

2023/2024 Highlights and achievements

Improving our infrastructure and facilities

- Footpath improvements for the Esplanade, Killarney St, Churchill St, Beach Rd and Whitby Place.
- Over 20% of unsealed roads have been resurfaced, using locally sourced gravel.
- The refuse transfer station and reconfiguration of recycling and reuse facility was completed.
- The Link Pathway is well underway with a few sections still to be finished before the beautification and landscaping can be done to complete the project.
- The shared pathway on Ludstone Rd to Green Lane is complete.

Becoming more efficient and effective

- Doggone – a new dog registration service was introduced providing sustainable dog registration tags for the life of the dog along with a unique service to reunite lost dogs with their owners.
- Property file information is almost completely digitalised, with the original files now held offsite.
- The CSR recording systems have been improved at KDC and IWK, ensuring we can now report on the mandatory performance measures.

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

- The satisfaction levels with the Council services remained strong in 2023/2024, with 65% of respondents expressing their satisfaction which was similar to recent years.
- Footpaths showed the most improvement in satisfaction (51% vs 49% last year)
- The top performing areas include the library (98%), Memorial Hall, Scout Hall and Op Shoppe (collectively 92%), customer services (85%)

Challenges we face

- Delays on Wakatu Quay and Glen Alton Bridge replacement have been ongoing.
- The Council received abatement notices for the wastewater treatment plant and the landfill site from Environment Canterbury (ECan).
- Recruitment has been an issue for the past few years particularly in the building and planning departments.

New Projects

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

From the CEO

The 2023/2024 financial year was another busy year for Council. On top of delivering our extensive annual work commitments we also completed our ten-year long-term plan for 2024-2034.

Long-Term Plan 2024-2034

This LTP stuck with the same core themes from the 2021-2031 LTP of finishing what we have started in the core infrastructure space. The community showed extensive support for the preferred options we sought feedback on for the Whale Trail walking and cycle trail, increasing the investment in footpath renewal programme, dropping the rural rate differential to 0.8 and maintaining rural recycling services in key areas.

A core piece of work to support the LTP was our comprehensive funding and financing policy review work which included a review of our rates. This was a commitment made in the last LTP and saw a stronger move towards a user pays principle where appropriate. The reset on the rural rate differential also came from that work

Government Reforms

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

Projects

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

Post Covid

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

Financial position

The net surplus for the year was \$2.3M compared to a budgeted surplus of \$12.7M. Borrowings were kept to \$7.3 million instead of the forecast \$8.3M. Total revenue for the year was \$20.7M, with operating expenditure at \$18.3M. We saw a further increase in the revaluation of our asset base which will have a knock-on effect on insurance costs going forward. We remain in a strong financial position as a small rural Council and continue to punch well above our weight whilst we focus on the basics.

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



Will Doughty
Chief Executive Officer

How well did Council perform?

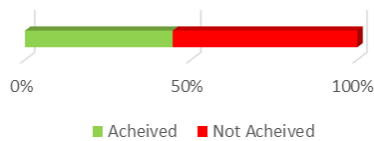
Across our groups of activities this year, the Council achieved 64 out of 87 performance measures (74%).

Significant improvement in our data collection has resulted in no measures unavailable or incomplete for the 2023/2024 year resulting in 98% of performance measures accurately reported on. Actual performance measure reported – 85, not applicable – 2, total performance measures - 87

Roads & bridges, Footpaths and Streetlights

152km of unsealed road graded, 361 potholes repaired, 1467m2 of stabilisation repaired, 3352m2 of crack sealing completed, 6.7% of the sealed network was resurfaced this year. Resident satisfaction with footpaths was 51%.

Roading Performance Measures

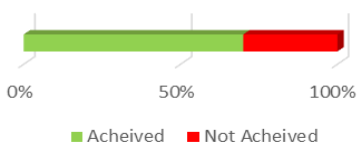


Water supplies

Maintained consistent supplies of safe water on all schemes meeting existing levels of demand. Made progressive improvements in respect of the collection and management of quality and performance data.

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

Water Performance Measures

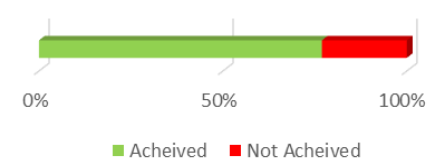


Sewerage services

There were 6 complaints/requests regarding sewer during the year, there are 1,802 connections to the Kaikōura sewerage system.

There are 3 abatement notices relating to consents, completion of odour management plan, pond management, completeness of records and frequency of monitoring. Attendance and resolution targets were met.

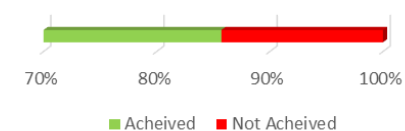
Wastewater Performance Measures



Stormwater

The council met 6 out of 8 measures for stormwater, with one non-applicable. 6 complaints were received about the performance of the stormwater system. There are 1,862 properties connected to the Kaikōura stormwater system.

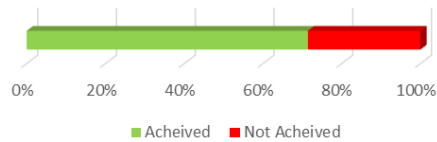
Stormwater Performance Measures



Refuse & Recycling

The total weight of waste produced per person has decreased from 385kg last year to 382kg – this is more than the target of 380kg. The percentage of recycled materials that had to be treated as refuse due to contamination was 3% which is better than our target of 5%. With the permanent transfer station facilities completed there is now no cost to Council for refuse disposal, all costs are covered by user fees.

Refuse & Recycling Performance Measures



Governance & Corporate Services

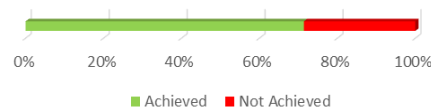
The last 12 months have been an intense phase of Council meetings, workshops, and consultations, with the Revenue & Financing Policy (the Rates Review), developing the Long-Term Plan 2024-2034, the Representation Review, work on a new Spatial Plan, Wakatu Quay and South Bay Forest options, to name a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

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

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

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

Governance & Corporate Services Performance Measures



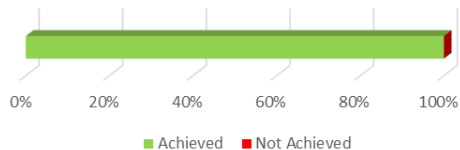
Community & Services

85% of respondents to our resident survey said they are satisfied with the customer services team.

Our Community Events Co-ordinator supported, promoted and in some cases directly assisted or organised 22 community events.

The Council funded 29 successful applicants through four community grants totalling \$64K. 20 applications supported youth, 7 supported older people initiatives and 11 applications supported children with some applications crossing over multiple groups.

Community Services Performance Measures



Community facilities

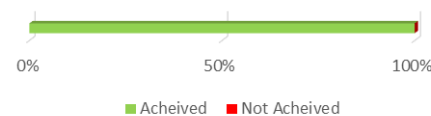
Memorial Hall bookings (excl Council use) decreased to 82 compared to 113 the previous year.

The Link Pathway is already an iconic walkway along the foreshore. Progress for replacing the public toilets in the West End and Top End are in the final design stages along with a new toilet at Churchill St playground.

We continue to refurbish housing for the elderly including double glazing and resealed the parking areas.

The Council met the resident satisfaction target with the cemetery, public toilets and playgrounds at 75%.

Community Facilities Performance Measures



Regulatory services

Key issues were maintaining effective operation of Council's Building Control Authority despite difficulties in staff recruitment.

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

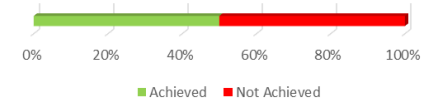
We processed 116 consents, including 24 new dwellings, 17 new commercial buildings, 9 Certificates for Acceptance were also issued.

70% of resource consents processed were within the statutory timeframes, this did not meet our target of 97%. 13.3% of resource consents were processed externally by consultants. 10 Subdivision consents were processed, 35 land use consents, 50 PIM's and 114 LIM's

100% of performance targets were met for Animal Control. 99% of dogs known to be living in the district are registered, there are currently 1,262 known dogs in the district. Regulatory Enforcement Officers are on call 24 hours a day, 7 days a week.

Three parking machines were replaced, two in West End Carpark and one at South Bay Harbour. Parking Control issued 202 parking and or freedom camping infringements, parking wardens have taken an approach of education and communication to encourage better behavior

Regulatory Service Performance Measures



District development

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

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

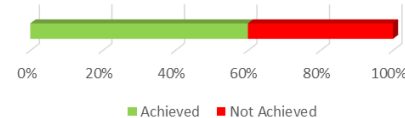
The \$7.8 million grant through the Infrastructure Acceleration Fund (the IAF) will provide for economic and population growth, through a road extension from Ludstone Road and Green Lane to Ocean Ridge, including a rail crossing, shared pedestrian path and cycleway.

With funding support from the Council, Destination Kaikōura actively promotes the district both domestically and internationally.

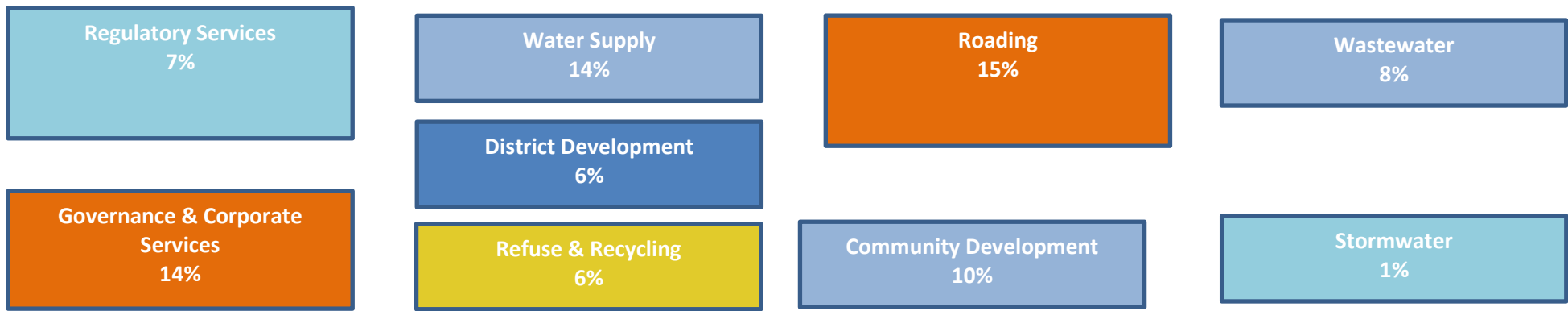
Implementation of our regions Destination Management Plan which represents the goals and aspirations derived from tourism for the benefit and wellbeing of all who live here.

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

District Development



How we invested your rates



Summary financial statements

	Council			Group	
	2024 Budget \$000	2024 Actual \$000	2023 Actual \$000	2024 Actual \$000	2023 Actual \$000
Summary Statement of Comprehensive Revenue & Expense					
Total Revenue	31,761	20,666	19,293	21,510	20,291
Total Expenses (excl financing)	18,718	18,012	16,756	19,054	17,878
Financing expenses	327	322	215	330	220
Operating surplus/(deficit)	12,716	2,332	2,322	2,126	2,193
Ecan share of MRF surplus	-	(55)	(38)	(55)	(38)
Net surplus/(deficit) before tax	12,716	2,277	2,284	2,070	2,154
Income tax	-	-	-	42	(29)
Net surplus/(deficit) after tax	12,716	2,227	2,284	2,028	2,183
Gains on asset revaluation	-	10,269	191	10,269	191
Impairment losses	-	-	-	-	-
Total Comprehensive Revenue & Expense	12,716	12,546	2,475	12,298	2,375

Summary Statement of Changes in Equity					
Equity at start of year	289,138	287,990	285,503	288,926	286,540
Adjustment on adoption of PBE IPSAS 41	-	-	12	-	12
Total comprehensive revenue & expense	12,716	12,546	2,475	12,298	2,374
Equity at end of year	301,854	300,536	287,990	301,223	288,926

Summary Statement of Financial Position					
Current assets	3,995	9,342	5,412	9,476	5,377
Non-current assets	309,862	308,430	294,319	309,187	295,170
Total Assets	313,857	317,772	299,461	318,663	300,547
Current liabilities	1,841	11,010	5,463	11,215	5,613
Non-current liabilities	10,161	6,227	6,008	6,227	6,008
Equity	301,854	300,536	287,990	301,223	288,926
Total Liabilities & Equity	313,855	317,772	299,461	318,663	300,547

Summary Statement of Cashflows					
Net cash from operating activities	18,008	717	2,075	706	2,007
Net cash from investing activities	(22,733)	(3,487)	(1,451)	(3,549)	(1,525)
Net cash from financing activities	3,000	2,000	-	2,020	(10)
Net increase/(decrease) in cash held	(1,725)	(770)	624	(823)	472
Opening cash at start of year	3,340	3,414	2,790	3,538	3,066
Closing cash balance	1,615	2,644	3,414	2,715	3,538

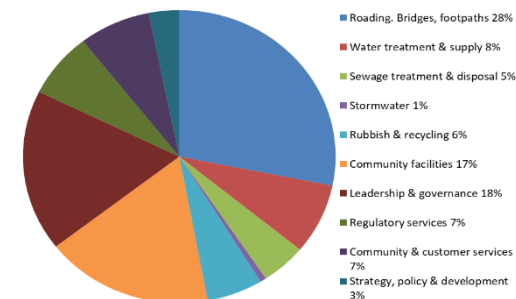
Equity	2024	2023	2024	2023
	Actual \$000	Actual \$000	Actual \$000	Actual \$000
Year end equity is split into the following reserves:				
Public equity	119,940	117,660	120,701	118,761
Special reserves & special funds	3,802	3,805	3,802	3,805
Asset revaluation reserves	176,793	166,525	176,718	166,450
	300,535	287,990	301,221	288,926

Financial Highlights

- We had an overall surplus of \$2.27 million, with total revenue of \$20.67 million.
- Our total expenditure was \$18.33 million.
- We collected \$9.63 million in rates.
- We currently own \$308 million of non-current assets including infrastructure.
- We invested \$7.77 million in capital expenditure.
- Debt increased by \$2 million to \$7.3 million, \$2 million is classified as a current liability with \$5.3 million long-term debt.

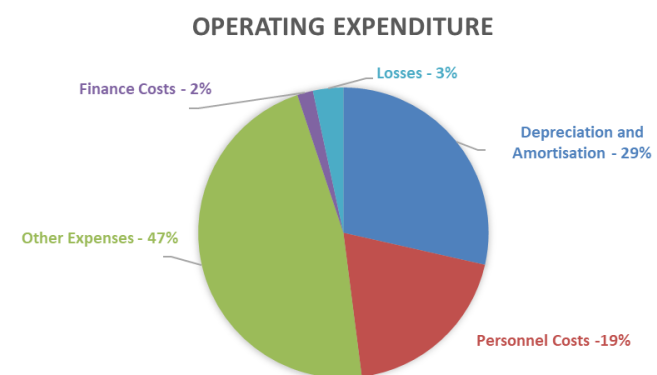
Where we spent our money

This includes operating and capital expenditure. Overall, roads, bridges and footpaths received 28% of total expenditure, Leadership and Governance 18% and Community Facilities were 17%.



Operating Expenditure

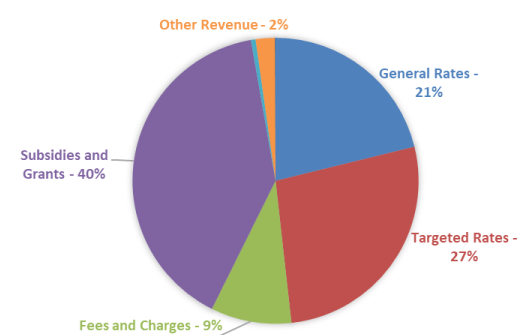
Overall total operating expenditure of \$18.33 million was down on budget of \$19.05 million this includes revaluation losses of \$619 thousand.



Revenue

Kaikoura District Council rates contributed 48% of revenue totaling \$9.63 million. Subsidies and grants made up 40%, fees and charges 9% with the 3% balance being made from interest, development contributions and other revenue

REVENUE (EXCLUDING OTHER GAINS/LOSSES)



Performance Measures

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

Overall Performance Achievement



Annual Report Disclosure Statement

This Summary Annual Report provides an overview of Kaikōura District Council and group's operational and financial performance for the financial year ended 30 June 2024. All statutory requirements in relation to the Annual Report, as outlined in Section 98 and Part 3 of Schedule 10 of the Local Government Act 2002, have been complied with, it represents fairly and consistently the information regarding the major matters dealt within the full Annual Report.

The specific disclosures included in this summary have been extracted from the full Annual Report. The auditor, Audit New Zealand, issued an unmodified opinion on the financial statements excluding the statement of service provision (reported as Council activities). The financial statements present fairly, in all material respects and comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Reporting Standards Reduced Disclosure Regime. A Qualified Opinion was issued on the statement of service provision (referred to as Council Activities) relating to the year ended 30 June 2023 due to a lack of sufficiently reliable systems and processes in place during the year to accurately report on a number of performance measures. 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.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$,000). This Summary Annual Report complies with PBE FRS43 Summary Financial Statements, and the full Annual Report was prepared in accordance with public benefit entity accounting standards with reduced disclosure requirements (Tier 2).

This summary report cannot be expected to provide as complete an understanding of the Council and group's financial and service performance, financial position and cash flows as the full Annual Report.

The full version of the Annual Report is available on our website; www.kaikoura.govt.nz or via the Council office.

Summary of Major Variances Against our Budget

Revenue

Revenue was \$20.67 million, \$11.09 million lower than the \$31.76 million forecast in the Councils 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 and the Glen Alton/Clarence Bridge, which for various reasons were all somewhat delayed against anticipated milestones.
- \$0.7 million of gains were recognised driven by the revaluation of our investment property at Wakatu Quay (+\$0.38 million) and due to gains on Forestry assets (+\$0.29 million)

Expenses

Operating expenditure of \$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 \$0.275 million less than budget due to vacancies, especially in the 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).

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 \$2.0 million of borrowings due to timing mismatch between expected cash flows for Wakatu Quay and revenue in advance materially for Wakatu Quay development and the IAF project.

Non-current liabilities include borrowings, Environment Canterbury's share of the Marlborough Regional Forest held on behalf, and the provision for closure of the landfill.

Borrowings were kept at \$7.3 million instead of the budgeted \$8.3 million.

The non-current portion of landfill provision has decreased due to capping and closure work during the year as part of the reconfiguration of the site as a transfer station which is reflected in the current liabilities.

Statement of Cash Flows

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



Council Spending at a Glance

Area of Spend		Capital Spend	Operating Spend
Governance and Corporate Services	<ul style="list-style-type: none"> • Governance • Administration • Chief Executive Office • Finance • IT • Communications 	\$139,000	\$4,066,000
Roads, Bridges and Footpaths	<ul style="list-style-type: none"> • Roads and bridges • Footpaths • Streetlights • Cycleways 	\$4,978,000	\$1,673,000
Water treatment and Supply	<ul style="list-style-type: none"> • Water treatment • Reticulation 	\$278,000	\$1,555,000
Sewerage treatment and disposal	<ul style="list-style-type: none"> • Sewerage treatment • Reticulation 	\$306,000	\$804,000
Stormwater	<ul style="list-style-type: none"> • Urban stormwater • Stormwater treatment 	\$45,000	\$102,000
Rubbish and recycling	<ul style="list-style-type: none"> • Solid Waste • Recycling 	\$784,000	\$588,000
Commercial Facilities	<ul style="list-style-type: none"> • Parks and Reserves • Property • Harbour • Airport 	\$1,204,000	\$2,899,000
Regulatory Services	<ul style="list-style-type: none"> • Building control • Traffic and parking control • Dog and stock control • Food premises and environmental health • Liquor licensing • Other TA regulatory functions 	\$0	\$1,692,000
Community and Customer Services	<ul style="list-style-type: none"> • Customer Services • Community Development • Civil Defence emergency management • Community grants, events and fundraising • Youth Development • Library 	\$36,000	\$1,712,000
District Development	<ul style="list-style-type: none"> • Strategy and Policy • District Planning • Statutory Planning • Economic Development • Tourism & Marketing 	\$0	\$739,000

Independent Auditor's Report

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

The summary of the annual report was derived from the annual report of the Kaikōura District Council (the District Council) and group for the year ended 30 June 2024.

The summary of the annual report comprises the following information on pages 2 to 4:

- the summary statement of financial position as at 30 June 2024;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2024;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (reported as "How well did Council perform?").

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS 43, *Summary Financial Statements*.

However, the summary of the statement of service provision includes a limitation of scope to the equivalent extent as the full audited statement of service provision (reported as "Council activities" in the full annual report). This limitation is explained below in *the full annual report and our audit report thereon* section.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified opinion on the audited information excluding the statement of service provision and a qualified opinion on the statement of service provision in the full annual report for the year ended 30 June 2024 in our auditor's report dated 30 October 2024. The basis for our qualified opinion on the statement of service provision is explained below.

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 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 of the full annual report, 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
- has reported performance as *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.

Information about these matters is also disclosed on page 4 of the summary annual report.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS 43.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

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 2024-2034 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
11 November 2024