innovative Waste Kaikoura Ltd.

The Innovative Waste Kaikoura Ltd (IWK) directors have not been paid directors fees and have provided their services to the company at no cost.

Loan from the Council to IWK

On 26 February 2021, the Council provided a loan to IWK of $100,000. The loan term is five years, with earlier repayment allowed. The initial interest rate was set at 2.14%. The interest rate will be reset two years after commencement date and again four years after commencement date. The interest rate was reset on 10 May 2023 to 6.06% per annum.

Principal and interest payments are received from IWK quarterly with the first payment date being 20 May 2021, and all other payments being three-monthly thereafter. IWK is to make 20 equal principal payments, along with the interest due.

IWK repaid $20,000 on their term loan from the Council during the year (2023: $20,000).

Kaikoura Enhancement Trust

The Enhancement Trust was dissolved in March 2024. As the dissolution occurred prior to balance date, no audit fees were incurred for the 2024 financial year. The Council paid the annual audit fee for the Enhancement Trust in 2023 of $10,800.

Key management personnel

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

36 Commitments as lessee, and contingent liabilities (continued)

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

Breach of legislation

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

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

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

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Overpayment	**28**	28	**28**	28
Repaid	**(27)**	-	**(27)**	-
	1	28	**1**	28

36 Commitments as lessee, and contingent liabilities

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

	Council		**Group**	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Non-cancellable operating leases as lessee				
Not later than one year	**19**	19	**19**	19
Later than one year and not later than five years	**42**	52	**42**	52
Later than five years	**-**	-	**-**	-
	61	72	**61**	72

36 Commitments as lessee, and contingent liabilities (continued)

Capital commitments

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

36 Commitments as lessee, and contingent liabilities (continued)

Housing NZ Corporation funding

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

Superannuation schemes

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

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

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

36.1 Contingent liabilities

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

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

Quantifiable contingent liabilities

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

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

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

37 Commitments as lessor, and contingent assets

The New Zealand Emissions Trading Scheme

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

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

Non-cancellable operating leases as lessor

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

	Council		Group	
	Actual 2024 $'000	Actual 2023 $'000	**Actual 2024 $'000**	Actual 2023 $'000
Non-cancellable operating leases as lessor				
Not later than one year	**242**	235	**242**	235
Later than one year and not later than five years	**672**	739	**672**	739
Later than five years	**702**	739	**702**	739
	1,615	1,713	**1,615**	1,713

38 Insurance on assets

Buildings and building contents

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

Vehicles and plant

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

Water, sewerage, and stormwater assets

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

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

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

Roads, bridges, and footpaths

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

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

39 Explanation of major variances against budget

The significant variances to budget are detailed below.

Statement of Comprehensive Revenue & Expense

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

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

39 Explanation of major variances against budget (continued)

Statement of Financial Position

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

Statement of Cash Flows

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

40 Post balance date events

Water Services Reform Programme

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

Annual Report Disclosure Statement

What is the purpose of this statement?

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

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

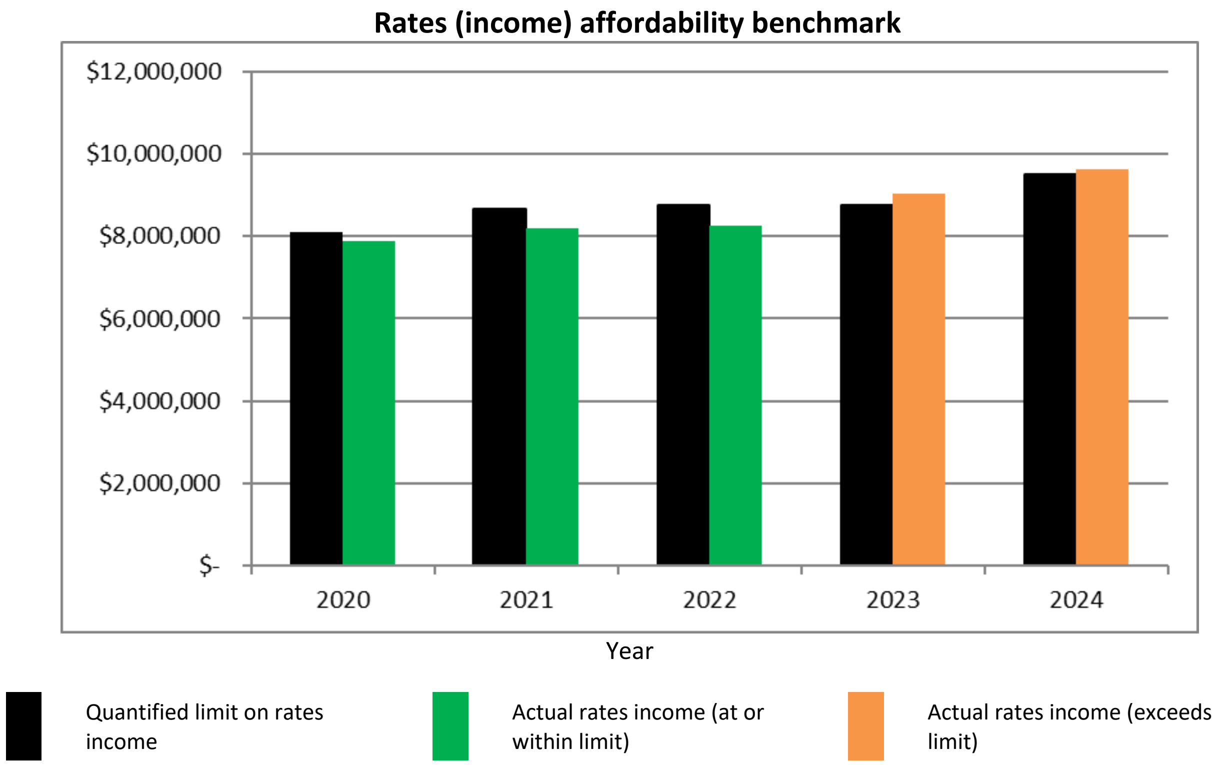
Rates affordability benchmark

The Council meets the rates affordability benchmark if –

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

Rates (income) affordability

The following graph compares the Council's actual rates income with the quantified limit on rates increases contained in the financial strategy included in the Council's LTP. The LTP set the limit on rates increases to 7% for 2022, 6% for 2023, and 5% for 2024. In dollar terms this set a cap for 2024 of $9,488,194.

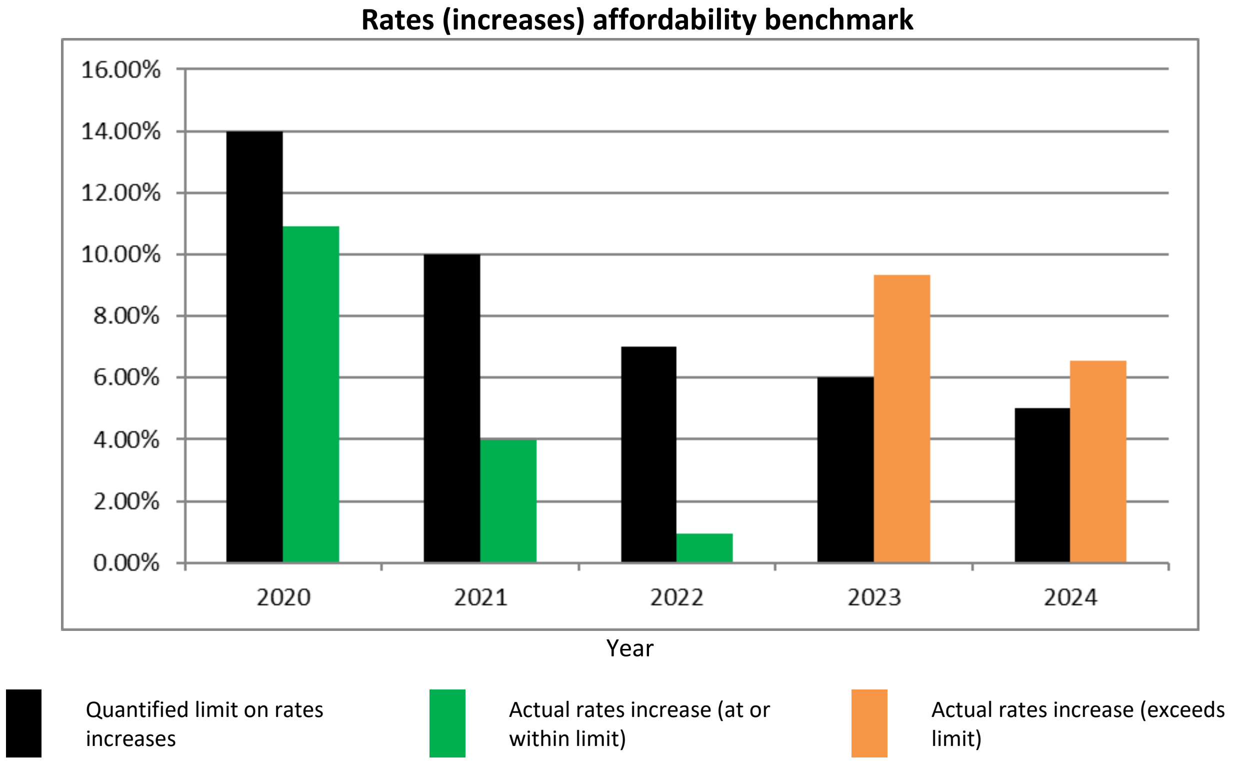


Comment

The Council's actual rates for the 2024 financial year were $9,627,394, which is a 6.54% increase on the 2023 year (therefore exceeding the limit of 5%). The Council worked hard to keep its Annual Plan 2024 rates increase to just under 5%. The reason this limited was exceeded was that we have also worked very hard to ensure our rating database is up to date in terms of subdivisions and new buildings – this has resulted in there being more rateable properties, and higher rateable values, than had been forecast in the LTP.

Rates (increases) affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the Council's financial strategy in each of the last five years. The quantified limit is 5% in 2024, and the actual increase was 6.54%.



Comment

As for the Rates (Income) Affordability measure on the previous page, the 2024 rates increase exceeded the 5% rates increase limit for the same reasons.

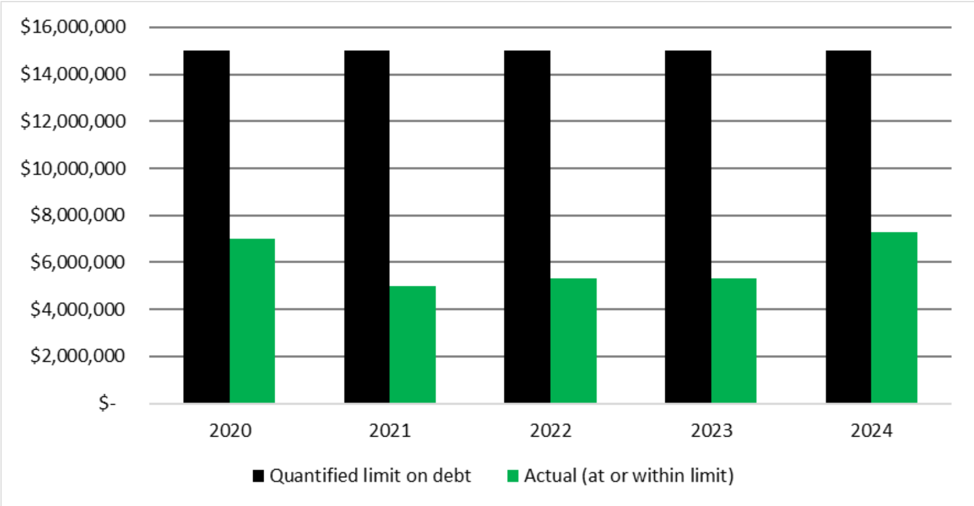
Debt affordability benchmark

The Council meets the debt affordability benchmark if –

- total borrowings do not exceed $15 million; and
- loan interest expense is less than 10% of total revenue.

The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the financial strategy included in the Long-Term Plan. The quantified limit is $15 million.

Total borrowings

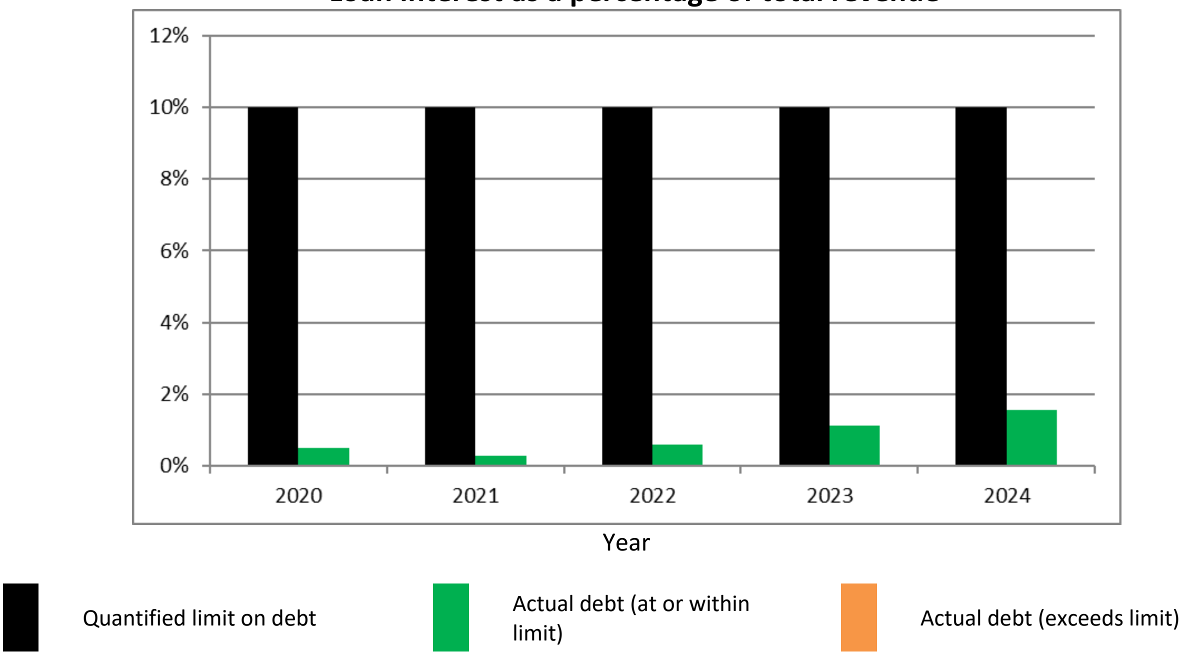


Comment

The Council has set a self-imposed limit on borrowings, of no more than $15 million. Actual borrowings on 30 June 2024 were $7.3 million.

The following graph compares the Council's actual borrowing with a quantified limit on loan interest as a percentage of total revenue. Loan interest expense has been kept at 1.56% due to savings by minimising debt.

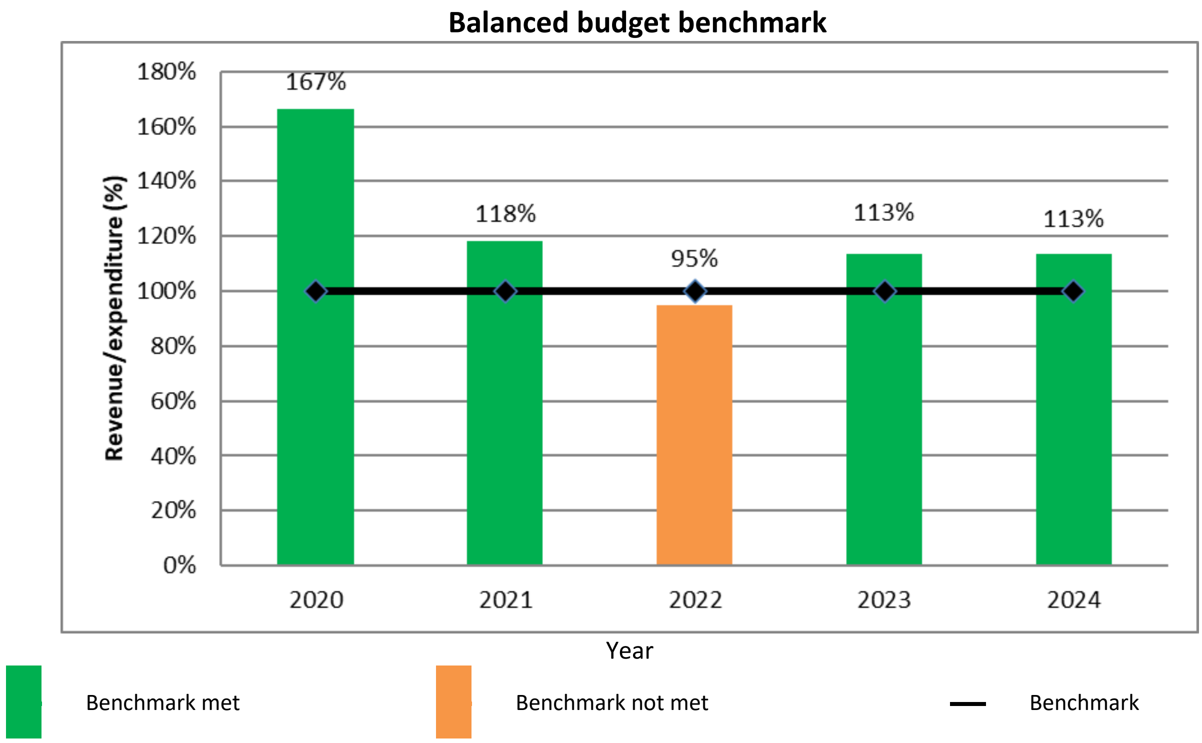
Loan interest as a percentage of total revenue



Balanced budget benchmark

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

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Comment

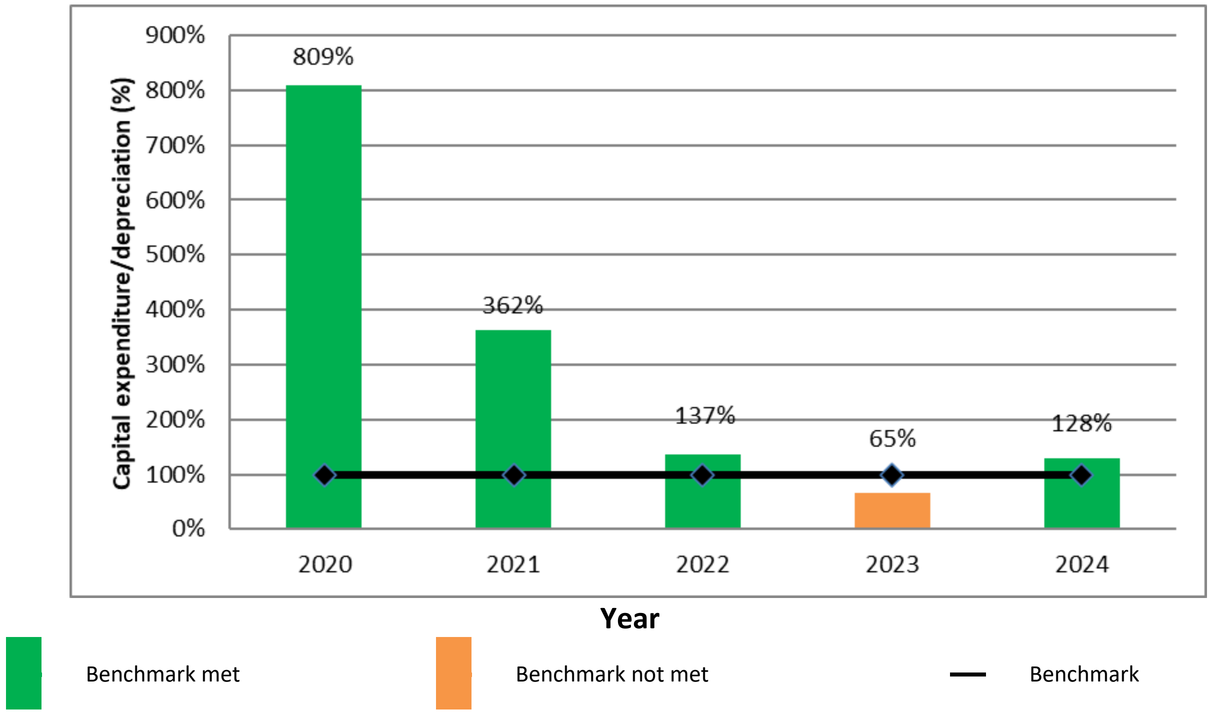
The Council receives substantial grants and subsidies to complete various projects such as the Link Pathway and the Wakatu Quay project. Those grants and subsidies are stated as operating revenue in the Council's financial statements, but the projects are capital expenditure rather than operating, and so the expenditure is not included in the above equation.

In the 2022 financial year, operating expenses exceeded operating revenue, and therefore the benchmark was not met. In that year operating expenses included one-off items such as the demolition and write-off of the former Council offices, and significant grants paid to the community swimming pool. Both items were funded from reserves or special funds, rather than from operating revenues.

Essential services benchmark

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

Essential services benchmark



Comment

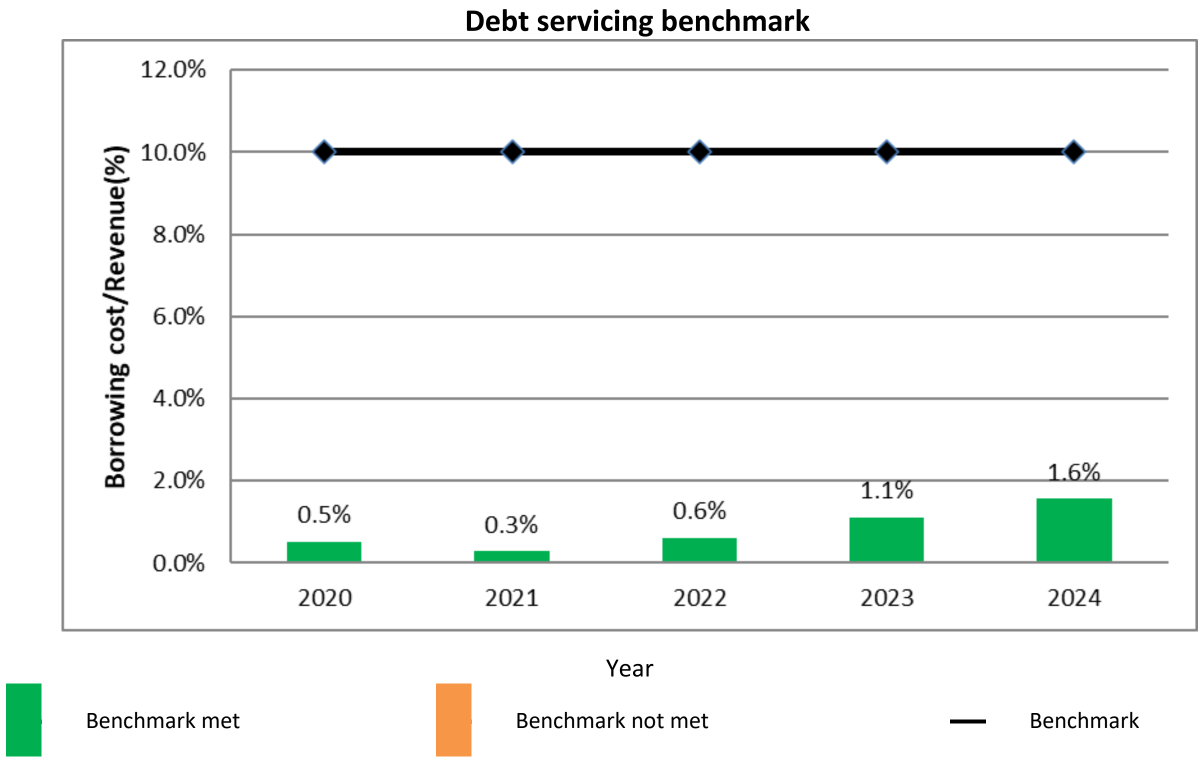
The 2020 year in the above graph highlights the extent to which the earthquake rebuilds have dominated the Council's capital spend. As the earthquake rebuild projects commenced (during 2018 and 2019), significant amounts began to be spent on the capital renewal of damaged infrastructure. The 2020 financial year represented the peak of the rebuild spend, and dwarfs both annual depreciation and usual levels of annual capex.

In 2023 very little capital work was required, as signalled in the Long-Term Plan 2021-2031, because the Council's renewal profile for all its asset categories is extremely low for the next 50 years largely due to the oldest and most vulnerable infrastructure having been fully renewed by the earthquake rebuild work.

The 2024 year saw a boost to capital expenditure, with government funding for the IAF project enabling significant roading works to link the Ocean Ridge area to the township via Green Lane and Ludstone Rd. The Council also committed to dealing with a backlog of roading work and substantially ramped up its capital programme for reseals, road subsurface rehabilitation, drainage, unsealed road metalling, and footpath upgrades.

Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its borrowings costs equal or are less than 10% of its revenue. For the 2024 financial year, the Council's borrowing costs are 1.6% of revenue.

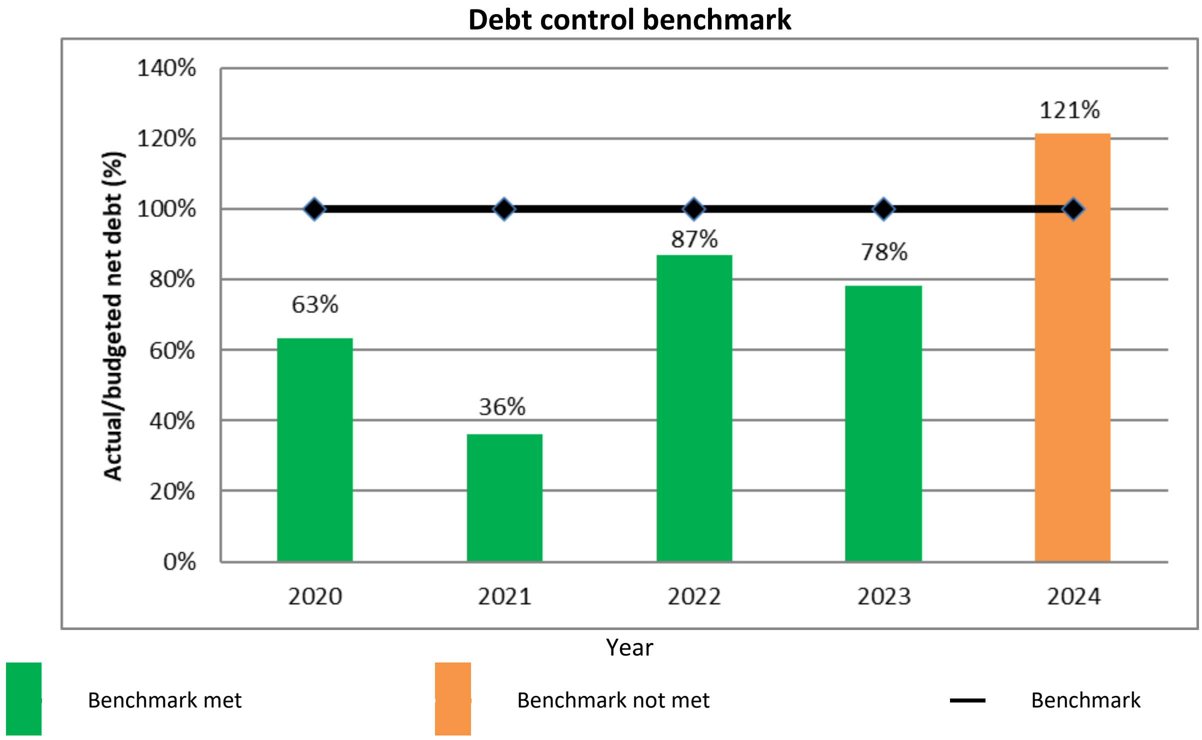


Comment

The Council has maintained extremely low levels of debt, and is well within its debt servicing benchmark.

Debt control benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities – which includes trade and other payables; less financial assets but excluding trade and other receivables. The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



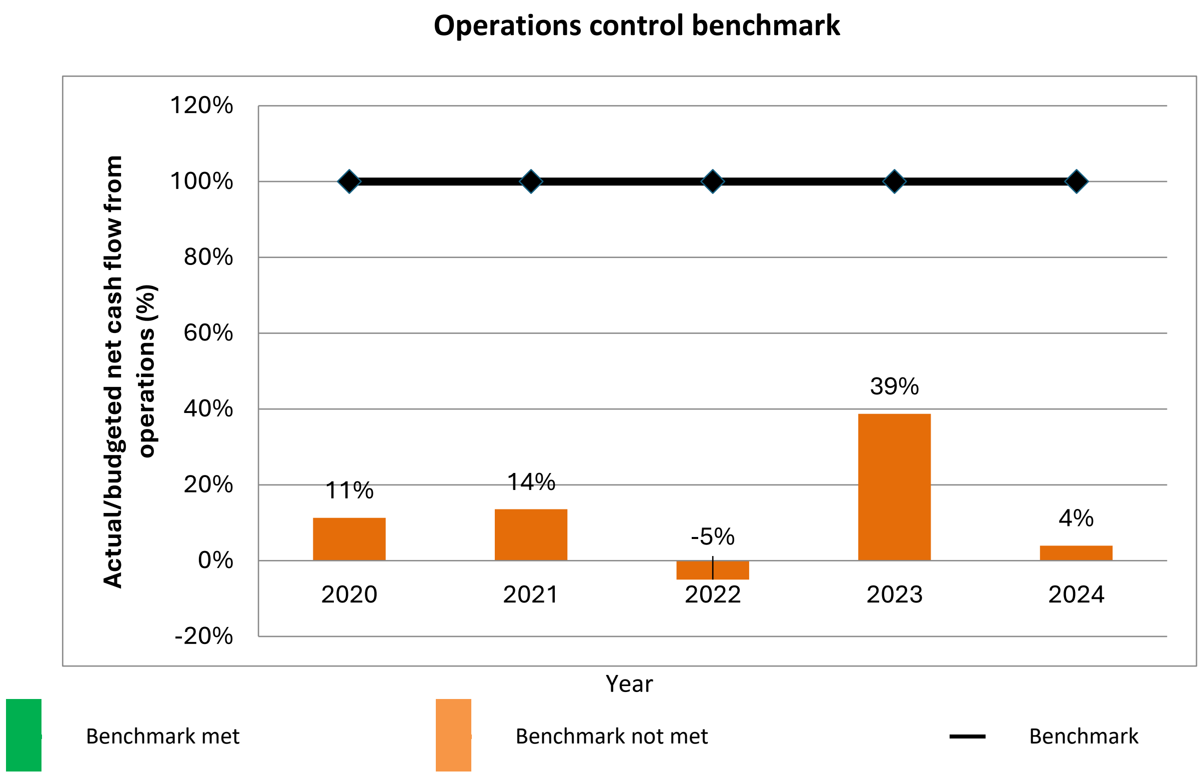
Comment

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

Operations control benchmark

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

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Comment

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

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Funding Impact Statement

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

Other information

Kaikoura Enhancement Trust

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

The Trust was a Council Controlled Organisation (CCO) under the provisions of the Local Government Act 2002, because the Council appoints its trustees. The Council owned 100% of the Trust, and the Trust owned 100% of the shareholding of Innovative Waste Kaikōura Ltd. The Council resolved to wind up the Trust during the year, and the Trust was removed from the Charities Register and was wound up on 29 March 2024, with all the shares being transferred to the Kaikoura District Council.

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

Innovative Waste Kaikoura Ltd

Innovative Waste (IWK) is owned by the Kaikoura District Council and is responsible for the day-to-day management of the district's landfill and recycling facility. The financial activity of Innovative Waste is included in the Council's group financial statements. IWK is the Council's leading provider of waste management services, public toilet maintenance, recycling services, three-waters maintenance services.

Objectives

IWK's key objectives are:

- To implement safe working practices to maintain a safe working environment for staff, contractors, customers, and others and to recognise the Council's legal obligations under the Health and Safety at Work Act 2015.
- To maintain a strong market presence in the areas of waste minimisation, maintenance, and management of public utilities.
- To provide cost effective and efficient service delivery that meets the district and clients' expectations and maintains contract longevity.
- To provide advice and support to local businesses to divert waste from landfill.
- To operate in an environmentally friendly manner.
- To be recognised nationally as a leader in environmental sustainability
- To operate water supply and wastewater facilities in an environmentally sustainable manner.
- To ensure that the business operates in a way that generates appropriate financial returns and dividend streams for the shareholder. To implement sound strategic and financial planning to ensure the capacity is available to meet the three waters, waste, and recycling needs of the Kaikōura District in a commercially viable manner.
- To assist the Council in empowering, educating, and encouraging the community in recycling surplus resource and waste in the community.

Nature and Scope of Activities

IWK is in the business of minimising waste and maintaining and managing public infrastructure. The company's main service offerings currently are as follows:

- Waste minimisation and management through the provision of recycling services and landfill management
- Environmental rehabilitation preservation and development through the Trees for Travellers programme
- Maintaining water and wastewater infrastructure predominately for local authorities

- Maintaining public toilet facilities in Kaikōura.
- Parks and reserves.

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

Financial Performance Targets

	2022/2023 Actual	2023/2024 Target	2023/2024 Actual	Achieved
Revenue	$2,525,088	$2,294,714	$2,494,348	Yes
Net Profit After Tax	($74,457)	$19,235	($211,496)	No
Return on Equity	(8%)	2%	(16%)	No
Equity	$896,933	$972,658	$685,437	No
Fixed Asset turnover	2.80	1.10	1.26	Yes
Liquidity Ratio (excl. annual leave accrual)	1.60	3.39	1.09	No
Wages as a % of revenue	42.49%	49%	49%	Yes
R&M as a % of revenue	3.7%	1%	4%	Yes

Operational Performance Targets

Target	Performance target to achieve the output	Achievements to 30 June 2023	Achievements to 30 June 2024
Client satisfaction	98% of all urgent callouts, applicable to the contract are responded to within one hour or two hours respectively from the time of the notification to the time that service personnel depart to site.	**Results not available** All service requests that have been marked as Urgent and have response time data were responded to within the target timeframe.	**Not achieved** 84.6% for Water 86.8% for Wastewater
	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 service requests that have been marked as non-urgent and have response time data were responded to within the target timeframe.	**Not achieved** 91.7% for non-urgent call outs
	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. Zero received	**Achieved** Zero service requests received.
Contractual or legal obligations	Compliance with and provision of all KPI information as per contracts.	**Results not available** *Three waters:* KPI information not complete – a significant amount of data not available due to the Adapt system not recording all response times. *Resource recovery:* A quarterly review is to be undertaken by the Principal. *Public amenity cleaning:* No contract in place.	**Achieved** *Three-waters* Achieved – all data is recorded and supplied as per contract requirements. *Resource recovery* Achieved. *Public amenity cleaning* Achieved – new contract to commence 1 August 2024

	Obtaining an unqualified audit opinion	**<u>Not achieved</u>** Qualified audit opinion received in 2022/23 in relation to the Statement of Service Performance and health and safety document.	**<u>Not achieved</u>** The qualified audit opinion received in 2023 remains for 2024 in relation to prior year comparatives for the Statement of Service Performance.
Service Performance	Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions	**<u>Not achieved</u>** 3 non-compliance notices issued to KDC in relation to the resource recovery centre.	**<u>Achieved</u>** No notices or infringements received.
	The number of complaints received per year due to a service request not being actioned appropriately is less than 10.	**<u>Achieved</u>** 2 complaints received.	**<u>Achieved</u>** One complaint was received.
Health & Safety	5% reduction in TRIF (Total Recordable Injury Frequency) accident rates	**<u>Achieved</u>** A reduction of 52% TRIFR rate for 2022/2023 was 38.56 (5 TRI x 200,000/25,931 (hours worked))	**<u>Not achieved</u>** TRIFE rate for 2023/2024 was 80.21 (12 TRI x 200,000 /29,921 hours worked).
	LTIFR (LTI per 200,000 hours worked) <6	**<u>Not achieved</u>** LTIFR rate for 2022/23 was 7.71 (1 LTI x 200,000/25,931 (hours worked).	**<u>Not achieved</u>** LTIFR rate for 2023/2024 was 6.68 (1 LTI x 200,000 /29,921 hours worked).
Staff Engagement	Engagement score of 4.0 or better	New measure in 2024	**<u>Not achieved</u>** - Engagement 3.8
	Communications score of 4.0 or better		**<u>Not achieved</u>** - Communications 3.7
	Culture score of 4.0 or better		**<u>Not achieved</u>** - Culture 3.7
Diversion from Landfill	55% as per Ministry for the Environment methodology	**<u>Not achieved</u>** 52.67% Of the 1637.63 tonnes landfilled, 522.5 were from commercial customers (418.62kg per capita) with domestic being 1115.13 tonnes for the year (285kg per capita). Per capita refers to per head of	**<u>Not achieved</u>** 47.4% The drop in diversion is due to the Reuse Shop being closed or on reduced opening hours due to site development activities. Of the 1593.27 tonnes landfilled, 397.23 tonnes were from commercial customers with domestic being 1196.04 tonnes for the year (282kg per head of population (4,230)).

		population which in 2023 was 3,912 for the Kaikōura district.	
Education activities	24 social media posts	New measures in 2024	**Achieved**
	6 hard media advertisements		**Achieved**
	4 primary school classes (one per school) undertake an IWK-led waste reduction education programme		**Not achieved**

Maori Participation in Decision Making

The Council is fortunate to have a positive relationship with Te Runanga o Kaikoura, and communication between both parties is open, frequent, and participative.

These committees are supported by Iwi representation.

- ***Kaikoura Water Zone Committee***
- ***Airport Committee (no representative appointed)***

Auditor's Report

To the customers of Kaikoura District Council

Independent Auditor's Report

To the readers of Kaikoura District Council and Group's annual report for the year ended 30 June 2024

Independent Auditor's Report

To the readers of Kaikōura District Council's annual report for the year ended 30 June 2024

The Auditor-General is the auditor of Kaikōura District Council (the District Council) and its subsidiaries (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.

We completed our work on 30 October 2024. This is the date on which we give our report.

Opinion on the audited information

Unmodified opinion on the audited information, excluding the statement of service provision

In our opinion:

- the financial statements on pages 82 to 141,
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2024;
    - the results of the 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; and
- the funding impact statement on page 150, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- the statement about capital expenditure for each group of activities on pages 14 to 69, 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 18 to 80, 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.

Qualified opinion on the statement of service provision (referred to as Council Activities)

In our opinion, except for the possible effects of the matters described in the "Basis for our opinion on the audited information" section of our report, the statement of service provision on pages 13 to 79:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2024, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
    - 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.

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 142 to 149, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

Statement of service provision: Our work was limited in the prior year with respect to the reporting on a number of performance measures

For the 30 June 2023 performance year, the Council did not have sufficiently reliable systems and processes in place to accurately report on a number of performance measures. Consequently, as explained in the introduction section of the statement of service provision on page 12, for the 30 June 2023 performance year for a quarter of the performance measures, the Council was either:

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

As a result, our work was limited, and we were unable to obtain sufficient appropriate evidence over the reported performance against these performance measures for the year ended 30 June 2023. Our audit opinion on the statement of service provision for the year ended 30 June 2023 was modified accordingly.

The issue has been resolved for the 30 June 2024 year. As the limitation on our work cannot be resolved for the prior year, the District Council's performance information reported for these performance measures for the 30 June 2023 year may not be directly comparable to the 30 June 2024 performance information.

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.

Responsibilities of the Council for the audited information

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

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

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

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

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

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

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's Annual Plan and 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 statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.

- 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 auditor's 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 12 and 151 to 156 but does not include the audited information and 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* (including International Independence Standards) (New Zealand) (PES 1), issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out an audit on the Council's long-term plan 2024-34 and a limited assurance engagement related to the District Council's debenture trust deed. These engagements are compatible with those independence requirements. Other than these engagements 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