

Kaikōura District Council

Annual Report

For the year ended 30 June 2023



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Cover image; entrance to the Peninsula Gateway walk

General Information



Kaikōura: a great place to live

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

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

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

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

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

*On 30 June 2022

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

~on 30 June 2023

2022/2023 Highlights, challenges, and achievements

Improving our infrastructure and facilities

- Over 10 kilometres of roads were resealed representing over 9% of the sealed road network, plus 260km of unsealed roads were graded. This work was signalled in the Long-Term Plan 2021-2031 to address a backlog of roading maintenance and rehabilitation.
- Long standing boil-water notices were lifted for East Coast and Fernleigh water supplies, having had source bore and treatment upgrades. All other supplies have sources, treatment and distribution networks capable of full compliance with NZ Drinking Water Standards.
- The landfill ceased to operate at the end of July 2022, with the site reconfigured as a transfer station and all waste transported to Kate Valley. Further site improvements will be completed during the 2023/2024 year.
- Progress started on the Link Pathway, thanks to \$1.9 million in funding from the government Tourism Infrastructure Fund, the pathway will extend from the Memorial Hall gardens along the Esplanade to Point Kean, and include arterial projects such as upgrading Dempseys Track.

Becoming more efficient and effective

- We have improved our property file systems and are now underway with a large digitization project, to ensure our property records comply with the Public Records Act.
- The library has received a significant technological upgrade and a robust collection development, which has resulted in a substantial increase in library usage, and growing e-book and book issues.
- We delivered a successful Mayors Taskforce for Jobs employment and support programme in collaboration with Te Hā o Mātauranga, and funding has been confirmed for a further two years on the strength of the positive outcomes to date.
- A Spatial Plan is being developed, to inform a regional policy statement and to form the basis of the District Plan review. The work is ongoing into 2023/2024.

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

- The Council has performed well in the eyes of its residents, despite the challenges faces nationally and regionally in the past year. The satisfaction levels with Council services remained strong in 2022/2023, with 69% of respondents expressing their satisfaction, which was similar to recent years.

Challenges we face

- Delays are ongoing for the replacement of the former Glen Alton Bridge, destroyed by the November 2016 earthquake. Iwi remain opposed to significant aspects of the project including its proposed location and road protection works although discussions with Iwi and the council continue to seek a way forward.
- The Council received four abatement notices from Environment Canterbury (ECan) – three for wastewater and one for stormwater, relating to the Council's resource consents and the need to review them and provide monitoring data. An action plan was provided to ECan on 29 June and accepted by them on 6 July for actions to be carried out in the 2023/2024 year.
- Large slips at the Puhi Puhi Valley Road and Blue Duck Valley Road will require strengthening work and this is planned for 2023/2024.
- The Wakatu Quay project is progressing, with the majority of community feedback confirming the Council's commitment to funding \$800k in loans towards the first phase of development. The Kanoa Fund (formerly known as the Provincial Growth Fund) has granted up to \$10.88 million towards this project and the South Bay feasibility study. The study has now been completed.
- Staff retention and recruitment has been a significant challenge for almost all areas of the Council. Worst affected is the building control activity, with vacancies for both a Building Control Manager and a second Building Control Officer. Both roles are essential for building consents to be processed and for inspections to continue, and so external resources were relied upon during the year. The Council is, however, fortunate to have secured one Building Control Officer locally and who is rapidly upskilling to obtain relevant qualifications and gaining experience. The Council has retained its accreditation as a Building Control Authority (BCA), with only two minor corrective actions identified in the BCA audit.

- Increasing costs are impacting our operations, including the cost of insurance, maintenance contracts, and audit fees.

New projects

- The Infrastructure Acceleration Fund (IAF) has approved a \$7.88 million grant to the Council to enable further residential development through the Ludstone Road, Mt Fyffe Road, Green Lane, and through to Ocean Ridge area. The project will enable housing development such as the Vicarage Views, as well as new roads and shared pathways for cyclists and foot traffic.
- The Council was successful in its application to government funding related to the three-waters reform, and known as “Better Off Fund”. The \$1.55 million funding will enable new public toilets to be built, playgrounds to be upgraded, and various other projects. As at 30 June 2023, various projects had started with the emergency helipad at Churchill Park, and sealing of the pensioner flats and peninsula lookout, the first projects completed. The funding has also provided for grants to Kaikōura Dark Sky, community hall upgrades and more.

From the Chief Executive

The 2022/2023 financial year was another strong year for Council. We continued to deliver on our commitments made in the long term plan (LTP) despite a number of challenges both locally and nationally. We welcomed a new Council in October 2022 with six returning elected members from the previous term and two additional experienced former elected members. It was pleasing to note that we had a strong field of candidates for the election and had the highest percentage voter turnout in the country at 62.06% (compared to the country average of 40.44%). This shows the importance of local democracy and local decision making.

In terms of our LTP commitments, over 10 kilometres of roads were resealed representing over 9% of the sealed road network, plus 260Km of unsealed roads were graded. The focus on roading will continue into the 2023/2024 financial year and beyond. Our footpath working group, identified the priority footpath renewals programme for the next three years and work on the highest priority areas was well underway by financial year end. A noticeable achievement was being able to lift the long-standing boiled water notices for two of our rural water schemes having had source bore and treatment upgrades. We made good use of the initial no commitment stimulus funding linked to the water reforms. Our spatial plan work commenced as a basis of the District Plan review and will continue into 2023/24. Irrespective of what happens with the Resource Management Act (RMA) reforms, this is a vital piece of work for Kaikōura to manage our own destiny from a planning and growth perspective.

We were successful with obtaining funding for several large-scale projects and programmes, including the \$7.88m Infrastructure Acceleration funding linked to future housing outcomes. This involves improving Council infrastructure along Ludstone rd and ultimately Green Lane. Our better off funding of \$1.55m is also focusing on 13 community related projects that may otherwise may not have been a priority for funding through the LTP. Internally we initiated a few projects to improve the efficiency and effectiveness of delivery including a large-scale digitization project of all our paper property records, improvements to our library systems and our Council website. We have faced a resourcing challenge this year with some key vacancies still not filled by financial year end especially in the building space. We have not been alone with this challenge as it has been felt across the sector, especially given the central government reform agenda. We have still managed to achieve great outcomes with our small and dedicated Council team.

It is great news that the funding for the Mayoral Taskforce for jobs has been confirmed for a further two years (albeit at a reduced level). This has been an incredibly successful programme delivered largely through Te Hā o Mātauranga. Through our various discretionary grants funds, we have been able to support over 50 community initiatives and projects through the 2022/2023 financial year which is a fantastic outcome.

The Central Government reform agenda dominated the year, creating uncertainty, noise and distraction from our core activities. It has been an unprecedented time with so many major pieces of reform underway at one time. Multiple pieces of complex legislation have been rushed through under urgency over the year. Kaikōura District Council has been an active member of Community for Local Democracy (C4LD) with regard to the Affordable Water reforms which has advocated more an alternative water reform model. We have also made sure that we have added our community voice to the other reforms. Time will tell if there are further major policy shifts in the reform space.

The post Covid economic climate has seen high inflation and a steep rise in the cost of living, which is still being felt across the country. This has had a major impact on our community, but also increasing costs of our operations in terms of capital works, maintenance contracts, insurance and audit fees. Despite this we were able to keep the average rates increase for the 2023/2024 below 5%, which was in the lower 25% of local authorities across the country. Having said that, these financial pressures will continue into the next financial year and our long-term planning. One key outcome from the Future for Local Government review needs to be a conversation with central government around sustainable funding for local authorities going forward that doesn't continue to burden the ratepayer. This is particularly important as Central Government increases the expectation on Councils without providing appropriate funding to support the mandates.

In terms of our financial result, the net surplus for the year was \$2.284 million compared to a budget surplus of \$1.073m million. External debt remained at \$5.3 million instead of the forecast \$7.3m to utilize existing cash balances rather than draw new loans. Total revenue for the year was \$19.29 million, with operating expenditure at \$16.97 million. We saw a significant increase in the re-evaluation of our asset base which will have a knock-on effect on

insurance costs going forward. We remain in a strong financial position, however, as highlighted above there are some increasing pressures we will need to contend with as we come into the next long-term planning cycle

My thanks once again to both the Council team and elected members for all their hard work through the year. It has been one to roll your sleeves up and get stuck in too! 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. We are looking forward to the year ahead as we continue to deliver of some exciting key projects and support our community.



Will Doughty
Chief Executive Officer

Statement of Compliance

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

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

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

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

In the opinion of the Council and management of the Kaikōura District Council, the annual financial statements and statements of service performance for the year ended 30 June 2023 fairly reflect the financial position and operations of the Kaikōura District Council.

The annual report was adopted on 31 October 2023.



Will Doughty
Chief Executive



Craig Mackle
Mayor

Council Activities

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

Contextual information

Why we exist

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

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

What we intend to achieve in the future

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

The LTP identified five community outcomes:

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

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

How we will do it

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

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

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

What we do

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

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

Our annual Resident Satisfaction Survey showed that 77% of community members were satisfied with Council facilities (up from 74% in 2022), and 61% were satisfied with services provided by the Council. Satisfaction with Council performance has improved over time, and in 2022/2023 the overall result of 69% satisfied was above the New Zealand benchmarking survey results of 62%.

Overall, the library scored the highest with 95% satisfaction, public halls were a close second at 93%, and 85% of respondents were satisfied with civil defence in the district.

Performance achievement

Year	Number of measures		
	2020/2021	2021/2022	2022/2023
Actual performance measure reported	63	62	64
Incomplete performance measure reported	23	12	10
Result not available	27	11	12
Not applicable	1	2	1
Total performance measures	114	87	87
Performance measures accurately reported on	55%	71%	73%

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

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

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

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

Roothing

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

What we do

The Roothing group of activities includes;

- Roads & bridges
- Footpaths & cycleways
- Streetlights

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

Key issues in the year to 30 June 2023

The Long-Term Plan 2021-2031 (the LTP) identified a significant backlog of road rehabilitation and reseal work and KDC has made the commitment to address the backlog over the ten years of the LTP. This 2022/2023 year is the second year of the LTP, and we are committed to continue progressing with this. Over \$1 million has been spent in road renewals and improvements for the year – more than double the usual spend in the years before the earthquake.

There have been two large dropouts on Puhī Puhī Road and Blue Duck Valley Road which were not in the 2021 – 2031 LTP. Work is under way in design and funding applications with Waka Kotahi around these sites and works are expected to be completed in the 2023/2024 financial year.

What we did

Substantial reseals and road rehabilitation was completed on Bay Paddock Road, Edmund Ave, Ellerton Valhalla Road, Kanuka Lane, Kekerengu Road, Kekerengu Valley Road, Ludstone Road, Mt Fyffe Road, Postman's Road, Red Swamp Road, and Wilderness Road resulting in 10.1 km of reseals at 9% of the sealed road network being resurfaced this year.

Some of the key maintenance statistics are:

- 260km of unsealed road graded,
- 504 potholes repaired,
- 18.9 km of high shoulder removed,
- 2.76 km of swales regraded.

What we planned to do but didn't

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

The planned renewal metalling works on the unsealed network didn't occur, and the budget has been carried into the next financial year. This will be used to source metal at closer locations to reduce the carting costs and get a better return on investment.


Effects on community wellbeing

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

Major projects


Project	Planned \$000	Spent \$000	Comment
Upgrades to meet additional demand:			
IAF Project – Cycleway	-	125	The Infrastructure Acceleration Fund (IAF) has approved a grant totalling \$7.88 million to enable further residential development through the Ludstone Road, Mt Fyffe Road, Green Lane and through to Ocean Ridge area. The IAF funding had not been approved when the budgets were adopted.
IAF Project – Green Lane extension	-	20	
IAF Project – Rail crossing	-	83	
IAF Project – Shared pathway	-	239	
	-	467	
Upgrades to improve level of service:			
Low cost/low risk safety improvement	150	-	No specific projects were identified
Footpath improvements	100	33	Kiwi St & Esplanade
	250	33	
Renewal/replacement of existing assets			
Waiiau-Toa/Clarence River Bridge	1,500	964	Project delayed due to Runanga concerns
NCTIR haul roads renewal	617	80	Affected by the IAF project
Sealed surface renewals	410	588	Over 9% of total road area was rehabilitated
Sublayer rehabilitation	330	203	and resealed
Unsealed surface renewals	180	50	Further work planned for 2023/2024
Drainage kerb & channel	65	31	
Traffic services	60	32	
Inland Road route 70 renewals	-	4	
“Better Off” Project – sealing	-	103	Sealing at the Lookout and Pensioner Flats
Earthquake-related bridge renewals	-	-	
	3,162	2,055	
Total capital projects	3,412	2,555	


Performance indicators

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Development We promote and support the development of our economy</p>	Good quality roads support economic activity by providing for the efficient delivery of goods and services throughout the district so that the economy can function.	Our roads and bridges must be well-managed to ensure that annual renewal and maintenance programmes are optimised.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The average quality of ride on the sealed local road network, measured by smooth travel exposure	92%	92%	Not available	Not available	
The average quality of ride on the sealed road network measured by NAASRA roughness ²	Not available	97	Not available	Not available	


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

Note the NAASRA roughness survey is done every three years. No survey was done in the last two years due to the cost of survey, whereby the Council concluded that the survey would be better utilized if done in the 2024 financial year, to then inform the Long-Term Plan 2024-2034. With no survey done in 2023, no results are available. The next LTP will be more specific in stating that there will be no performance measure for NAASRA roughness in the two years between surveys being undertaken.


Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Services Our services and infrastructure are cost-effective, efficient and fit for purpose.</p>	Roading is one of the main activities of the Council, with roads and bridges costing around 20% of total costs annually. It is essential therefore that roads are well-managed and that the roading network is safe and resilient for all road users.	Renewal, repair and minor improvement programmes should ensure that the condition of roads and footpath are safe and not deteriorating. A new reseal programme has been introduced with this LTP to address a backlog of surface renewal.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The percentage of the sealed network that is resurfaced per annum	20%	> 7%	8.5%	Yes	

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Services Our services and infrastructure are cost-effective, efficient and fit for purpose</p>	The Council and our contractors are adequately resourced and available to respond to reports of roading faults	Our customer request systems need to record and report on our responses to requests, so that we can manage our contractors to ensure that requests relating to roading faults are responded to, and addressed, in an appropriate timeframe.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The percentage of customer service requests relating to roading, footpath and associated faults responded to within timeframes: Urgent – 1 day Other – 1 week		Not available	> 90%	Not available	No


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

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Future We work with our community and our partners to create a better place for future generations</p>	It is essential that the roading network is safe and resilient for all road users.	It is the Council’s role to ensure that high risk areas such as intersections, school zones, pedestrian crossings and high speed-limit areas have good visibility, road works are marked clearly, and road surfaces are kept clean and clear of hazards.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The change from the previous year in the number of fatalities and serious injury crashes on the local road network expressed as a number		0	0	3	No
The percentage of regulatory road signs incorrect or missing during an audit of the road network (whether a full or partial audit is completed)		13.3%	< 0.5%	0.0%	Yes

There were two serious injury crashes on the Inland Road, and one on Scarborough Street. One crash was alcohol-related and one where alcohol was suspected. The third crash occurred in icy conditions.

Community Outcome	How do Footpaths & Cycleways contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Services Our services and infrastructure are cost-effective, efficient and fit for purpose</p>	<p>Footpaths provide a healthy alternative for people to access the town services and recreational areas, and so it is important to ensure our footpaths are mobility friendly, smooth and free of trip hazards.</p>	<p>The quality of footpaths throughout the township is very irregular, with a mixture of very new concrete walkways through to very old chip-seal paths. A consistent walking experience, by an ongoing programme of surface renewals, would go a long way to improve pedestrian satisfaction.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The percentage of footpaths that are poor condition (grade 4 or 5)		4.9%	< 5%	Not available*	Not available
Resident satisfaction with footpaths		44%	46%	41%	No

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

Community Outcome	How do Streetlights contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Environment We value and protect our environment</p>	<p>Streetlights are necessary for visibility for road users, but we should be mindful of the impact of lighting on the environment, particularly the Hutton's Shearwater (<i>Titi</i>), and also to night sky enthusiasts.</p>	<p>We need to find a balance between road user safety, and light pollution impacts on the Hutton's Shearwater (<i>Titi</i>), which are disoriented by lights when they fledge, and can fall to the ground and be injured.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
Streetlights					
The percentage of streetlights not functioning during an audit of any part of the network		0%	< 1%	< 1%	Yes

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

Funding Impact Statement: Roading

For the year ended 30 June 2023

	2021/2022 Long-Term Plan \$000	2022/2023 Long-Term Plan \$000	2022/2023 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,104	1,315	1,413
Subsidies & grants for operating purposes	508	514	721
Fees and charges	-	-	7
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	38	39	43
Total operating funding (A)	1,650	1,867	2,184
Applications of operating funding			
Payments to staff and suppliers	1,152	1,186	1,305
Finance costs	32	44	62
Internal charges and overheads applied	129	132	351
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,312	1,362	1,718
Surplus/(deficit) of operating funding (A-B)	338	505	466
Sources of capital funding			
Subsidies & grants for capital expenditure	1,752	5,308	1,289
Development and financial contributions	19	6	4
Increase/(decrease) in debt	658	651	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,429	5,966	1,293
Application of capital funding			
Capital expenditure			
- To meet additional demand	30	-	467
- To improve the level of service	287	257	-
- To replace existing assets	3,924	6,214	2,088
Increase/(decrease) in reserves	(1,473)	-	(796)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	2,767	6,471	1,759
Surplus/(deficit) of capital funding (C-D)	(338)	(505)	(466)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,718
Plus depreciation			1,806
Expenditure as per Note 1			3,524

Water supplies

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

What we do

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

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

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

A new water services regulatory agency, Taumata Arowai, took over from Crown Public Health on 1 March 2021. All Council supplies must comply with Taumata Arowai quality assurance rules and requirements for continuity of supply. The rules and requirements for each supply are based on the numbers of people the supplies serve. The Taumata Arowai requirements include “windows” of time for assessing compliance, and percentages of time compliance was achieved.

The Taumata Arowai rules replace the previous NZ Drinking Water Standard monitoring and reporting requirements. The NZDWS requirements are simple pass/fail. One instance of non-compliance, no matter how short, results in a fail.

The previous Suburban water supply is now amalgamated with the Kaikōura Urban supply. Some

aspects (e.g. supplying through trickle feed flow restrictors rather than providing on-demand flows) have however been retained to avoid having to carry out major pipe network upgrades.

Key issues in the year to 30 June 2023

A number of Government-funded upgrades had been completed by June 2022 to bring Council-managed drinking water supplies up to the required standards. The main areas of focus for the 2022/23 year have been on operations, maintenance and increased requirements for reporting, and on the Government’s water services reform process.

The reform process has continued to provide additional workload and a number of significant issues for Council to work through. The proposed reforms are expected to change the way that water services are delivered in the future. The timing of the changes has however not been confirmed as the reporting date (August 2023), so Council will have to include three waters long term planning and funding in the 2023-24 year.

What we did

Long standing boil water notices were lifted for the East Coast and Fernleigh rural supplies after completion of source bore and treatment upgrades. All other supplies have sources, treatment and distribution networks capable of full compliance. Smaller works are described below.

What we planned to do but didn’t

The replacement of a watermain on Beach Road was again deferred, to enable Council and Mainpower to work together with the aim of minimising disruption and sharing costs.

Effects on community wellbeing

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


Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrades to meet additional demand:			
IAF Project – Shared pathway	-	4	Protection of the Ocean Ridge water supply, as part of the IAF project.
IAF Project – Stop bank	-	33	
	-	37	
Upgrades to improve level of service:			
Kaikōura Urban pipe replacement	-	12	
Kaikōura Urban treatment upgrade	-	29	Equipment purchased. Installation contractor unavailable
East Coast treatment upgrade	-	7	Treated water supplied to entire scheme area (not just Clarence village). Boil water notice lifted
Fernleigh treatment & flow upgrade	-	36	Treated water supplied to entire scheme area. Boil water notice lifted
	-	84	
Renewal/replacement of existing assets:			
Kaikōura Urban pipe renewals	82	2	Beach Road water main replacement deferred
Kaikōura Urban facilities renewals	107	-	Peninsula reservoir roof secured against wind at lower cost than predicted
Ocean Ridge renewals	25	18	New reservoir roof installed over existing structure
East Coast renewals	6	-	
Fernleigh renewals	6	-	
Peketa renewals	9	-	
Oaro renewals	-	-	
	235	20	
Total major projects	235	141	

Performance indicators

The performance measures relating to the extent to which the local authority's drinking water supply complies with part 4 of the drinking water standards (bacteria compliance criteria), and part 5 of the drinking water standards (protozoal), were set before the introduction of the new rules by Taumata Arowai. For the period from 1 January 2023 to 30 June 2023 the measure has been updated to the extent to which the local authority's drinking water supply complies with Drinking Water Quality Assurance Rules.

Therefore, we are reporting our performance against two different requirements. Compliance against both requirements was independently assessed and verified by Matt Molloy Consulting Ltd.

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Future We work with our community and our partners to create a better place for future generations</p>	Water is a precious resource, and so it is essential for future generations that water takes are sustainable. Water sources need to be adequate both in quantity and quality to meet foreseeable consumer demands.	We plan for water infrastructure to support anticipated development needs, including investigating options for existing and future services. Ground water sources and intakes must be secure, and the water must be free of contamination from surrounding land use.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The extent to which the water supply complies with part 4 of the NZ Drinking Water Standards (bacteria compliance criteria) per the table above		100%	100%	100%	Yes
The extent to which the water supply complies with part 5 of the NZ Drinking Water Standards (protozoal compliance criteria) per the table above		0%	100%	0%	No

Note: from 1 July 2022 – 31 December 2022 we measured compliance against Parts 4 and 5 of the Drinking Water Standards 2005, (revised 2018) with a target of 100% bacterial and protozoal compliance. The following table is for the period 1 July 2022 to 31 December 2022.

Water Scheme	Compliance with NZ Drinking Water Standards				
	Treatment plant			Distribution zone	
	Bacterial	Protozoa	Chemical	Bacterial	Chemical
Fernleigh	Yes	No	Yes	Yes	Yes
Kaikōura Urban	Yes	No	Yes	Yes	Yes
East Coast Rural	Yes	No	Yes	Yes	Yes
Kincaid	Yes	No	Yes	Yes	Yes
Oaro	Yes	No	Yes	Yes	Yes
Ocean Ridge	Yes	No	Yes	Yes	Yes
Peketa	Yes	No	Yes	Yes	Yes
Kaikōura Airport	Yes	No	Yes	Yes	Yes

A Yes indicates full compliance. A No indicates that one or more days did not meet DWSNZ requirements.

No supply met the protozoa requirements in the DWSNZ for the assessment period. KDC have undertaken a number of supply upgrades with the commissioning of the Kaikoura, East Coast and Fernleigh UVs in 2021. Data

communication remains an ongoing issue. The other smaller supplies have cartridge filtration, UV disinfection and chlorination.

The Kaikoura supply had an issue with UV from 1-8 December 2022 regarding the UV treatment unit being replaced but not linked to the telemetry system properly. Unfortunately, compliance is not able to be adequately demonstrated during that time, so the supply is deemed non-compliant. The treatment plant otherwise complied.

Fernleigh had instances of UV dose less than 40mJ/cm² on many days so protozoal compliance was not achieved.

The East Coast rural supply had instances of UV dose less than 40mJ/cm² on many days so is non-compliant. Turbidity and pH were without issues. Protozoal compliance not achieved.

Kincaid had turbidity over 2NTU on multiple occasions and also UV dose less than 40mJ/cm². Protozoal compliance not achieved.

Oaro had instances of UV dose less than 40mJ/cm² on many days. Protozoal compliance not achieved.

Ocean Ridge appeared to have low UV dose on 1 September 2022 but according to the data did not breach the <32mJ/cm² limit for more than 3 minutes. Turbidity was noted to be above 2NTU on 1 November 2022, which means compliance was not able to be demonstrated.

Peketa had instances of UV dose less than 40mJ/cm² and turbidity over 1NTU on a few days. Protozoal compliance not achieved.

NZ Drinking Water Quality Assurance Rules

From 1 January 2023, new Drinking Water Quality Assurance Rules (DWQAR) reporting has started, as introduced by Taumata Arowai. These requirements measure compliance against the following criteria: Bacterial, protozoal, chemicals and cyanotoxin for treatment plants and microbiological, residual disinfection, disinfection by-products and plumbosolvent metal rules for distribution networks. Compliance is monitored and reported through on-line monitoring along with a sampling regime, with minimum samples specified for various zones.

The following table is for the period 1 January 2023 to 30 June 2023.

Water Scheme	Compliance with NZ Drinking Water Quality Assurance Rules				
	Treatment rule	Treatment plant		Distribution zone	
		Bacterial	Protozoa	Micro-biological	Residual disinfectant ¹
Fernleigh	T2/D2	4/6	0/6 (see a)	6/6	6/6
Kaikōura Urban	T3/D3	177/181	177/181	6/6	2/6
East Coast Rural	T2/D2	0/6	0/6 (see b)	6/6	0/6
Kincaid	T2/D2	0/6	0/6 (see c)	6/6	6/6
Oaro	T2/D2	3/6	0/6	6/6	3/6
Ocean Ridge	T2/D2	4/6	4/6	6/6	6/6
Peketa	T1/ n/a	2/2	Annual	2/2	n/a
Kaikōura Airport	T1/ n/a	2/2	Annual	2/2	n/a


- Treatment plants using T3 rules have a compliance monitoring period of 1 day and have been assessed over 181 days, so the result is recorded as how many days out of 181 days the supply was compliant.
- Treatment plants using T2 rules have a compliance monitoring period of one month and have been assessed over 6 months, so the result is recorded as how many months out of 6 months the supply was compliant. Taumata Arowai have not released any guidance on how to assess T2 supplies using continuous monitoring data, so any failure is considered as failing for the month.

¹ residual disinfectant includes residual disinfection, disinfection by-products and plumbosolvent metal rules

- Distribution zones using D3 and D2 have a compliance monitoring period of one month and have been assessed over 6 months, so the result is recorded as how many months out of 6 months the supply was compliant.
- Treatment plants and distributions zones using the T1 and D1 rules have a compliance monitoring period of 3-months so the result is recorded as how many 3-month periods out of 2 compliance monitoring periods the supply was compliant.
- It is possible that with the submission of an annual report in February 2024 individual compliance or the overall result may change.

Additional notes:


- Using the continuous monitoring data for Fernleigh it was noted that over 99% of the time the turbidity and UV were met, however T2 rules are reported monthly, a single instance in one day can fail a whole month.
- Using the continuous monitoring data for Kaikoura East Coast it was noted that over 98% of the time the turbidity and UV were met, however T2 rules are reported monthly, a single instance in one day can fail a whole month.
- Using the continuous monitoring data for Oaro it was noted that over 90% of the time the turbidity and UV were met, however T2 rules are reported monthly, a single instance in one day can fail a whole month.

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Environment We value and protect our environment</p>	Water is a precious resource, and so water use must be sustainable. This involves distributing water to consumers without unintentional waste of water, and restrictions on water use are enforced through the Water Supply Bylaw.	<p>It is important that water is not lost through poorly maintained or old leaking pipe networks.</p> <p>It is equally important that people take a conservative approach in the amount of water they consume.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The percentage of real water loss from networked reticulation systems		27%	< 40%	23%	Yes
The average consumption of drinking water per day per resident		429	< 375 litres	430	No

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

Real water loss is calculated using the Water New Zealand “Water Loss Guidelines”. These guidelines provide methodologies that can be used to determine water loss across the piped reticulation. The method that KDC uses is called the MNF or “Minimum Night Flow” analysis. The target of less than 40% water loss is where such measurement is realistically achievable. On some rural supplies the lack of user water meters and ‘trickle feed’ supply arrangements prevent this.


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

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?						
 <p>Services Our services and infrastructure are cost-effective, efficient, and fit for purpose</p>	<p>The Council and our contractors respond promptly to reported problems or issues with our water supplies</p>	<p>We need to be adequately resourced and operate an efficient Customer Service Request (CSR) system to record requests relating to water services, efficiently forward them to the contractor and prioritise, manage, monitor, and record responses and resolution.</p>						
<table border="1"> <thead> <tr> <th data-bbox="762 533 896 600">2021/2022 Actual</th> <th data-bbox="944 533 1078 600">2022/2023 Target</th> <th data-bbox="1126 533 1260 600">2022/2023 Actual</th> <th data-bbox="1308 533 1442 600">Achieved?</th> </tr> </thead> </table>					2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?					
<p>Fault response times:</p> <p>Where a local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured:</p>								
<p>Attendance for urgent² callouts, from the time that the local authority receives notification to the time that service personnel reach the site</p>		<p>< 2 hours</p>						
<p>Resolution of urgent callouts, from the time the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption</p>	<p>Not available</p>	<p>< 12 hours</p>	<p>Not available³</p>	<p>Not available</p>				
<p>Attendance for non-urgent callouts, from the time we received notification to the time that service personnel reach the site</p>		<p>< 48 hours</p>						
<p>Resolution of non-urgent callouts, from the time the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption</p>		<p>< 7 days</p>						

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

² For the purposes of the above performance indicators, urgent callouts include major pipe bursts, and non-urgent callouts include minor leaks and equipment maintenance.

³ The Council’s customer service request system is used to generate work requests to the contractor (IWK). Calls are also received directly by the contractor (IWK). Integration between the two systems had not been achieved. A reliable shared process was established in May, too late to demonstrate performance for the full year.

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Development We promote and support the development of our economy</p>	<p>Ready access to water facilitates economic growth. We protect public health by providing drinking water in urban areas that is clean and safe to drink. We protect property by providing water at pressure that is adequate for firefighting needs.</p>	<p>It is essential that water sources are adequate to meet foreseeable consumer demands, and that water treatment and distribution networks reliably provide water that is safe to drink.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
Complaints and requests for service⁴:					
The number of complaints received about drinking water clarity , per year per 1,000 connections	0.45 incomplete		Incomplete	Incomplete	
The number of complaints received about drinking water taste , per year per 1,000 connections	0.45 incomplete		Incomplete		
The number of complaints received about drinking water odour per year per 1,000 connections	0 incomplete	No more than 18 complaints about these issues in total (per 1,000 connections)	Incomplete		
The number of complaints received about drinking water pressure or flow , per year per 1,000 connections	0.90 incomplete		Incomplete		
The number of complaints received about drinking water continuity of supply , per year per 1,000 connections	4.95 incomplete		Incomplete		
The number of complaints received per year about the Council's response to any of these issues, per 1,000 connections	0 incomplete		Incomplete		

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

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

⁴ There are 2,246 properties connected to Council-owned and operated water supplies in the district, and there were 75 complaints/requests for service received about water supplies during the financial year (2022: 168). The majority of these complaints were about water leaks, which are not reported in the above table (which is limited to complaints about clarity, taste, odour, pressure or continuity).

Funding Impact Statement: Water supplies

For the year ended 30 June 2023

	2021/2022 Long-Term Plan \$000	2022/2023 Long-Term Plan \$000	2022/2023 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,522	1,417	1,221
Subsidies & grants for operating purposes	233	-	90
Fees and charges	7	8	13
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	1,763	1,425	1,324
Applications of operating funding			
Payments to staff and suppliers	1,027	794	966
Finance costs	-	-	-
Internal charges and overheads applied	408	421	346
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,435	1,215	1,312
Surplus/(deficit) of operating funding (A-B)	328	210	12
Sources of capital funding			
Subsidies & grants for capital expenditure	820	-	376
Development and financial contributions	30	10	5
Increase/(decrease) in debt	(2)	(2)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	848	8	381
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	37
- To improve the level of service	840	-	84
- To replace existing assets	503	21	20
Increase/(decrease) in reserves	(167)	196	252
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	1,176	218	393
Surplus/(deficit) of capital funding (C-D)	(328)	(210)	(12)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,312
Plus depreciation			977
Expenditure as per Note 1			2,289

Wastewater

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

What we do

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

- Kaikōura Urban
- Ocean Ridge
- South Bay

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

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

Key issues in the year to 30 June 2023

The water services reform continues to be a key issue that the Council has been working through over the last year. The proposed reform will change the way that three waters services are delivered in the future.

What we did

Further sewer odour mitigation work was completed for all known points of concern.


Effects on community wellbeing

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

Major projects


Project	Planned \$000	Spent \$000	Comment
Upgrades to improve level of service:			
Renewal/replacement of existing assets:			
Wastewater structure renewals	77	2	
Testing equipment	-	5	
Pipeline renewals	-	17	
	77	24	
	77	24	

Performance indicators

Community Outcome	How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Environment We value and protect our environment</p>	Wastewater is collected, treated and disposed of without causing environmental harm or any unattractive visual impacts.	Our wastewater reticulation, pump stations and wastewater treatment facilities are well-maintained and managed to minimise risk of overflows, and the discharge of wastewater to the environment is controlled to ensure the system is functioning efficiently to prevent environmental harm.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The number of dry weather sewage overflows, expressed per 1,000 sewer connections		0.0008	0	0.56	No
Resource consents compliance (discharge from the sewerage system, measured by the number of actions taken against the Council in relation to those consents)					
- The number of abatement notices		1	0	3	No
- The number of infringement notices		0	0	0	Yes
- The number of enforcement orders		0	0	0	Yes
- The number of convictions		0	0	0	Yes

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

ECan then issued a further three abatement notices on 7 June 2023 related to the existing consents. An action plan was provided to ECan on 29 June and accepted by them on 6 July for actions to be carried out in the 2023-24 year. These relate to a historical unconsented discharge, completion of an odour management plan, pond management, completeness of records and frequency of monitoring.


Community Outcome	How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 <p>Services Our services and infrastructure are cost-effective, efficient and fit for purpose</p>	<p>The Council and its contractors respond promptly to reported problems or issues with its wastewater services.</p>	<p>We need to be adequately resourced and operate an efficient Customer Service Request (CSR) system to record requests relating to wastewater services, efficiently forward them to the contractor and prioritise, manage, monitor and record responses and resolution.</p>

Fault response times

Where the local authority attends to sewage overflows resulting from a blockage or other fault in the sewerage system, the following median response times measured:

Attendance time: from the time the local authority receives notification to the time that service personnel reach the site	Not available	< 1 hour	Not available	Not available
Resolution time: from the time the local authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	Not available	< 24 hours	Not available	Not available
The percentage of urgent callouts, being service failure, supply fault or overflow, responded to within one hour from the time of notification to the time that service personnel depart to the site.	Not available	90%	Not available	Not available
The percentage of non-urgent callouts, being minor breaks and equipment maintenance, responded to within 48 hours from the time of notification to the time that service personnel attend site	Not available	80%	Not available	Not available

Not available (Only on CSR measures) – Call out response times have not been recorded or not accurately captured in the service request system for the financial year, and therefore results are not available. For the number of sewer overflows, there were no sewer overflows during the year so there were no records available to evidence any response times.

Community Outcome	How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 <p>Development We promote and support the development of our economy</p>	Efficient collection, treatment, and disposal of wastewater facilitates economic activity, and protects public health.	We ensure that our wastewater infrastructure is well-maintained and managed, which in turn ensures that the systems function efficiently minimising the likelihood of failures that could pose risk to public health or the nuisance of odour.

Complaints and requests for service

The number of complaints received about sewage odour , expressed per 1,000 connections ⁵	0.63 Incomplete	Less than 19 complaints about these issues in total (per 1,000 connections)	Incomplete	Incomplete
The number of complaints received about sewage system faults , expressed per 1,000 connections	11.67 Incomplete		Incomplete	
The number of complaints received about sewage system blockages , per 1,000 connections	4.42 Incomplete		Incomplete	
The number of complaints received about the Councils (or the Councils service providers) response to the above issues , per 1,000 connections	0 Incomplete		Incomplete	

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

⁵ There are 1,802 connections to the Kaikoura sewerage system, and 4 complaints/requests for service were received during the 2023 financial year (2022: 26).

Funding Impact Statement: Wastewater

For the year ended 30 June 2023

	2021/2022 Long-Term Plan \$000	2022/2023 Long-Term Plan \$000	2022/2023 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	8	8	9
Targeted rates	592	627	657
Subsidies & grants for operating purposes	51	15	18
Fees and charges	20	21	35
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	671	671	719
Applications of operating funding			
Payments to staff and suppliers	445	412	531
Finance costs	-	-	-
Internal charges and overheads applied	252	259	251
Other operating funding applications	-	-	-
Total applications of operating funding (B)	697	671	782
Surplus/(deficit) of operating funding (A-B)	(26)	-	(63)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	46	16	7
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	46	16	7
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	302	-	-
- To replace existing assets	20	79	24
Increase/(decrease) in reserves	(302)	(63)	(80)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	20	16	(56)
Surplus/(deficit) of capital funding (C-D)	26	-	63
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			782
Plus depreciation			776
Expenditure as per Note 1			1,558

Stormwater

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

What we do

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

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

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

Key issues in the year to 30 June 2023

Preparation for the water services reform continues to be a key issue that Council has been working through over the last year. Management of stormwater assets is also complicated by shared uses e.g. swales and drains in parks and reserves.

What we did

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

What we planned to do but didn't

Purchase and installation of debris nets at stormwater outfalls was carried over from the 2021/22 financial year. Site-specific investigations proved that these would be very difficult to install and manage so they were not pursued.


Effects on community wellbeing


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

Major projects

Project	Planned \$000	Spent \$	Comment
Upgrades to improve level of service:			
Stormwater upgrades	-	-	
Renewal/replacement of existing assets:			
Pipe & network renewals	50	8	Ward St pipe renewal
	50	8	

Performance indicators

Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Development We promote and support the development of our economy</p>	Stormwater management systems protect people and property from surface flooding, enabling economic activity and development to take place in areas where it might otherwise not be possible.	We plan for stormwater infrastructure to support anticipated development needs, including investigating options for existing and future services.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The number of flooding events, where water enters habitable properties		0	0	0	Yes
For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system		0	< 3	0	Yes


Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Environment We value and protect our environment</p>	Stormwater is collected, diverted and discharged without causing environmental harm or any unattractive visual impacts.	Our stormwater network is well-maintained and managed, with controls on discharges to it and with the release of stormwater to the environment monitored to ensure it does not create environmental harm.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
Compliance with the Council's resource consents for discharge from the stormwater system, measured by the number of actions taken against the Council in relation to those consents, namely,					
- The number of abatement notices		0	0	1	No
- The number of infringement notices		0	0	0	Yes
- The number of enforcement orders		0	0	0	Yes
- The number of convictions		0	0	0	Yes
The percentage of major flood protection and control work that is maintained, repaired, and renewed to the key standards defined in the Council's relevant planning documents		Not applicable – see the definition of major flood protection below ⁶			

⁶ **Major flood protection and control works**, for the purposes of the performance measure mandated by the Non-Financial Performance Measures Rules (2013), means works that meet two or more of the following criteria:


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

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

An abatement notice was issued by Environment Canterbury on 7 June 2023 in relation to the Council's Kaikoura township stormwater consent. The notice required the Council to provide an action plan in response to the notice, and to provide water quality data and up to date copies of the activity management plan and the yearly management plan. The Council has responded with the action plan and the required data. Reviews of the activity management plan and yearly management plan are under way. The Council's testing showed contaminants at levels that were less than half of the limits on the consent.

Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Services Our services and infrastructure are cost-effective, efficient and fit for purpose</p>	The Council and its contractors respond promptly to reported problems or issues with its stormwater system.	We need to be adequately resourced and operate an efficient Customer Service Request (CSR) system to record requests relating to water services, efficiently forward them to the contractor and prioritise, manage, monitor and record responses and resolutions.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
Fault response times					
The median response time to attend a flooding event, from the time of notification to the time that service personnel reach the site		No flooding events	< 1 hour	No flooding events	Not applicable

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

Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Development We promote and support the development of our economy</p>	Stormwater protects people and property from surface flooding, enabling the safe collection and diversion of stormwater to controlled systems, thereby facilitating economic activity to continue to function even in heavy rain events.	We plan for stormwater infrastructure to support anticipated development needs, including investigating options for existing and future services.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
Complaints and requests for service					
The number of complaints received about the performance of the stormwater system, expressed per 1,000 connections ⁷		4.91 Incomplete	< 3	Incomplete	No

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

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

⁷ There are 1,847 properties connected to the Kaikoura stormwater system, and there were 14 complaints received about the performance of the stormwater system (2022: 9).

Funding Impact Statement: Stormwater

For the year ended 30 June 2023

	2021/2022 Long-Term Plan \$000	2022/2023 Long-Term Plan \$000	2022/2023 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	115	114	55
Subsidies & grants for operating purposes	-	-	-
Fees and charges	1	1	5
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	116	114	60
Applications of operating funding			
Payments to staff and suppliers	34	34	59
Finance costs	-	-	-
Internal charges and overheads applied	82	85	35
Other operating funding applications	-	-	-
Total applications of operating funding (B)	116	119	94
Surplus/(deficit) of operating funding (A-B)	-	(5)	(34)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	5	2
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	5	2
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	9	-	8
Increase/(decrease) in reserves	(9)	-	(40)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	-	-	(32)
Surplus/(deficit) of capital funding (C-D)	-	5	34
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			94
Plus depreciation			137
Expenditure as per Note 1			231

Refuse & Recycling

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

What we do

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

Key issues in the year to 30 June 2023

The key issues for the year focussed on major changes to the Resource Recovery Centre (RRC) and landfill site in Kaikōura. The landfill ceased to operate in July 2022, having been filled with refuse to a degree where further filling was considered by KDC and Environment Canterbury to potentially have adverse environmental effects, and thereafter refuse was to be transported via a compacted refuse transfer station to the Kate Valley regional landfill near Waipara.

What we did

Waste recycling, reuse, recovery and refuse bin and collection systems continued to operate as normal throughout the year. Viable markets continued to be absent for some recycled materials, with a result that greater proportions of waste had to be disposed of to landfill than was the case in the past.

Refuse haulage to Kate Valley using open trucks was conducted throughout the year whilst construction works on the compacted waste transfer station continued.

By the end of the year key elements of the transfer station were nearing completion, but the delay in achieving this has resulted in significant unforeseen additional operating costs.

There has also been other significant changes at the RRC and landfill site, some of which were associated with the implementation of the transfer station, and

others that were made in response to concerns expressed by Environment Canterbury regarding the compliance with the Resource Consents for the site. These changes have included improvements to stormwater drainage, leachate collection, hazardous waste storage and the profiling of refuse.

With the completion of the transfer station a substantial part of the landfill site will have been finally closed, but an area of just over 1 hectare remains that requires such closure, and plan for this is being prepared by a consultant.

What we planned to do but didn't

It was intended that the resource recovery centre would be fully reconfigured, incorporating the transfer station, by the end of the 2022 calendar year but continuing delays in obtaining an engineer approved design for the large retaining wall caused substantial delays in the delivery of the transfer station, and other element of the project, such as construction of the new recycling shop were not complete at the year end.


Effects on community wellbeing


	Positive effects	Negative effects
Social	Provision of readily accessible refuse and recycling services reduces potential for private accumulations of refuse that may create health, vermin, or other nuisance issues.	Provision of readily available refuse disposal services may reduce incentives to minimise waste generation.
Cultural	Services and facilities are available which provide for the disposal of offensive matter.	Landfills generate odours and can be visually unappealing.
Economic	Provision of cost-effective waste disposal services contributes to community economic wellbeing	Reducing the cost (or subsidy) of residual waste disposal services may not discourage waste generation.
Environmental	Providing community waste disposal services reduces potential for environmentally harmful activities such as littering, fly tipping or other inappropriate disposal practices.	As it approaches full capacity the Kaikōura landfill has had an increasingly negative visual impact on nearby properties.

Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet growth demands			
Landfill capping & closure	-	300	Parts of the landfill were capped and sealed as the site was reconfigured.
Upgrade to improve level of service:			
Transfer station site reconfiguration	150	443	Reconfiguration commenced in 2022 financial year and was substantially completed and opened 1 August 2023.
	150	743	

Performance indicators

Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?		
 <p>Community We communicate, engage with and inform our community</p>	Many in our community take pride in our waste minimisation practices, however there are frequent instances of people using street litter bins to dispose of their household rubbish or misusing recycling services. It is therefore important that the community is well informed about waste and waste disposal.	The Council needs to ensure our community and our visitors are aware of good waste minimisation practice, and equally that the community understands the social, environmental and financial impacts of disposing of waste irresponsibly.		
	2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The number of incidents per year of street litter bins being used for grossly inappropriate purposes such as deposit of household refuse	52	< 75	44	Yes

Community Outcome	How do Recycling services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Services Our services and infrastructure are cost effective, efficient and fit-for-purpose</p>	<p>Cost effective recycling and waste minimisation services can contribute to overall cost efficiency of solid waste services for the community.</p>	<p>Regard needs to be had to cost efficiency in making decisions on which recycling and waste minimisation services should be provided.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
<p>The percentage of total Council costs for refuse collection and disposal activities (excluding street litter bins and clean-up of illegal dumping) that is recovered on a user pays basis.</p>		<p>> 100%</p>	<p>80%</p>	<p>74.5%</p>	<p>No</p>
<p>The estimated annualised average net cost per tonne of all materials delivered to beneficial markets through recycling or resource recovery services, less the current per tonne charge for disposal of general refuse inclusive of landfill levy and carbon credit charges.</p>		<p>\$25.96</p>	<p>< \$100*</p>	<p>\$(209.45)</p>	<p>Yes</p>


The landfill ceased to operate during the 2022/2023 year, and all refuse was instead transported to Kate Valley landfill. A temporary waste-handling arrangement was put in place while the transfer station was under construction and this temporary arrangement resulted in additional costs that lifted the total cost of refuse disposal above the level of revenue that was being received. Therefore, the result for user pays as a percentage of total costs of disposal was 74.5% in 2022/2023.

*One of the aims for the Refuse & Recycling activity is that the cost of waste minimisation services does not significantly exceed the cost of disposing of the material as refuse (inclusive of landfill levy and carbon credit charges) and the value of the other tangible benefits of not doing so. It is currently believed that the value of these other tangible benefits is unlikely to exceed \$100.

A negative number for this KPI in 2022/2023 reflects that less costs per tonne are being incurred by the Council to recycle these materials rather than landfilling.

The substantial change relative to the previous year is largely attributable to a large quantity of glass on the site being processed at very low cost through its use in a crushed form as a cover material over refuse prior to the commencement of landfill capping in some areas.

The Ministry of the Environment permits glass used in this way to be counted as being recycled. This increase in recycled tonnage at very low cost has substantially lowered the overall cost per tonne for recycling during the year, making it much cheaper than if it was sent to landfill.


Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Environment We value and protect our environment</p>	Providing appropriate means of disposal for refuse limits potential for a range of adverse environmental impacts that includes water pollution, littering, odour, vermin infestations and creation of other unsanitary conditions	With a limited range of private waste disposal options locally available there is a need for Council to ensure that a range of services is provided to meet most waste disposal needs in an environmentally acceptable way			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The level of compliance achieved for the resource consent conditions set by Environment Canterbury for the operation of the Kaikōura landfill		Compliant	Compliant ⁸	Non-compliance action required	No
The number of complaints received regarding environmental effects associated with the landfill and resource recovery centre.		0 Incomplete	No more than 5	0 Incomplete	Incomplete

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

Environment Canterbury identified non-compliance with resource consent conditions in March 2023. The issues of concern included reshaping and covering parts of the site, cleaning and upgrading the stormwater systems, providing secure containment around the hazardous waste area and a need for some improvement of the leachate collection system. IWK staff have addressed all these issues.

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

⁸ The target is for the Council's consents to be assessed as "compliant" using Environment Canterbury's consent grading scale. "Compliant" is the highest grade in that scale.

Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Community We communicate, engage with and inform our community</p>	<p>Whilst many in our community use waste minimisation services effectively there are frequent instances of people misusing these services. It is therefore important that the community is well informed about waste and waste disposal, including that the most effective means of waste minimisation is reducing the quantity of waste generated at source.</p>	<p>Provide information and education to encourage waste reduction and effective use of the provided recycling and waste minimisation services.</p>			
	2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?	
<p>The percentage of materials by weight deposited to recycling, recovery or re-use services that are contaminated to the extent that they must be treated as refuse.</p>	6%	No more than 5%	4%	Yes	
<p>The total quantity of waste disposed of to landfill from Kaikōura on a district per capita basis</p>	327kg	No more than 380kg	385kg	No	

Funding Impact Statement: Refuse & Recycling

For the year ended 30 June 2023

	2021/2022 Long-Term Plan \$000	2022/2023 Long-Term Plan \$000	2022/2023 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	326	241	234
Targeted rates	248	255	290
Subsidies & grants for operating purposes	-	-	-
Fees and charges	80	92	40
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	20	31	39
Total operating funding (A)	674	618	603
Applications of operating funding			
Payments to staff and suppliers	422	388	514
Finance costs	6	13	34
Internal charges and overheads applied	187	183	154
Other operating funding applications	-	-	-
Total applications of operating funding (B)	615	584	702
Surplus/(deficit) of operating funding (A-B)	59	34	(99)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	719	(77)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	719	(77)	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	300
- To improve the level of service	800	-	443
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	(22)	(43)	(842)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	778	(43)	(99)
Surplus/(deficit) of capital funding (C-D)	(59)	(34)	99
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			702
Plus depreciation			30
Expenditure as per Note 1			732

Facilities

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

What we do

This group of activities includes:

- Parks & reserves
- Property
- Harbour
- Airport

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

Key issues in the year to 30 June 2023

We finalised the design, conducted a community survey on key surface treatments, and started the construction of the Link Pathway project.

Work on the Wakatu Quay development is continuing, although the project has been delayed due to the withdrawal of interest from a potential funding partner.

What we did

With funding from the government’s “Better Off” fund we resealed the common area of the Housing for the Elderly in Torquay Street, as well as the Lookout Carpark area.

Effects on community wellbeing

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

Parks & reserves

What we do

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

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

Key issues in the year to 30 June 2023

Planning for the development of the Community Courts at Takahanga Domain has been a large focus, and required Sport Tasman to facilitate discussions

with the user groups to complete a plan for a multi-sports area on the old earthquake damaged Tennis courts.

What we did


We removed some of the overgrown hedge along the Esplanade, and started clearing Dempseys Track, including building new steps to break up some of the steeper gradients and improve drainage. This work is part of the Link Pathway project.

The Infrastructure Acceleration Fund (IAF) project includes the development of a new cycleway from Green Lane through to Ocean Ridge. The project is largely IAF funded with contributions from the Ocean Ridge and Vicarage Views developers.

Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet increased demand:			
Link Pathway	1,000	220	Boxing & reinforcing mesh, signage & Lookout work
IAF Project – Cycleway	-	39	
	1,000	259	
Upgrade to improve level of service:			
Town centre amphitheatre	75	-	
Public toilets upgrade	39	-	
Town rubbish & recycling bins	-	4	Funded by the Tourism Infrastructure Fund (TIF)
Churchill Park Helipad	-	12	“Better Off” funded project
	114	16	
Total capital projects	1,114	275	

Performance indicators

Community Outcome	How do Parks & Reserves contribute to this Outcome?	What do we need to do towards achieving this Outcome?	2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
 <p>Future We work with our community and our partners to create a better place for future generations</p>	The desire for outdoor recreation is something that provides benefits across the generations. The experience of children in these spaces contributes to their development as healthy adults, and in turn the future wellbeing of the community.	We work to optimise the potential of our parks and reserves to provide enjoyable recreation opportunities for people of all ages.				
Resident satisfaction with the cemetery, public toilets, and playgrounds (combined)			82%	75%	82%	Yes

Property

What we do

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

Key issues in the year to 30 June 2023

The Wakatu Quay project is progressing, but suffered a blow with the withdrawal of a potential funding partner. The Council is seeking expressions of interest for development partners, and considering the option of “going it alone” to develop the area with a phased approach. This would involve building no more than

two buildings, and then for future development to occur as funding partners emerge.


What we did

- Upgraded one of the pensioner units which involved a total refurbishment including double glazing.
- Resealed the parking areas for the pensioner units with help from the Better off Funding
- Replaced the stormwater outlets servicing the Memorial Hall
- Upgraded facility security system and alarms.

Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrade to meet increased demand:			
Wakatu Quay PGF project	2,435	528	Delays in the project while the Council seeks a funding partner
	2,435	528	
Renewal/replacement of existing assets:			
Memorial Hall renewals	-	5	Kitchen appliances
Housing for the Elderly	35	38	Unit refurbishment
Civic Centre	8	2	Sound proofing for meeting rooms
	43	45	
	2,478	573	

Performance indicators

Community Outcome	How does Property contribute to this Outcome?	What do we need to do towards achieving this Outcome?	2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
 <p>Services Our services and infrastructure are cost-effective, efficient, and fit for purpose</p>	To be fit for purpose, community properties must be suitable for holding public events and gatherings, or for other public administrative or operational functions.	We need to ensure that our properties comply with current building safety standards, including disability access requirements, and that facilities are clean and well maintained.				
The percentage of public buildings with a current Building Warrant of Fitness (BWF)			100%	100%	100%	Yes
The number of Memorial Hall bookings (excluding Council use) per annum			67	40	113	Yes

Airport

What we do

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

Key issues in the year to 30 June 2023

We reviewed airport landing fees, which resulted in those fees increasing effective 1 July 2023.

We also reviewed the airport lease arrangements and worked with a new operator to identify a site for them to build a new hangar.


What we did

We installed new grass runway markers and installed a replacement soak pit.

Major projects

Project	Planned \$000	Spent \$000	Comment
Renewal/replacement of existing assets			
Building services	34	4	Soak pit renewal
	34	4	

Performance indicators

Community Outcome	How does the Airport contribute to this Outcome?	What do we need to do towards achieving this Outcome?		
 <p>Development We promote and support the development of our economy</p>	Some significant tourism related businesses operate from the airport which contribute to the local economy.	Whilst it remains under Council management Council needs to ensure that the airport is configured, managed and operated safely in a manner than conforms with CAA requirements.		
			2021/2022 Actual	2022/2023 Target
				2022/2023 Actual
				Achieved?
The number of Civil Aviation Authority Surveillance Findings ⁹			0	0
				0
				Yes

⁹ A *Surveillance Finding* is a formal identification and documentation by the Civil Aviation Authority of a material aviation risk that has not been properly managed.

Harbour

What we do

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

Key issues in the year to 30 June 2023

Algae build up on the slipway is an issue for all users. We reviewed the harbour funding model, given the extent to which ratepayers are funding the shortfall. As a result, user fees were increased, taking effect on 1 July 2023.


What we did

The slipway is now water blasted monthly to keep the algae under control.

Major projects

Project	Planned \$000	Spent \$000	Comment
Renewal/replacement of existing assets			
South Bay harbour renewals	102	6	Signage and general renewal work
	102	6	

Performance indicators

Community Outcome	How do Harbour facilities contribute to this Outcome?	What do we need to do towards achieving this Outcome?		
 <p>Development We promote and support the development of our economy</p>	<p>Kaikōura’s economy is quite heavily reliant upon our marine-based activities, and so the harbour facilities need to have sufficient capacity to cater for growing numbers of visitors and slipway users, as well as larger boats including the return of small cruise ships</p>	<p>We need to ensure that harbour facilities meet the needs of existing users and plans for expansion are in readiness if a commercial business partner can be found.</p>		
	2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The number of complaints received about the condition of harbour facilities (slipway, wharves, washdown areas, etc)	4 ¹⁰	3 or less	Incomplete	Incomplete

¹⁰ Two complaints were received about the condition of the slipway and public jetty at South Bay (2022: 4), two complaints were received about slipway users blocking access to the slipway (2022: nil), and one complaint was received about the pay and display machine not working for people parking their vehicles and boat trailers at the car park (2022: 2).

Forestry

What we do

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

Key issues in the year to 30 June 2023

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

What we did

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

The Forestry activity had no major projects (planned or actual) and no performance measures.

Funding Impact Statement: Facilities

For the year ended 30 June 2023

	2021/2022 Long-Term Plan \$000	2022/2023 Long-Term Plan \$000	2022/2023 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	684	860	828
Targeted rates	661	657	753
Subsidies & grants for operating purposes	787	86	1,468
Fees and charges	607	629	815
Internal charges and overheads recovered	127	127	127
Fuel tax, fines, infringement fees & other	-	-	306
Total operating funding (A)	2,864	2,359	4,297
Applications of operating funding			
Payments to staff and suppliers	2,853	1,309	1,697
Finance costs	67	64	108
Internal charges and overheads applied	626	646	637
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,547	2,019	2,442
Surplus/(deficit) of operating funding (A-B)	(683)	340	1,855
Sources of capital funding			
Subsidies & grants for capital expenditure	2,404	7,019	235
Development and financial contributions	29	8	22
Increase/(decrease) in debt	(142)	(186)	-
Gross proceeds from sale of assets	250	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,541	6,841	257
Application of capital funding			
Capital expenditure			
- To meet additional demand	3,864	7,227	573
- To improve the level of service	394	15	8
- To replace existing assets	140	119	277
Increase/(decrease) in reserves	(2,540)	(180)	1,254
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	1,858	7,181	2,112
Surplus/(deficit) of capital funding (C-D)	683	(340)	(1,855)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			2,442
Plus depreciation			780
Less internal charges			(127)
Expenditure as per Note 1			3,095

Leadership & governance

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

What we do

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

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

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

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

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

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

Key issues in the year to 30 June 2023

Staff turnover and recruiting to fill critical roles has continued to be an issue throughout the financial year. Despite those challenges, the team has kept the engine running and providing quality services to our community.

The Wakatu Quay project has stalled while the team go back to the market seeking expressions of interest from potential investment partners. The interested party from earlier in the year withdrew from Wakatu Quay due to focussing their efforts on their own large projects in Canterbury. The Council and the Kaikōura Marine Development Project team have been working through options, including going it alone. Those options have been presented to the community in August-September 2023.

What we did

The Council have been involved in many workshops throughout the year, including the Rates Review – which involves identifying who benefits from Council services and therefore who should pay for those services (whether by rates or user fees). The outcome of the Rates Review will form the basis for the Revenue & Financing Policy in the Long-Term Plan 2024-2034, and for rates to take effect on 1 July 2024.


Effects on community wellbeing


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


Major projects

Project	Planned \$000	Spent \$000	Comment
Renewal/replacement of existing assets:			
Office furniture and equipment	15	10	Meeting room furniture & events gazebo
Computers & IT equipment	46	51	Laptops and peripherals
Vehicles and plant	40	34	Two 2 nd hand fleet vehicles
	101	95	

Performance indicators

Community Outcome	How do the Mayor and Councillors contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Community We communicate, engage with, and inform our community</p>	It is the Council's role to represent community views and aspirations, and to ensure that all decisions made are made in the best interests of the community, and as fair and equitable as practicable.	We proactively engage with individuals, community groups, key stakeholders and Iwi partners on issues that are known to be of community interest, so as our decisions are well-informed and made with consideration of our community's views.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The percentage of survey respondents who are satisfied with the Mayor, Councillors, and staff		71%	60%	72%	Yes
The percentage of survey respondents who are satisfied that the Council consults with residents on important issues		49%	50%	52%	Yes

Community Outcome	How do the CEO and Support Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Services Our services and infrastructure are cost effective, efficient and fit-for-purpose</p>	This leadership and management function of the Council is at the forefront of ensuring that financial and operational risks are managed, and the Council's financial position is healthy and sustainable.	We need to ensure the cost of Council services are prudently supervised to ensure that the impact of costs on rates are mitigated, annual budgets are not exceeded, and sound asset management practices are in place.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
Total Council operating budgets for payments to staff and suppliers are not exceeded (these payments exclude loan interest and depreciation)		101.6%	100%	92%	Yes
The percentage (by cost) of the annual capital work programme that is delivered in the planned timeframe		50.9%	Not less than 75%	52%	No

Community Outcome	How does Communications contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Community We engage and communicate with our community</p>	<p>We communicate simply and effectively with our community and provide opportunities for informed decision making. We use a variety of different communication methods to ensure that as many people as possible have access to information and can participate in decision making/submission processes.</p>	<p>We will continue to provide accessible and current information for our diverse community. We need to enable the community to have their say on important issues and voice their opinion in a constructive way on key Council activities and proposals. We also need to take Council staff and Councillors on the journey with us so they can be the voice of the Council in the community.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The number of Council Facebook followers		5,640	5,420	5,806	Yes
The number of emailed newsletters that are opened (aiming for at least 45% of the number of newsletters sent)		47.8%	45%	49%	Yes
The percentage of survey respondents who are satisfied with the Council's communications		81%	70%	75%	Yes

Funding Impact Statement: Leadership & governance

For the year ended 30 June 2023

	2021/2022 Long-Term Plan \$000	2022/2023 Long-Term Plan \$000	2022/2023 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	1,266	1,291	1,313
Targeted rates	-	-	-
Subsidies & grants for operating purposes	-	-	1
Fees and charges	36	53	62
Internal charges and overheads recovered	2,287	2,381	2,413
Fuel tax, fines, infringement fees & other	-	-	6
Total operating funding (A)	3,590	3,724	3,794
Applications of operating funding			
Payments to staff and suppliers	3,199	3,317	3,334
Finance costs	-	-	-
Internal charges and overheads applied	362	371	330
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,561	3,688	3,664
Surplus/(deficit) of operating funding (A-B)	29	36	130
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	51
- To replace existing assets	89	96	44
Increase/(decrease) in reserves	(60)	(60)	35
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	29	36	130
Surplus/(deficit) of capital funding (C-D)	(29)	(36)	(130)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			3,664
Plus depreciation			94
Less Overhead recoveries			(2,413)
Expenditure as per Note 1			1,345

Building & regulatory

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

What we do

This group of activities consists of:

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

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

Key issues in the year to 30 June 2023

A particular challenge was continuing shortages or turnover of Council building and regulatory staff, and for a significant early part of the year it was only possible to undertake the most essential duties.

More recently some of the key vacancies have been filled (or new roles have been created) and with this an opportunity has been taken to refresh the general approach being taken to some aspects of regulatory services, with a focus on better monitoring and enforcement, supported by improved communication.

Some staff vacancies have however remained unfilled and a consequence of this has been that in some cases external resources have had to be employed at increased cost, or that the delivery of some projects has been delayed.

Despite this it is believed that the 2022/23 year has ended with Council's regulatory services operating well, with some aspects functioning better than they have for several years.

Effects on community wellbeing

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

Building control

What we do

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

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

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

Key issues in the year to 30 June 2023

Recruitment of key roles continues to be a significant issue for the building department, with vacancies for both a Building Control Manager and a suitably experienced Building Control Officer during most of the year. We were fortunate to have a new Building Control Officer in training who upskilled quickly and was become able to assist during the latter part of the year, but Council continues to rely heavily on external resources for building consent processing, inspections, and activity management. The cost of those resources is significant and is not sustainable in the longer term without increasing consent fees.


What we did

We processed 154 consents, including 34 for new dwellings, 4 new commercial buildings, 41 log fires, 60 alterations, and 9 pole sheds/garages.

The Council has retained its accreditation as a BCA, having responded to two corrective actions that were identified in the accreditation audit. Those actions were minor in nature (stopping the statutory clock for CCC processing while waiting for payment, and some wording on our Compliance Schedule templates).

This is considered an outstanding outcome given the staff resourcing challenges being faced.

Performance indicators

Community Outcome	How does Building Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Development We promote and support the development of our economy</p>	<p>Building development is fundamental for economic activity to take place, and it is our role to ensure that buildings are safe and constructed in accordance with the NZ Building Code.</p>	<p>It is important the consent process does not overly obstruct economic investment or for new business to establish themselves in the district. We need to ensure that we retain our accreditation status, and that we are timely and efficient in our consenting, inspecting and certification processing.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The percentage of building consents processed within statutory timeframes		93.2%	97%	92.65%	No
The Council passes the independent audit confirming our status as a Building Control Authority (every second year).		Accreditation confirmed	Not applicable	Not applicable	Not applicable

Statutory Planning

What we do

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

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

Key issues in the year to 30 June 2023

Demand for resource consents has been steady with a number of larger and complex consents processed within the financial year. These include providing approval for the development of a 67-lot subdivision and approval for nine apartments within a business zone. Providing approval for the redevelopment of the iconic Pier Hotel. These and other developments will assist in resolving national housing shortages and ensuing Kaikōura will continue to be an excellent tourist destination.

Once again staffing shortages have been a key issue for Kaikōura, and this has been reflected in consent timeframes.

What we did

This year involved processing resource consents, project information memorandums, land information memorandums and providing information on the District Plan. We kept Te Rūnanga O Kaikōura informed of the resource consent applications we have received.

We continued to issue consent for visitor accommodation. The ongoing popularity of Airbnb for visitor accommodation continues to see a steady number of applications being made.


We completed our annual survey of resource consents for the Ministry for the Environment.

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

What we planned to do but didn't

We aimed to process all resource consents within statutory timeframes. Resource consents can be complex as the decision made will impact on individual's property rights and the environment.

Performance indicators

Community Outcome	How does Statutory Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Development We promote and support the development of our economy</p>	Resource consents, including subdivision and new land uses are important for new economic activity, and it is our role to ensure that new development meets our District Planning rules, as well as regional and national planning standards and legislation.	It is important the consent process does not overly obstruct economic activity, including investment or for new business to establish themselves. We need to ensure that we are timely and efficient in our consenting and monitoring processes.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The percentage of resource consents processed within statutory timeframes		79%	97%	65.4%	No

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

Parking control

What we do

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

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

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

Key issues in the year to 30 June 2023

The pay and display machines in the West End carpark and South Bay Marina have malfunctioned several times. Both machines will be replaced in 2023/2024. The parking wardens have taken an approach of education and communication to encourage better parking behaviour, before enforcement is more forcibly undertaken.


What we did

- We issued 52 parking and or freedom camping infringements.
- We educated visitors about the new Freedom Camping legislation.

What we planned to do but didn’t

We didn’t conduct a responsible camper survey over the summer of 2022/2023. The survey would have helped us identify where visitors are coming from, what they like to do while in Kaikōura, and how they rate their experience visiting the district.

Performance indicators

Community Outcome	How does Parking Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Development We promote and support the development of our economy</p>	<p>Parking control ensures parking spaces are available for the public so they can have convenient access to urban retailers, hospitality providers and businesses, and that the nuisance of inappropriate or illegal parking is minimised.</p>	<p>We provide regular patrols of car parking areas and respond to all complaints of inappropriate or illegal parking.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The number of infringements issued for inappropriate or illegal parking.		14	< 130	22	Yes

Animal control

What we do

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

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

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

There are currently 1,237 known dogs in the district. Our Regulatory Enforcement Officers are on call 24 hours a day, 7 days a week, also educating dog owners and following up unregistered dogs.

Key issues in the year to 30 June 2023

Staff changes this year impacted the Animal Management team during the first half of the year, however the team are now fully staffed, trained, and have a regular on call roster.


Major projects

Project	Planned \$000	Spent \$000	Comment
Upgrades to improve the level of service:			
Dog pound	-	10	

What we did

- Opened the dog registration period in May, and ran an intense media campaign, including regular text reminders, along with media advertising, posters and hand delivered reminder notices.
- Updated our database and contact details of all dog owners, including updating dogs moved from district, deceased dogs and new dogs.
- Investigated and responded to dog and animal related complaints.
- Impounded dangerous or wandering dogs
- Maintained and upgraded the dog pound
- Received 69 complaints including 9 for barking dogs, 24 for roaming dogs, and 5 for dogs rushing.
- Responded to 4 callouts about wandering stock.
- Received 4 calls concerning animal welfare, three of which were referred to MPI and one to SPCA.

Performance indicators

Community Outcome	How does Animal Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Services Our services and infrastructure are cost effective, efficient and fit-for-purpose</p>	<p>Our internal animal control capabilities have been increased in recent years and we now have dedicated resources that can meet community expectations when responding to dog or stock control issues.</p>	<p>We need to provide 24/7 animal control services to minimise the danger, distress and nuisance caused by dogs and wandering stock.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
<p>The percentage of dog or stock complaints that are responded to within timeframe:</p> <ul style="list-style-type: none"> Urgent¹¹ – 1 hour Serious nuisance – 6 hours General nuisance – 1 day All other issues – 5 days 		100%	80%	75% Incomplete	No
<p>The percentage of dogs known to be living in the district that are registered</p>		99.4%	97%	97%	Yes

Recorded response times have deteriorated significantly since the prior year, however this is due to improved recording of these response times (noting these are still incomplete), plus a period at the start of the financial year when there was no dedicated animal control officer on board.

¹¹ Urgent = dog attacks, Serious nuisance = dog rushing, dog worrying stock, dog or stock roaming, General nuisance = dog barking or animal welfare issues.

Food premises, alcohol licensing & environmental health

What we do

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

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

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

The Council ensures that the sale and supply of alcohol is managed responsibly with the purpose of

minimizing alcohol-related harm, and that licensed premises are top quality hosts.

Key issues in the year to 30 June 2023

Our new records management system created some teething issues with the transfer of documents, but this is now being addressed.

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


What we did

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

Public health and licencing issues from a small number of food premises and alcohol licenced premises have been resolved.

Currently we have 58 registered food premises, 19 On-licence, 7 Off-licence, and 77 Manager Certificates.

Performance indicators

Community Outcome	How does Food Premises, Liquor Licensing & Environmental Health contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Development We promote and support the development of our economy</p>	<p>With our local economy heavily reliant upon international and domestic tourism, our hospitality services need to be of excellent quality to ensure that our reputation as a superior destination is upheld.</p>	<p>We need to educate food premises on the hygienic handling of foods and encourage good quality dining experiences that promote Kaikōura’s reputation as a superior destination.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
		The percentage of food premises inspected within statutory timeframes	100%	100%	20.5%
The percentage of licensed liquor premises that are inspected.	100%	100%	100%	Yes	

Not all food premises were inspected within timeframe. Of 39 inspections due, 8 were scheduled with the next verification to save costs, 7 were due at peak Christmas when the premises were too busy, and 6 were unable to be completed because the owner could not be contacted or did not show. 10 failures were for varying reasons.

Other TA regulatory functions

What we do

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

New pool safety legislation came into effect on 1 January 2017 which, to date, had not been enforced in the district. The Building (Pools) Amendment Act 2016 repeals the Fencing of Swimming Pools Act 1987 and includes new provisions in the Building Act 2004 relating to residential pools.

Under the changes, all residential pools must have compliant pool barriers to keep young children safe at all times. This includes spas and temporary pools.

Every residential swimming pool that is filled or partially filled with water more than 400mm deep must have physical barriers that restrict access to the pool by unsupervised children under 5 years of age. The property owner and any tenants on a property where a residential pool is located are all responsible for ensuring these barriers remain compliant.

Key issues in the year to 30 June 2023

We entered into a shared resource agreement with Environment Canterbury to secure a part-time

compliance monitoring resource, we employed a Regulatory Team Leader who oversees all of the Regulatory services, legislation and bylaws, and we filled a new Regulatory Administrator role to support all the regulatory functions.

What we did


During the year, we began a monitoring and compliance schedule to assist with ongoing enforcement actions through the Regulatory area.

Our Regulatory enforcement team processed 73 Building Warrant of Fitness (BWOFF). A BWOFF is a certificate that confirms the systems specified in the buildings compliance schedule (such as fire sprinklers, emergency lighting, elevators etc), have been maintained and checked for the previous 12 months. These BWOFFs are essential to ensure safety systems are in place for anyone using the premises.

What we planned to do but didn't

Due to staff shortages during the recruitment period, we were unable to inspect and audit BWOFF's and nor were we able to inspect swimming pools.

Performance indicators

Community Outcome	How do Other TA Regulatory Functions contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Development We promote and support the development of our economy</p>	<p>The safety of commercial buildings, including accommodation providers, is essential to protect our reputation as a superior visitor destination. Responsible camping, while a contentious issue, is a rapidly growing visitor economy that should be welcomed with restrictive controls in place.</p>	<p>The Council has a legal obligation to undertake its Territorial Authority regulatory functions, and we will continue to ramp up our role in this area to ensure our compliance. Education and enforcement of responsible camping is a high priority during the peak visitor season.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
		The percentage of commercial premises that have been inspected and/or audited for their BWOFF as required	100%	97%	0%
The number of complaints received about freedom campers behaving irresponsibly	10	< 50	8 incomplete	Yes	

Funding Impact Statement: Building & regulatory

For the year ended 30 June 2023

	2021/2022 Long-Term Plan \$000	2022/2023 Long-Term Plan \$000	2022/2023 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	430	480	460
Targeted rates	67	68	95
Subsidies & grants for operating purposes	-	-	79
Fees and charges	749	765	823
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	20	21	10
Total operating funding (A)	1,267	1,334	1,467
Applications of operating funding			
Payments to staff and suppliers	1,063	1,064	1,233
Finance costs	-	-	-
Internal charges and overheads applied	311	321	339
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,374	1,385	1,572
Surplus/(deficit) of operating funding (A-B)	(107)	(52)	(105)
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	10
Increase/(decrease) in reserves	(107)	(52)	(115)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	(107)	(52)	(105)
Surplus/(deficit) of capital funding (C-D)	107	52	105
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,572
Plus depreciation			2
Expenditure as per Note 1			1,574

Community services

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

What we do

This group of activities consists of:

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

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

Key issues in the year to 30 June 2023

High staff turnover has created some disruptions in the reception and emergency management areas.

Changing the way customers view property files went from paper to digital and caused some delays in providing property information. The digitisation of these records should, however, speed up our responses to these requests in future.

What we did

We updated all our processes and standard operating procedures at reception to help residents get what they need when they need it, as much as possible.

Property file requests were changed from manual to digital.

We rolled out a Back-Scanning project, starting to digitize our property files in accordance with the Public Records Act.

We increased collaboration with community groups and reported activity in the monthly Community Services Report.

Community grants were well-supported, and we received better quality applications. Delivering outcomes across all four wellbeing's.

We increased community participation and delivered some very successful events.

We continued to support the Kaikōura Youth Council to deliver their events.

An investment in a significant technology upgrade and a robust collection development in the District Library continued to ensure a substantial increase in library usage, and growing e-book and book issues.

We delivered a successful Mayor's Taskforce for Jobs employment and support programme in collaboration with Te Hā o Mātauranga and are delighted to have received further funding for the next two years on the strength of the positive outcomes.

What we planned to do but didn't

We proposed to re-invigorate the Community Services Committee but did not get the desired community group buy-in. The Community Services Committee was disestablished in July 2023.

Effects on community wellbeing

	Positive effects	Negative effects
Social	Connecting social service providers post-COVID, and now in a cost-of-living crisis, supporting with free community events (including Violence Free funded awareness raising workshops), and developing an upgraded online library service, has connected communities, and promoted community wellbeing.	No identified effects
Economic	Community events, in collaboration with the Kaikōura Health Wellbeing Coordinator and Mayor's Taskforce for Jobs Coordinator, have supported local businesses by helping with employment and offering mental health workshops and support.	No identified effects
Environmental	Supporting Youth Council, we support the youth voice which endorses climate change initiatives, we supported the Dotterel Trust, and the Dark Sky initiative to work towards International Dark Sky accreditation.	No identified effects
Cultural	Community development supported Māori whānau with weekly kapa haka sessions ("Te Whanau Whakaoranga") to support grass roots cultural wellbeing, opening the sessions to all community while supporting whanau development.	No identified effects

Customer services

What we do

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

Key issues in the year to 30 June 2023

We continued to face staff shortages due to illness and resignations.

We identified data migration issues in our electronic data and records management system Laserfiche.

What we did

We employed a new person at reception after a resignation. The new customer services officer was able to be brought up to speed quickly, ensuring our expert customer service continued.

We continued to work with our Knowledge Manager to streamline our data migration issues in our

electronic data and records management system Laserfiche.


We identified that we needed professional help to save our property files electronically and bring them into line with the Records Management Act. We went out to tender and chose Desktop Imaging, a cloud-based ERP solution to support us to engage and work more collaboratively with our community. We successfully completed the Pilot Phase of the Back-Scanning Project.

We find ourselves in a cost-of-living crisis with many households cutting back on essentials. This fall in living standards affected our community’s physical and mental health and exacerbated existing conditions. We have let many community groups run their community events at no charge in the Memorial and Scout Hall, as these free events help people stay in touch with friends and family, supporting wellbeing.

What we planned to do but didn’t

We planned to charge more consistently for Memorial Hall usage but did not due to the need for delivering fun and free community events with all other costs like heating and food costs soaring.

Performance indicators

Community Outcome	How does Customer Service contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Community We engage and communicate with our community</p>	Smooth joined-up internal processes are delivered to residents at the front counter creating efficient and timely customer support.	We need to boost and support all areas of the organisation to be more resident focused to increase our proficient and friendly customer service across the board.			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The percentage of survey respondents who are satisfied, or very satisfied, with the Council’s customer services team		82%	67%	79%	Yes

Community grants, events & fundraising

What we do

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

Key issues in the year to 30 June 2023

The cost of living for the average household increased 7.7 percent in the 12 months to March 2023. This follows an 8.2 percent increase in the 12 months to December 2022. Higher prices for interest payments, grocery food, rent, and fruit and vegetables were the main contributors to this increase.

An increase in applications to the Creative Community Scheme, meant the Community Development Officer was very busy.

What we did

Fundraising

- We applied for Waitangi Day funding, were successful and delivered well-received Waitangi Day events for a week.
- We applied to Lotteries Community and were successful with an application towards the wages of the Older Person's Community Support Worker for two years, administered by Kaikōura Health.
- We applied to MBIE for the Better Off Fund and received funding for 12 community projects.
- We applied to the Mayor's Taskforce for Jobs and were successful with funding for two years.

Events

The Event Coordinator added value and support and was involved with 17 community events:

- Ice Skate Rink
- Christmas 2022
- White Ribbon Ride event
- REOSA walk event
- KEA Community Consultation
- Elder Abuse afternoon tea
- Mountains to Sea Marathon
- Suburban School Pet Day
- Mayors Taskforce for Jobs Graduation
- Cruise Ship welcome x4
- North Canterbury Business Awards

- Waitangi Day Event
- Dark Sky Expo
- New residents Meet & Greet
- Citizenship Ceremony x2
- Youth Council Ball
- A & P Show

Grants

Successful Community Initiative Grants:

- Kaikōura Playcentre - built 2 mini whares with local iwi tautoko and collaboration
- Kaikōura Senior Moments Marching Team - hosted the Top of the South Leisure Marching Meeting and teams to participate
- Kaikōura Dark Sky - a 10-day Expo to educate the community
- Community Seabird Conservation Kit - provide resources for all community groups specifically for Kaikōura environment and conservation
- Organic Garden Part 2 - expand and develop the community garden, promoting, organizing, and running weekly workshops exploring new ways to provide food from within the home

Successful George Low successful grants:

- CACTUS #2 - a community and police initiative for an 8-week programme that teaches self-discipline, direction, teamwork, and motivation using physical activity
- JAB Rugby - to provide sport equipment for the JAB rugby teams that caters for 150 tamariki between the ages of 4-15 years old
- Kaikōura Netball – a new Youth Netball group was formed as a response to re-focus on increasing interest. Request for funds to purchase uniforms and equipment.

Successful NZ Rural Travel grants:

- Kaikōura High School – Hockey: to assist with travel costs and participate in normal competition with their peers in Blenheim
- Kaikōura Netball: to assist with travel costs and participate in normal competition with their peers in the Hurunui District
- JAB Rugby: to assist with travel costs and participate in normal competition with their peers in North Canterbury

Successful Creative Communities grants:

- 48 hours 2023 - Photograph exhibition, in its 20th year
- Takahanga Bowling Club - to paint a mural to create a feeling of belonging and also create a sign for the community
- Raranga Collective - to create harakeke masterpieces, a place to gather, tautoko and learn
- Suburban School - to host a percussion performance for all Kaikōura primary school aged tamariki
- Kaikōura Historical Society – B Elliot - Kaikōura Museum wish to create a photo essay and exhibition celebrating the life and work of one of our community treasured personalities
- Elgrego the Magician - an opportunity for our senior citizens to come together and socialize with each other to enjoy a magical performance
- Jayden Shingleton Music - written 10 songs and wanting to record them and provide Kaikōura with music inspired where I live and my life
- Cyanotypes of Artifacts - an Archaeology Day activity for the community, making cyanotype prints of artifacts
- Inspiration Corner 2023 - a Lego / building blocks building / exhibition in the heart of town
- Kaikōura Childrens Choir 2023 - Choir for Kaikōura children aged 5 – 18 years

- 30th Anniversary – Takahanga Marae: Part 2 - celebrating the arts and cultural connections from the past into the present as we celebrate the 30th Anniversary of the building of the whareniui at Takahanga Marae
- CanBead – CanInspire - Art therapy workshops (2) for Cancer society clients in Kaikōura
- Douce Ambiance - violin jazz quartet concert telling the history and showcasing the versatility of the violin with interactive opportunity
- Shades of Shatki - an East meets West music project performing new music featuring world class musicians
- Kaikōura Historical Society - Spirit of Salt - develop photographic exhibition of images taken in Phase one of this project
- Seaward Lions – Youth Recital - provide Kaikōura Youth with an annual opportunity to perform and show their years’ work.

What we planned to do but didn’t

We planned to apply to Rata Foundation for the second half of the Older Person’s community Support Worker’s wages but could not find the time.

The Christmas tree the community wanted was too expensive and we must fundraise for another year.

Performance indicators

Community Outcome	How do Community Grants contribute to this Outcome?	What do we need to do towards achieving this Outcome?		
 <p>Community We communicate, engage and inform our community</p>	<p>Small grants play a key part in creating opportunities for participation, especially for elderly and youth in the community.</p>	<p>We need to continue to advertise the various community grants for one of projects for community organisations, schools and clubs and create opportunities for local communities to engage with and participate in arts and sports activities otherwise not available in our district</p>		
	2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
<p>The number of individuals or organisations funded to offer an arts, sport, or other opportunities to the community</p>	25	10	27 ¹²	Yes

¹² There were 16 successful applicants funded through the Creative Communities Scheme, three through the George Low Bequest, three through Sport NZ Rural Travel, and five funded through the Community Initiatives Fund (2022: 13, 2, 2 and 8 respectively).

Community Outcome	How do Community Events contribute to this Outcome?	What do we need to do towards achieving this Outcome?		
 <p>Future We work with our community and our partners to create a better place for future generations</p>	<p>If we can create a sustainable community event environment with information and resources that are cohesive, easily accessible and in plain English, including the printing of resources to clubs, sports groups and education facilities, we can promote small to medium sized events all year round, positively impacting our community</p>	<p>We need to continue to refine our community events toolbox to support sustainable growth and promotion of community events in Kaikōura. We need to continue to provide and deliver a framework to enable the growth of events.</p>		
	2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The number of Council-supported events held	10	4	17	Yes

Emergency Management

What we do

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

Key issues in the year to 30 June 2023

There was high staff turnover in the organization, and the Emergency Management Officer (EMO) did not have the time in his 16 hour a week to train new staff in emergency management, especially as he was often deployed to help with disasters outside the district.

What we did

We delivered some community emergency management awareness raising at the following events:

- A & P Show
- Inland Road Community Event
- Psychological First Aid
- Boating Safety Event


What we planned to do but didn't

One of our two Controllers left the organisation, and we have not replaced him.

We planned for a seamless emergency management hand-over when the Emergency Management Officer resigned, but there was some lag in employing a new, local EMO.

Our Community Development Officer, who is also in the EMO support role, was to receive training, but no courses were available.

Performance indicators

Community Outcome	How does Emergency Management contribute to this Outcome?	What do we need to do towards achieving this Outcome?								
 <p>Future We work with our community and our partners to create a better place for future generations</p>	<p>The EMO represents the Council with the day-to-day operations of the Canterbury Civil Defence Emergency Management (Group) and manages the strategies and work programmes that result from Group membership</p>	<p>Our community needs to continue to be integrally involved with the internal and external response planning processes. The EMO needs to continue to represent the Council as a member of the Canterbury 10 response team.</p>								
		<table border="1"> <thead> <tr> <th>2021/2022 Actual</th> <th>2022/2023 Target</th> <th>2022/2023 Actual</th> <th>Achieved?</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>2</td> <td>4</td> <td>Yes</td> </tr> </tbody> </table>	2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?	4	2	4	Yes
2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?							
4	2	4	Yes							
<p>The number of scenario's held with cross-agency attendance</p>										

Kaikōura District Library

What we do

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

Key issues in the year to 30 June 2023

- Lag in books from suppliers
- Using the functionality of our Library Management System (Softlink/Liberty) to its full potential
- Improving our collection development.

What we did

As a result of a rigorous stock take, and subsequent weeding of older material, we were able to evaluate gaps in our collection and changed our selection criteria and how we process books in order to meet


current and anticipated future needs in our community. We changed book suppliers and bought over 95% of our stock locally or from suppliers within the Canterbury region, ensuring an up-to-date book selection. We also increased our digital resources (BorrowBox, APNK, EPIC). These changes have supported a marked increase in library membership, usage, issue statistics and digital activity.

What we planned to do but didn't

We planned a library outreach programme in Oaro and Kekerengu but could find no volunteers.

Project	Planned \$000	Spent \$000	Comment
Replacement of existing assets:			
Library books & resources	32	43	Funding from the NZ Library Partnership enabled the purchase of young adult, te Reo, and graphic novels to boost the offering at the library.

Performance indicators

Community Outcome	How does the Library service contribute to this Outcome?	What do we need to do towards achieving this Outcome?	2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
 <p>Community We engage and communicate with our community</p>	The library plays a key part in creating opportunities for the elderly, youth and retaining families in the community	We regularly connect with our library users to find out what their needs and interests are, and we adapt and evaluate our services, programmes, and collection. We now also support growing access to digital information and technology				
The number of lending items per capita			5.5	7.7	8.6	Yes

Community Development

What we do

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

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

Key issues in the year to 30 June 2023

Cost of living crisis and increased mental health issues.

What we did

We continued to engage with our community:

- 11 Community Networkers meetings
- 8 Housing Forum meetings
- 4 To Tatou Moemoenga Mana Kainga meetings
- 4 Older Person’s Working Group meetings
- Active member Kaikōura Health Governance group
- Census/Stats NZ
- Te Whare Putea
- Hapuku kura
- Kaikōura Maori Wardens
- Te Ahi Wairua o Kaikōura
- Takahanga Marae
- Te Tai o Marokura
- Maataa Waka
- Te Whanau o Whakaoranga
- Community Courts
- Te Ha o Matauranga

What we planned to do but didn’t

We planned to have the Community Courts finished but didn’t. Coordinating the aspirations of the sports groups involved is ongoing. We planned to work with a community group to purchase a Christmas tree but were unsuccessful as we were unable to raise the exorbitant funds. We planned to spend all the available Violence Free funding for this financial year on awareness raising projects but did not receive many applications.

Performance indicators

Community Outcome	How does Community Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Community We engage and communicate with our community</p>	We build and maintain extensive networks with key stakeholders including local and central government, community, iwi/Māori and other cultural organisations by establishing a positive, credible public profile facilitating local solutions to local needs	With our focus on community wellbeing, we: <ul style="list-style-type: none"> • Enable the community to identify and articulate their aspirations for the future, • Develop strategies and plans, • Monitor and map the journey to wellbeing 			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
Bi-monthly reports on achievements and how we are working collaboratively with our treaty partner and NGO’s, including how we are building resilience of whanau and communities		10 reports	6 reports	11 reports	Yes

Youth Development

What we do

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

Key issues in the year to 30 June 2023

Youth Council member wellbeing and youth wellbeing in general.

What we did

This year Youth Council continued to provide opportunities for connection and fun as a way of increasing wellbeing in our local young people and worked towards building skills in a new cohort of Youth Council members.

Youth Council received funding from Lottery Community Grant which enabled them to run wellbeing events for different age groups. These included:

- a movie afternoon at the Mayfair
- trips to Hanmer Springs and Mt Lyford Ski Field
- a community ball

Other community events supported:

- 'Pizza and Politics' night for the Local Government Elections

- Xmas in the Park
- Waitangi Day Quiz Night
- We hosted one evening at the Dark Sky Community Expo and donated the decorations for use at the Kaikōura High School Ball
- We ran Te Wiki o Te Reo Māori
- We organised Youth Week and Pink Shirt Day activities at the High School
- We ran a Sausage Sizzle Fundraiser to support Hawke's Bay after Cyclone Gabrielle impacted the region
- We supported members to attend several training and development opportunities - especially at the beginning of 2023 to support our influx of new members!

What we planned to do but didn't

We were unable to connect with other Youth Councils and Youth Participation Groups as several of the regular training and development opportunities outside our district were cancelled.

Performance indicators

Community Outcome	How does Youth Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Future We work with our community and with partner organisations to create a better place for future generations</p>	We provide opportunities for young people to become confident individuals through participation on Council Committees with regular presentations to Council meetings.	Continue to create opportunities for Youth Council members to be part of the democratic process by inviting them to report in person the Council meetings and represent the youth voice on other committees			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
Number of Youth Council presentations to Council meetings		3	6	8	Yes
Number of Youth Council activities/events		12	10	10	Yes
Number of youth training opportunities		4	4	6	Yes

Funding Impact Statement: Community services

For the year ended 30 June 2023

	2021/2022 Long-Term Plan \$000	2022/2023 Long-Term Plan \$000	2022/2023 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	869	887	955
Targeted rates	10	10	10
Subsidies & grants for operating purposes	59	30	635
Fees and charges	28	23	25
Internal charges and overheads recovered	247	222	229
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	1,213	1,172	1,854
Applications of operating funding			
Payments to staff and suppliers	968	922	1,580
Finance costs	12	12	10
Internal charges and overheads applied	183	187	191
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,163	1,121	1,781
Surplus/(deficit) of operating funding (A-B)	50	51	73
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(18)	(19)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(18)	(19)	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	32	33	43
Increase/(decrease) in reserves	-	-	30
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	32	33	73
Surplus/(deficit) of capital funding (C-D)	(50)	(51)	(73)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			1,781
Plus depreciation			56
Less Overhead recoveries			(229)
Expenditure as per Note 1			1,608

District development

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

What we do

This group of activities includes:

- District Planning
- Environmental Planning
- Economic development
- Tourism & marketing

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

The Council also plays a key role in supporting and promoting economic development and, through its funding contributions to Destination Kaikōura, also

plays a key role in supporting tourism marketing and promotion of the district.

Key issues in the year to 30 June 2023

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

What we did

A major programme of work this year has been in developing the blueprint for future district growth in a new Spatial Plan.

Effects on community wellbeing

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

District Planning

What we do

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

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

Key issues in the year to 30 June 2023

Two key issues that existed within the financial year were staff and legislation changes.

The attraction and retention of staff continue to be an issue nationally. The Resource Management Act Reforms and the relatively buoyant economic cycle have resulted in a national shortage of planning staff. The council has a single policy planner role who is responsible for progressing plan changes and making

submissions. The person in this role moved to a consultancy in early April and to date, a replacement has not been found.

We reviewed proposed changes to legislation and where possible made submissions on national planning documents.

What we did

We worked to resolve the only appeal on the natural hazard plan change, and we updated our district plan maps.

We continued to follow the repeal and replacement of the Resource Management Act and examined new National planning documents which were released. We also made submissions on national planning documents.


We worked with developers and members of our community to progress private plan changes.

We undertook recruitment for replacement staff.

What we planned to do but didn't

We were unable to make the Natural Hazard Plan Change fully operative within the financial year, while we worked to resolve the appeal.

Performance indicators

Community Outcome	How does District Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?		
 <p>Future We work with our community and our partners to create a better place for future generations</p>	District planning sets out the planning rules for place-making, including zones for commercial, industrial and residential expansion, and these rules help to mitigate the negative effects of activities or development, therefore making Kaikōura a better place to live in.	Our Kaikōura District Plan needs to be updated so that it reflects community needs and aspirations, to ensure that planning rules are in place to enable those needs and aspirations and prevent negative effects.		
Progress on the review of the District Plan, in line with the priorities and timelines set out in the final District Plan roadmap	Council has positioned itself well for the June 2024 target. A spatial plan process is starting which will feed into the June 2024 review	Residential and Commercial Zone chapters completed by June 2024	The Spatial Plan is well underway, some delays with Rūnanga have occurred due to unforeseen events	Yes (on track)

Environmental Planning

What we do

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

The Council also established a grant for environmental projects, the amount of which may vary from year to year. In the 2023 financial year \$20,000 was made available.

Key issues in the year to 30 June 2023

The government's introduction of an exposure draft of the National Policy Statement Indigenous Biodiversity (NPS-IB) in 2021 remains a complex document to navigate in terms of implementation and cost particularly driven by the stringent timeframes proposed to identify and protect high value ecological areas.

The Councils current estimate is that that the draft NPS-IB would result in costs to our ratepayers of up to approximately \$3 million. Submissions highlighting this financial impact and the burden it would impose

on our ratepayer community have been presented to the Ministry for the Environment.

The Council has not budgeted for the additional costs to implement the requirements of the NPS-IB in the 2021-2031 Long-Term Plan.


What we did

The Council supported new signage advising beach users of shorebirds nesting along the beaches.

What we planned to do but didn't

The Council has over \$20k available to support landowners to set aside significant natural areas on their property. There were no applicants for financial support in the 2023 financial year.

Performance indicators

Community Outcome	How does Environmental Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Environment We value and protect our environment</p>	In addition to the Council's contribution to mitigating or enhancing environmental outcomes through its infrastructure, and District Plan, this specific activity provides discretionary Council resourcing to environmental outcomes	Provide Council endorsement and support, as well as discretionary financial support to events, projects and activities that support positive environmental outcomes			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
The number of external environmental projects that are supported by the Council		6	Not less than 3	0 ¹³	No

¹³ While there were no direct expenses incurred in the 2023 financial year for Environmental Planning, the Council continues to support various projects such as the Kaikōura Dark Skies, coastal cleanups and protection work, etc.

Economic Development

What we do

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

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

Key issues in the year to 30 June 2023

The fallout from COVID-19 lockdowns has driven cost increases as inflation and interest rates rise significantly ahead of expectations. This creates difficulties for both businesses and individuals alike as people either reduce spending on leisure items or, seek alternative employment options elsewhere further exacerbating a shortage of staff in Kaikōura.

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

What we did

We continue to support the Kaikōura International Dark Skies Trust to apply for international dark sky accreditation (IDA). Becoming a recognised Dark Sky district will bring economic benefits through more visitors. All Council-owned streetlights have been adapted to meet IDA criteria to date, with the NZTA-owned lights on the state highway remaining.

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

The Council supported the Rebel Business School to come to Kaikōura; the school provides training and mentoring to people who are starting up in business or developing their business skills.

The Council also supported the hosting of North Canterbury Business Awards which was held for the first time in Kaikōura, at the Sudima hotel, sponsored the Kaikōura Youth Council Awards, and helped to fund the Matariki Event and Matariki town flags.

Performance indicators

Community Outcome	How does Economic Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?			
 <p>Development We promote and support the development of our economy</p>	<p>Our Economic Development activity, in addition to other Council activities, assists business and employment initiatives in the district with specific projects, information and other support, such as marketing and events.</p>	<p>Work with local and regional economic development agencies, and the local community and businesses to identify and support projects and activities that Council involvement can provide additional value for money benefits.</p>			
		2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
<p>The number of projects or events undertaken during the year that benefit the local economy</p>		7 +	5	6	Yes

Tourism & Marketing

What we do

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

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

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


Key issues in the year to 30 June 2023

The compounding effect of COVID-19, global supply chain disruption, the uncertainty of geopolitical unrest and war, climate change and severe weather events, plus significant increases in the cost of living, has meant the number of visitors to NZ and to Kaikōura remains relatively low. Higher interest rates and higher inflation are directly impacting on disposable income for New Zealanders eroding capacity for travel and vacation, and a trend has emerged that those who do have the means to travel are heading overseas to holiday after three years of COVID-19 border restrictions.

What we did

With funding support from the Council, Destination Kaikōura has been actively promoting the district.

Performance indicators

Community Outcome	How does Tourism & Marketing contribute to this Outcome?	What do we need to do towards achieving this Outcome?						
 <p>Development We promote and support the development of our economy</p>	Tourism is the dominant contributor to the economy of the Kaikōura district including employment.	Support our tourism sector through the services of the local Regional Tourism Organisation (RTO), Destination Kaikōura.						
					2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved?
					Domestic and international spend indicators show annual increases, as measured through MarketView electronic card transaction spend data.	Not applicable (borders still restricted due COVID-19)	Spend indicators show increases post-COVID-19 relative to other comparable RTO regions 2021 Baseline is \$50.4 million	Overall spend at \$71.1m is \$20m higher than 2021 baseline. Domestic spend is 2.2% down, International spend has increased more than 800%
Six-monthly reports from Destination Kaikōura setting out activities undertaken, including against agreed key performance indicators for that period.	Reports have been received quarterly with high levels of activities and achievements	Reports are received demonstrating activities and achievements, in December and June each year	Reports have been received, activities and achievements are documented in "What we did", on this page.	Yes				

Funding Impact Statement: District development

For the year ended 30 June 2023

	2021/2022 Long-Term Plan \$000	2022/2023 Long-Term Plan \$000	2022/2023 Actual \$000
Sources of operating funding			
General rates, UAGCs, rates penalties	161	166	159
Targeted rates	490	501	583
Subsidies & grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	651	337	742
Applications of operating funding			
Payments to staff and suppliers	680	721	529
Finance costs	-	1	-
Internal charges and overheads applied	121	125	136
Other operating funding applications	-	-	-
Total applications of operating funding (B)	802	847	665
Surplus/(deficit) of operating funding (A-B)	(151)	(180)	77
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	155	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	155	-
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	(151)	(25)	77
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	(151)	(25)	77
Surplus/(deficit) of capital funding (C-D)	151	180	(77)
Funding balance ((A-B) + (C-D))	-	-	-
Reconciliation			
Total application of operating funding (B)			665
Plus depreciation			-
Expenditure as per Note 1			665

Financial Information

Financial overview

The year to 30 June 2023 resulted in a net surplus of \$2.284 million, compared to the budgeted surplus of \$1.073 million. Revenue is up than budget by \$752k, the main reason being \$2.3 million in fair value gains from “found” assets at the North Wharf, including seawalls and parking area. These assets were “discovered” when the Council received a valuation for insurance purposes over its harbour assets.

Grants & subsidies were \$3 million less than budget, due to the Wakatu Quay development project, with delays caused by the withdrawal of interest by a potential funder. This has meant that the \$4.5 million in Kanoa funding (formerly known as the Provincial Growth Fund) was not required within the financial year, and only \$1.2 million was claimed. The Council is again seeking expressions of interest for partners in the project. A significant portion (\$1.84 million) of grant revenue collected in the 2023 year has been set aside as revenue in advance to spend in 2024, such as funds received for the Link Pathway and the community courts on Takahanga Domain.

This decrease in budgeted revenue was offset by \$826k of unbudgeted grants, such as \$445k from the Mayors Taskforce for Jobs, \$155k from the DIA for the Three-Waters “Better Off” package, \$90k from the Crown for Three-Waters transition funding, \$78k from the Tourism Infrastructure Fund (TIF), and unforeseen funding support for events.

Expenses were less than budget by \$497k, again due to the Wakatu Quay project, with the project well behind its projected forecasts while the Council considers its options (including completing the project without a partnership organisation). While that project was \$1.77 million behind in its operating budget spend, this was offset by unbudgeted spending related to the unbudgeted grants, such as the Mayors Taskforce for Jobs and spending on the “Better Off” projects. Depreciation was also \$343k higher than budget due to the increase in asset values following the June 2022 valuations.

Valuations of roading and three-waters assets

Last year (the 2022 financial year), the Council was committed to attain a clear audit opinion over the value of its roading and three-waters assets, and so completed an extra asset valuation dated 30 June 2022. This valuation was outside the normal three-yearly valuation cycle, but was necessary to comply with financial reporting standards, given the significant upswell in asset valuations. The valuations relied heavily upon external consultants WSP (rather than inhouse engineers) to provide unit rates. WSP assigned a confidence rating of “A” (Highly reliable) over the accuracy of asset information, and a confidence rating of “B” (Reliable) over the unit costs and remaining useful lives of assets.

The 2022 valuation resulted in significant increases in carrying values of roading and three-waters assets, with roading increasing by over \$35 million, and three-waters by over \$28.5 million. Combined with valuation increases for land and buildings, the Council’s property, plant and equipment increased by more than 35% purely by revaluation increases for the year ended 30 June 2022.

For the year ended 30 June 2023, the Council has completed an assessment of the fair value movement between asset valuation years and concluded that the potential movement is not material, and so the Council has opted not to conduct another full revaluation over its roading and three-waters assets.

Statement of Comprehensive Revenue & Expense

For the year ended 30 June 2023

			COUNCIL			GROUP	
		NOTE	2023 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
Revenue							
	Rates	2	8,943	9,036	8,266	9,036	8,266
	Fees & charges	3	1,527	1,824	1,558	2,776	2,441
	Development contributions		44	40	153	40	153
	Grants & subsidies	4	7,934	4,911	4,523	4,911	4,523
	Interest revenue	5	3	39	10	39	10
	Other revenue	6	88	403	329	449	361
	Gains	7 / 12	-	3,040	1,263	3,040	1,263
Total revenue			18,540	19,293	16,102	20,291	17,017
Expenses							
	Personnel costs	8	3,697	3,322	3,231	4,395	4,436
	Depreciation & amortisation	9	4,354	4,659	3,898	4,786	4,046
	Finance costs	5	235	215	93	220	95
	Other expenses	10	9,181	8,564	8,589	8,486	8,235
	Losses	7	-	211	559	211	562
Total expenses			17,467	16,971	16,369	18,098	17,374
Operating surplus/(deficit)			1,073	2,322	(267)	2,192	(357)
	Environment Canterbury share of Marlborough Regional Forestry (Surplus)/Deficit	11	-	(38)	40	(38)	40
Surplus/(Deficit) before tax			1,073	2,284	(227)	2,154	(317)
	Income tax expense	30	-	-	-	(29)	28
Net Surplus/(Deficit) after tax			1,073	2,284	(227)	2,183	(288)
Other comprehensive revenue & expense							
	Gains/(losses) on asset revaluation	7 / 12	-	191	74,460	191	74,460
Total other comprehensive revenue & expense			-	191	74,460	191	74,460
Total comprehensive revenue & expense			1,073	2,475	74,233	2,374	74,172

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

Statement of Changes in Equity

For the year ended 30 June 2023

	COUNCIL			GROUP	
	2022 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
Equity at start of year	221,592	285,503	211,265	286,540	212,363
Adjustment on adoption of PBE IPSAS 41 (refer Note 38)	-	12	-	12	-
Adjusted balance at 1 July	221,592	285,515	211,265	286,550	212,363
Comprehensive revenue & expense					
Net surplus/(deficit) After Tax	1,073	2,284	(227)	2,183	(288)
Gains/(losses) on asset revaluation	-	191	74,460	191	74,460
Total comprehensive revenue & expense	1,073	2,475	74,233	2,374	74,172
Equity at end of year	222,665	287,990	285,503	288,924	286,540

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

Statement of Financial Position

On 30 June 2023

	NOTE	COUNCIL			GROUP	
		2023 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
Assets						
Current assets						
Cash and cash equivalents	13	3,978	3,414	2,790	3,538	3,066
Receivables from non-exchange transactions	14	1,270	447	488	447	488
Receivables from exchange transactions	14	-	672	530	800	595
Prepayments	15	185	255	257	254	257
Other financial assets	16	20	20	20	-	-
Non-Current Assets Held for Sale	17	-	330	330	330	330
Income Tax	30	-	-	-	-	26
Total current assets		5,453	5,138	4,415	5,369	4,762
Non-current assets						
Other financial assets	16	287	177	197	142	141
Forestry assets	18	2,350	2,401	2,155	2,401	2,155
Investment property	19	4,800	2,940	3,130	2,940	3,130
Property, plant & equipment	20	220,941	288,740	286,209	289,591	287,143
Intangible assets	21	-	65	98	65	98
Deferred Tax Asset		-	-	-	36	7
Total non-current assets		228,378	294,323	291,788	295,175	292,674
Total assets		<u>233,831</u>	<u>299,461</u>	<u>296,203</u>	<u>300,544</u>	<u>297,436</u>
Liabilities						
Current liabilities						
Payables and deferred revenue under exchange transactions	22	1,588	2,178	1,671	2,171	1,657
Payables and deferred revenue under non-exchange transactions	22		2,448	1,564	2,470	1,564
Employee entitlements	23	263	257	304	381	460
Borrowings	24	-	-	-	11	-
Provisions	25	-	580	-	580	-
Current tax liability	30	-	-	-	-	38
Total current liabilities		1,851	5,463	3,539	5,613	3,719
Non-current liabilities						
Borrowings	24	7,300	5,300	5,300	5,300	5,300
Deferred tax liability	30	-	-	-	-	17
Provisions	25	1,548	225	1,445	225	1,445
Other term liabilities	26	468	483	416	483	416
Total non-current liabilities		9,316	6,008	7,161	6,008	7,178
Equity	27	222,665	287,990	285,503	288,924	286,540
Total equity		222,665	287,990	285,503	288,924	286,540
Total liabilities & equity		<u>233,831</u>	<u>299,461</u>	<u>296,203</u>	<u>300,544</u>	<u>297,437</u>

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

Statement of Cash Flows

For the year ended 30 June 2023

	COUNCIL			GROUP	
	2023 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
<u>Operating Activities</u>					
Receipts from rates (excl. water meter charges)	8,803	8,823	8,446	8,823	8,446
Interest received	3	39	10	39	10
Receipts from other revenue	9,482	5,131	4,730	5,969	5,728
Payments to supplier and employees	(12,743)	(11,848)	(13,303)	(12,757)	(14,172)
Interest paid	(189)	(215)	(93)	(219)	(95)
GST (net) and company tax	-	145	(49)	151	(137)
Net cash from operating activities	5,356	2,075	(260)	2,006	(220)
<u>Investing Activities</u>					
Grants received for purchase of assets	-	2,825	2,095	2,825	2,095
Purchase of property, plant & equipment	(5,449)	(4,313)	(4,824)	(4,393)	(4,919)
Sale of property, plant & equipment	325	-	63	6	71
Purchase of forestry assets	-	-	(57)	-	(57)
Sale of forestry assets	-	17	53	17	53
Purchase of investment properties	(2,435)	-	-	-	-
Sale of other financial assets	-	20	-	20	-
Purchase of other financial assets	-	-	(15)	-	(15)
Net cash from investing activities	(7,559)	(1,451)	(2,687)	(1,525)	(2,772)
<u>Financing Activities</u>					
Proceeds from borrowings	2,000	-	3,300	50	3,300
Repayment of borrowings	-	-	(3,000)	(60)	(3,020)
Net cash from financing activities	2,000	-	300	(10)	280
Net increase/(decrease) in cash & cash equivalents	(203)	624	(2,647)	471	(2,712)
Cash & cash equivalents at the beginning of the year	4,181	2,790	5,436	3,066	5,777
Cash & cash equivalents at the end of the year (note 13)	3,978	3,414	2,790	3,537	3,065

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

Statement of Accounting Policies

Basis of Preparation

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

Statement of Compliance

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

These financial statements 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).

Reporting Entity

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

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

The financial statements of the Council are for the year ended 30 June 2023. The financial statements were authorised for issue by the Council on 31 October 2023.

Changes in accounting policies

The accounting policies include the adoption of PBE IPSAS 41 Financial Instruments and PBE FRS 48 Service Performance Reporting for the 2023 year. All other policies have been applied on a consistent basis with those of the previous reporting period.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements, and is effective for the year ending 30 June 2023. The main impact of the new standard required additional information disclosed on those judgments that have the most significant effect on the selection, measurement, aggregation, and presentation of service performance information. The Council has adopted this standard and made relevant disclosure changes.

PBE IPSAS 41 Financial instruments

PBE IPSAS 41 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement, and is effective for the year ending 30 June 2023. The main changes under PBE IPSAS 41 are:

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

The Council has adopted this standard and made relevant disclosure changes.

Standards issued and not yet effective, and not early adopted

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

Basis of consolidation

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

Subsidiaries

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

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

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

Joint operations

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

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

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

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

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

Revenue

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

Rates revenue

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

Water billing revenue

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

Waka Kotahi (NZTA) roading subsidies

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

Other grants and subsidies received

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

Donations and bequests

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

Provision of services

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

Sale of goods

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

Vested assets

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

Agency arrangements

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

Interest and dividends

Interest revenue is recognised using the effective interest method.

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

Development contributions

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

Borrowing costs

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

Grant expenditure

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

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

Foreign currency transactions

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

Income tax

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

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

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

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

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

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

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

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether title is eventually transferred.

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

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

Operating leases

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

Cash and cash equivalents

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

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

Debtors and other receivables

Short-term 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 payment has not been made within three months of the Court's judgment, 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.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to 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.

Previous accounting policy PBE IPSAS 29

In the previous year, Trade and other receivables were recorded at their face value less any provision for impairment, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Derivative financial instruments and hedge accounting

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

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).

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.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans);
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.
- Impairment losses on shares would have been recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense would have been transferred from equity to surplus or deficit on disposal of the investment.

Inventory

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

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

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

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

Non-current assets held for sale

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

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

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

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

Property, plant, and equipment

Property, plant, and equipment consists of:

- Operational assets
These include land, buildings, harbour assets, library books, plant and equipment, and motor vehicles.
- Restricted assets
Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets
Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

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

Revaluation

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

- Operational land and buildings
As key properties, the Civic Centre, the former office building, and the memorial hall were valued to component level by Cameron Ferguson, (Registered Valuer, B. Com, VPM) of Quotable Value NZ on 30 June 2022. The balance of land and buildings were valued effective on 30 June 2022 by Cameron Ferguson, (B. Com, VPM) of Quotable Value NZ, at fair value as determined from market-based evidence. 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.
- 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.
- Infrastructure
This includes roads, bridges & footpaths, water systems, sewerage systems and stormwater systems, stated at fair value determined on a depreciated replacement cost basis. The most recent valuation of these assets has been performed by the Council's inhouse engineers on 30 June 2022, and peer reviewed by WSP Ltd.

Additions

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

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

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

Disposals

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

Depreciation

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

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

Infrastructural assets	Years	Rate (rounded)
<i>Roading</i>		
Land and road formation		Not depreciated
Base course		4.11%
Bridges	50 – 100	2.02%
Sealed top layer	7	20.15%
Kerb and channels	37	2.25%
Drainage	57	2.42%
Traffic facilities	4	16.38%
Seawalls	50	3.62%
Footpath structure		Not depreciated
Footpath surface	25	5.54%
Street lighting	17	5.37%
<i>Sewerage/wastewater</i>		
Equipment and oxidation ponds	50	From 2% to 6%
Pump stations	17 - 100	From 2% to 7%
Rising mains & gravity reticulation	25 – 77	From 1% to 4%
<i>Water</i>		
Pump stations	12 – 25	From 4% to 8%
Pipes & reticulation	7 – 99	From 1% to 14%
<i>Stormwater</i>		
Catchment mains & reticulation	70 – 99	From 1% to 2%
Structures	19 – 75	From 1% to 6%
Operational assets		
Buildings – structure	20 - 135	From 0.74% to 5%
Buildings – services	9 – 33	From 3% to 11%
Buildings – internal fit out	5 – 25	From 4% to 20%
Harbour seawall & wharf	10 – 50	From 2% to 10%
Computer equipment	5	20%
Plant, vehicles, and machinery	5 - 50	From 2% to 20%
Land		Not depreciated
Library books	12	8%
Library non-books	1	100%
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 after initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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

Deemed cost

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

Library collections

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

Accounting for revaluations

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

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

Forestry assets

Forestry assets owned via the Marlborough Regional Forestry joint operation, and the Council's own forestry assets, are independently revalued annually at fair value less estimated point of sale costs. These valuations are performed by Forme Consulting Group for the joint operation (2022: 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 point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

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

Investment property

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

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

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

Intangible assets

- **Carbon credits**
Purchased carbon credits are recognised at cost on acquisition. They are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.
- **Software acquisition**
Acquired computer software licences are capitalised on the basis of costs to acquire and bring to use the specific software. Costs associated with maintaining computer software, staff training on software use, and website development and maintenance, are recognised as an expense when incurred. Computer software has a 5-year useful life, and a 20% straight line amortisation rate.

Impairment of property, plant and equipment and intangible assets

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

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

- Value in use for non-cash-generating assets

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

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

- Value in use for cash-generating assets

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

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

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

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

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

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

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

Creditors and other payables

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

Borrowings

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

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

Employee entitlements

- Short-term benefits

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

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

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

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

- Long-term benefits

Superannuation schemes

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

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

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

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

Provisions

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

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

Equity

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

The components of equity are:

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

Special and Council-created reserves

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

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

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

Asset revaluation reserves

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

Fair value through other comprehensive revenue and expense reserves

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

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2022/2023 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Cost allocation

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

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

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

Statement of cash flows

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

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

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

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

Critical accounting estimates and assumptions

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

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

- 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, three water infrastructure, land, and buildings), and that a valuation outside the normal three-yearly cycle is not required.
- Landfill aftercare provision
Note 25 discloses an analysis of the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.
- Infrastructural assets
There are several assumptions and estimates used when performing optimised DRC valuations over infrastructural assets.

These include:

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

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 2023:

- 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.
- Service performance reporting (PBE FRS48)
The Council's statements of service performance are formally classified from pages 11 to 78. 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

The service performance measures in this Annual Report are intended to compare the actual results of the activities delivered by the Kaikōura 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 Kaikōura 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.

Notes to the Financial Statements

1 Summary revenue and expense for groups of activities

	COUNCIL		
	2023 REVENUE \$000	2023 EXPENSE \$000	2023 NET RESULT \$000
Activity revenue & expense			
Roading	3,476	3,524	(48)
Water supplies	1,705	2,289	(584)
Wastewater	717	1,558	(841)
Stormwater	62	231	(169)
Refuse & recycling	369	732	(363)
Community facilities	3,599	3,095	505
Leadership & governance	68	1,345	(1,277)
Building & regulatory	1,007	1,574	(567)
Community services	670	1,608	(938)
District development	583	665	(82)
Total activity revenue & expense	12,256	16,621	(4,365)
Non-activity revenue & expense			
Plus general rates, uniform annual general charges, and penalties (less remissions)			3,959
Plus interest and dividends received			38
Plus net gain/(losses) on forestry assets			146
Plus gains from vested assets			2,297
Plus/(less) Landfill change in estimate			575
Plus/(less) gains on investment properties			(190)
Plus/(less) gains/(losses) on sale or disposal of assets			-
Plus/(less) Environment Canterbury share of MRF surplus/deficit			(38)
Plus/(less) Provision for impairment and expected credit losses			(135)
Plus/(less) Revaluation in excess of asset revaluation reserve			-
Less bad debt expenses (net of bad debts recovered)			(3)
Total non-activity revenue & expense			6,649
Net surplus/(deficit) per Statement of Comprehensive Revenue & Expense			2,284

2 Rates

	COUNCIL & GROUP		
	2023 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
General rate	2,194	2,226	2,081
Uniform annual general charge	1,688	1,695	1,682
Earthquake levy	107	107	107
Roading rate	899	912	774
District planning rate	302	306	220
Kaikoura water annual charge	739	735	997
Suburban water unit charge	16	19	25
Ocean Ridge water charge	41	41	55
East Coast water unit charge	71	83	86
Kincaid water unit charge	77	79	91
Fernleigh water unit charge	92	94	90
Oaro water unit charge	27	27	36
Peketa water charge	7	7	10
Stormwater rate	55	55	116
Sewerage charges	674	677	598
Commercial rate	423	439	383
Accommodation sector charge	70	68	70
Registered premises charge	33	31	32
Footpath & streetlight rate	393	400	231
Harbour rate	104	106	95
Town centre rate	93	94	84
Kerbside recycling charge	260	260	214
Public rubbish bin charge	33	33	32
Civic centre rate	405	407	344
Rate penalties	-	111	158
Rates remissions, rebates & write offs	-	(114)	(516)
Water meter charges	140	138	168
	8,943	9,036	8,266

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

3 Fees and charges

	COUNCIL			GROUP	
	2023 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
Building & resource consent fees	523	568	503	568	503
Lease & rental revenue	345	378	364	378	364
License fees	194	214	192	214	192
Parking and slipway fees	139	121	115	121	115
Other fees and charges	326	543	384	1,495	1,267
Total fees and charges	1,527	1,824	1,558	2,776	2,441

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).

4 Grants & subsidies

The government economic support packages such as the Provincial Growth Fund and other stimulus funding have continued to support the Council's activities at unprecedented levels. Despite, however, receiving over \$4.9 million in external funding support in 2023, this is \$3 million less than expected. The main reason for this is the delays in the Wakatu Quay projects (delayed due to the withdrawal of an external partner), which has meant the subsidies from MBIE are almost \$3.9 million less than expected in 2023. This has been offset by unbudgeted grants received, such as three-waters "Better Off" funding and the Mayor's Taskforce for Jobs support.

	COUNCIL			GROUP	
	2023 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
Waka Kotahi (NZTA)	2,440	1,679	1,316	1,679	1,316
Ministry of Business, Innovation & Employment (PGF & TIF)	5,405	1,525	1,806	1,525	1,806
NZ Crown Infrastructure Partners (Three-waters stimulus package)	-	376	733	376	733
Ministry of Social Development (MSD)	30	497	518	497	518
Kainga Ora (Infrastructure Acceleration)	-	287		287	
Department of Internal Affairs (DIA)	-	245	85	245	85
Developer (Infrastructure Acceleration)	-	162	-	162	-
NZ Lottery grants	-	39	-	39	-
Other grants, subsidies & donations	60	101	64	101	64
Total grants & subsidies	7,934	4,911	4,523	4,911	4,523

5 Interest revenue & finance costs

	COUNCIL			GROUP	
	2023 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
Interest revenue					
Interest on term deposits	3	39	10	39	10
Total financing revenue	3	39	10	39	10
Financing expense					
Interest on borrowings	235	215	93	220	95
Penalties Paid	-	-	-	-	-
Total financing expense	235	215	93	220	95
Net finance cost	(232)	(176)	(83)	(181)	(85)

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

6 Other revenue

	COUNCIL			GROUP	
	2023 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
Share of Marlborough Regional Forestry joint operation other revenue	-	256	116	256	116
Wage subsidy	-	-	-	-	32
Petrol tax	38	43	45	43	45
Waste minimisation levies	30	39	22	39	22
Sale of land	-	50	143	50	143
Insurance Settlement	-	4	-	4	-
Infringement fees & other revenue	20	11	3	57	3
Total other revenue	88	403	329	449	361

The Council accounts for its 11.5% share of the Marlborough Regional Forestry joint operation revenue. The Council sold two parcels of land in 2022, one being the former oxidation pond on Rorrison's Road and the other a land-locked piece of land adjacent to a new subdivision on the peninsula. In 2023 the Council sold another land-locked piece of land behind properties on Beach Road, to the adjacent landowner. In all cases, these properties were not being used.

7 Fair value gains and losses

	COUNCIL & GROUP		
	2023 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
Gains			
Forestry asset revaluation gains	-	167	-
Investment property revaluation gains	-	-	765
Gain on sale/disposal of asset	-	-	72
Landfill Provision change in estimate	-	576	
Gain from vested asset	-	2,297	426
Total Gains	-	3,040	1,263
Losses			
Loss on sale/disposal of asset	-	-	(299)
Forestry asset revaluation losses	-	(21)	(260)
Investment property revaluation losses	-	(190)	-
Losses in excess of revaluation reserves	-	-	-
Total Losses	-	(211)	(559)
Gains/(Losses) through other comprehensive income expense			
Gain/(Losses) on asset revaluations – Refer Note 12	-	191	74,460
Total (Gains)/Losses through other comprehensive expense	-	191	74,460
Net Gains/(Losses)	-	3,020	75,164

The Council owns an 11.5% share of the Marlborough Regional Forestry, which in 2023 benefitted from a gain in the value of its standing trees, due to tree growth and pruning improving their physical value. The Council's small plantation at South Bay, however, suffered a small loss in value due to the increase in logging costs.

The land at Wakatu Quay, planned for development into a hospitality, retail and community space, was devalued by \$190k in 2022 with the decrease attributable to a slowing commercial property market.

8 Personnel expense

	COUNCIL			GROUP	
	2023	2023	2022	2023	2022
	BUDGET \$000	ACTUAL \$000	ACTUAL \$000	ACTUAL \$000	ACTUAL \$000
Salaries, wages, and honorarium	3,602	3,300	3,153	4,373	4,358
Employer contributions to defined contribution plans	95	86	80	86	80
Increase/(decrease) in employee entitlements	-	(64)	(2)	(64)	(2)
Total personnel expense	3,697	3,322	3,231	4,395	4,436

Employer contributions to defined contribution plans include contributions to Kiwisaver and Super Trust of NZ. Salaries, wages, and honorarium include remuneration expenses relating to the Chief Executive, elected members, and Council employees. See note 28 for further disclosure on these expenses. The increase/decrease in employee entitlements refers to changes in annual leave, sick leave, and long service leave balances.

9 Depreciation & amortisation by group of activity

	COUNCIL			GROUP	
	2023	2023	2022	2023	2022
	BUDGET \$000	ACTUAL \$000	ACTUAL \$000	ACTUAL \$000	ACTUAL \$000
Roading	1,922	1,806	1,794	1,806	1,794
Water supplies	563	977	524	976	524
Wastewater	506	776	462	776	462
Stormwater	86	137	83	138	83
Refuse & recycling	189	30	117	157	265
Facilities	1,011	780	763	780	764
Leadership & governance	55	94	100	94	100
Building & regulatory	-	2	-	2	-
Community services	21	56	53	56	53
District development	-	-	-	-	-
Total depreciation & amortisation	4,354	4,659	3,898	4,786	4,046

The Council's water, wastewater and stormwater assets were revalued at 30 June 2022, with a significant increase in the carrying value of those assets due to construction cost increases. Those valuations in turn substantially increased depreciation cost. The budget forecasts for the Annual Plan 2022/2023 were developed before the asset valuation reports were available, and therefore depreciation is substantially higher for those assets than budget.

Conversely, the Wakatu Quay development was expected to be well under way by June 2023, with components of the project budgeted to be fully capitalised and for depreciation to commence. Delays in that project have resulted in depreciation being less than budget for Facilities.

10 Other expenses

	COUNCIL			GROUP	
	2023 BUDGET \$000	2023 ACTUAL \$000	2022 ACTUAL \$000	2023 ACTUAL \$000	2022 ACTUAL \$000
Audit fees to principal auditor:					
- Audit for the Council	95	142	133	174	159
- Audit for other Council- Controlled Entity	3	11	3	11	3
Contractors	2,773	3,356	2,861	3,356	2,861
Demolition expenses	80	80	33	79	33
Donations and grants paid out	487	1,009	1,465	1,009	1,465
Insurance premiums	465	540	441	580	482
Legal fees	76	66	74	66	74
Receivables written off	-	4	2	4	2
Provision for impairment and expected credit losses	-	135	(314)	135	(314)
Operating lease expense	22	18	20	18	32
Share of MRF joint operation expenses	154	89	189	89	189
Personnel related expenses	332	308	194	308	194
Other operating expense	4,693	2,801	3,447	2,656	3,013
Earthquake – external resources and damage assessments	2	1	42	1	42
Freedom Camping Project	-	4			
Total other expenses	9,181	8,564	8,589	8,486	8,235

The Council has seen significant increases in audit fees, insurance premiums, and the costs associated with contracts. These cost increases are already being signalled as an issue for the Council in the 2024 financial year. A significant cost to the Council currently is the cost of external resources being relied on to provide building control services in lieu of recruiting qualified building inspectors and a building control manager.

Roading maintenance costs are substantially over budget, due to the programme of works being exceeded. The Council reprioritised some of its roading capital expenditure to reduce the overall effect of this overspend.

Grants paid out are substantially over budget, however this is mainly due to the unbudgeted incoming funds from the Mayor's Taskforce for Jobs of \$445k, which was paid out in full to the service provider (Te Ha O Marokura). The "Better Off" government funding also included grant packages for the Council to pass on to other parties, such as Kaikōura Dark Skies, the Kekerengu Community Hall, and other funding recipients.

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

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

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

The Council holds an 11.5% share in the Marlborough Regional Forestry (MRF) joint operation (see note 31). Of that share, the Council holds 13.37% share on behalf of Environment Canterbury, and their share of any surplus or deficit. Any gains or losses on asset revaluation (note 12), are shown in the statement of comprehensive revenue and expense, and the total share is disclosed as a non-current liability (note 26).

	COUNCIL & GROUP	
	2023 \$000	2022 \$000
Marlborough Regional Forestry joint operation surplus/(deficit)	284	(297)
Environment Canterbury share @ 13.37%	(38)	40

12 Gains/(losses) on asset revaluation

There were no gains or losses on asset revaluation in the 2023 other than the value of the Council's share in the Marlborough Regional Forestry joint venture. The result is a substantial gain in the value of these assets.

	COUNCIL & GROUP	
	2023 \$000	2022 \$000
Land	-	4,894
Buildings	-	5,788
Roading	-	35,012
Stormwater	-	3,289
Water	-	11,886
Sewerage	-	13,286
Marlborough Regional Forestry joint operation revaluation	220	352
Environment Canterbury share of MRF revaluation (13.37%)	(29)	(47)
Total gains/(losses) on asset revaluation	191	74,460

13 Cash & cash equivalents

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Cash at bank and in hand	3,413	2,790	3,537	3,066
Term deposits with a maturity of three months or less at acquisition	-	-	-	-
MRF bank accounts	1	-	1	-
Total cash & cash equivalents	3,414	2,790	3,538	3,066

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

The Council holds special reserves and special funds, included in cash at bank and investments, that are subject to restrictions. These funds relate to grants received, targeted rates accumulating and/or loans drawn for special projects, and other funds where the spending of funds is separately monitored. These special funds and special reserves are detailed in Note 27 Equity.

14 Trade & other receivables

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Rates receivables	479	393	479	393
Debtor receivables	1,620	1,504	1,748	1,568
Debtor accruals	124	103	124	103
Receivables prior to impairment	2,223	1,999	2,351	2,064
Less provision for overdue rates	(53)	(114)	(53)	(114)
Less expected credit losses for other receivables	(1,051)	(867)	(1,051)	(867)
Total trade & other receivables	1,119	1,018	1,247	1,083
Total receivables comprise:				
Receivables from non-exchange transactions – this includes rates, grants & subsidies, and development contributions	447	488	447	488
Receivables from exchange transactions – including fees and charges, lease revenue and consent fees	672	530	800	595
	1,119	1,018	1,247	1,083
<i>Current portion</i>	<i>1,119</i>	<i>1,018</i>	<i>1,247</i>	<i>1,083</i>
<i>Non-current portion</i>	-	-	-	-

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

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

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

The ages of rates receivable are as follows:	COUNCIL	
	2023 \$000	2022 \$000
Current year	368	254
1 – 2 years overdue	60	55
2 – 3 years overdue	14	29
More than 3 years overdue	37	55
Total rates receivables	479	393

Movements in the provision for overdue rates are as follows:	COUNCIL	
	2023 \$000	2022 \$000
At 1 July	(114)	(481)
Additional provisions made during the year	-	-
Receivables paid or written off during the period	61	367
Total rates receivables	(53)	(114)

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 judgment, 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:

	COUNCIL					
	2023 \$000			2022 \$000		
	Gross carrying amount \$000s	Expected loss rate %	Provision for impairment	Gross carrying amount \$000s	Expected loss rate %	Provision for impairment
Debtor receivables:						
Not past due	403	2.1%	(9)	446	1.9%	(9)
Past due 1-60 days	11	44.2%	(5)	12	19.7%	(2)
Past due 61-90 days	4	100.0%	(4)	28	25.6%	(7)
Past due >90 days	1,058	97.7%	(1,033)	870	96.2%	(837)
	1,476		(1,051)	1,356		(855)

	GROUP			
	2023 \$000		2022 \$000	
	Gross carrying amount \$000s	Provision for impairment	Gross carrying amount \$000s	Provision for impairment
Debtor receivables:				
Not past due	481	(9)	483	(9)
Past due 1-60 days	16	(5)	23	(2)
Past due 61-90 days	4	(4)	30	(7)
Past due >90 days	1,059	(1,033)	1,053	(1,019)
	1,560	(1,051)	1,589	(1,037)

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

As at 30 June 2023 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 two debtors with a total overdue balance of \$1,048,360 in whole dollars at 30 June 2023 (2022: \$838,383).

Movements in the allowance for credit losses are as follows:

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$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	855	867	1,020	1,049
Additional Provision	196	-	31	-
Total provision	1,051	867	1,051	1,049

* remeasurement as a result of the Council's adoption of PBE IPSAS 41 have been recognised directly in accumulated funds.

15 Prepayments

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Prepayments	255	257	254	257
Total prepayments	255	257	254	257

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

16 Other financial assets

The Council has adopted PBE IPSAS 41 *Financial Instruments* commencing the year ended 30 June 2023. In accordance with the transitional provisions in PBE IPSAS 41, the Council and group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2021 (the date of initial application).

Expected credit losses measured for other financial assets are trivial. They are low-risk and the Council has not identified any indications that credit risk associated with those instruments has significantly increased since initial recognition.

	Financial information			
	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current portion				
Loans 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	132	132	132	132
Loans to Subsidiaries	35	55	-	-
Total non-current portion	177	197	141	141
Total other financial assets	197	217	141	141

Unlisted shares – valuation

The Council holds 9,000 shares in Civic Financial Services Ltd (2022: 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 Kaikōura 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.

17 Non-Current Assets Held for Sale

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$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 Kaikōura in 2022. The Runanga is yet to make an offer for the land that is acceptable to the Council.

18 Forestry assets

The Council has an 11.50% interest in a joint venture operation agreement on the Marlborough Regional Forestry (MRF). Of the Council's share of MRF, 13.37% is held on behalf of Environment Canterbury. The forestry assets are at varying stages of maturity. The joint operation had no logging activity during the 2023 year. In 2022 the Council's share of the sales revenue after direct costs was \$59,377. 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 (2022: \$nil).

	COUNCIL & GROUP	
	2023 \$000	2022 \$000
Opening balance 1 July	2,155	2,411
Increases due to additions	100	57
Gains/(Losses) arising from changes in fair value attributable to physical changes	(9)	(150)
Gains/(Losses) arising from changes in fair value attributable to price changes	152	(110)
Decreases due to sales (harvest)	-	(53)
Closing balance 30 June	2,398	2,155

Valuation assumptions

Forme Consulting Group valued the Marlborough Regional Forestry assets on 30 June 2023 and 2022, using the estate based net present value method. Forestry estate land and improvements owned by Marlborough Regional Forestry were valued as of 30 June at fair value. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A pre-tax discount rate of 6.5% (2022: 6.5%) has been used in discounting the present value of expected future cash flows,
- The forest has been valued on a going concern basis and includes only the value of the existing crops on a single rotation basis,
- The forest valuation is pre-tax, valued over a single rotation with all cost and revenues in current (today's) dollars.
- No allowance has been made for inflation. It is assumed inflation will affect both costs and prices equally.
- Costs are current average costs. No allowance has been made for cost improvements in future operations.

The South Bay Forest has minimal value in its standing trees, being used mainly as a recreation area. The Council has considering logging during 2023 financial year, however due to the obligation to surrender carbon credits, there is no financial benefit in doing so.

Forme Consulting Group also valued the South Bay Forest on 30 June 2023 (2022: Forme Consulting Group).

Sensitivity analysis

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

	On 30 June 2023		
	6%	6.5% (as used)	7%
Discount rate:			
The Council's 11.5% share of MRF tree crop value (\$000's)	2,626	2,304	2,021

19 Investment property

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

	COUNCIL & GROUP	
	2023 \$000	2022 \$000
Opening balance 1 July	3,130	2,365
Additions from subsequent expenditure	-	-
Disposals	-	-
Reclassification as property, plant & equipment	-	-
Fair value gains/(losses) on valuation	(190)	765
Loss on impairment	-	-
Closing balance 30 June	2,940	3,130

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

	COUNCIL & GROUP	
	2023 \$000	2022 \$000
Current portion		
Investment property held for sale	-	-
Non-current portion		
Investment property	2,940	3,130
	2,940	3,130

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

20 Property, plant & equipment

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

Roading, water supplies, sewerage and stormwater systems were valued at 30 June 2022 by inhouse engineers and peer reviewed by WSP Ltd. Library books were valued at 30 June 2007 by the District Librarian and this value has been deemed cost at that date; library books are not revalued. Marlborough Regional Forestry PPE is valued annually. The Council does not revalue office equipment, plant and machinery, 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 2023 this land has a carrying value of \$7,541,953 (2022: \$7,537,850). Building values include restricted buildings, playgrounds, and other structures, that on 30 June 2023 have a carrying value of \$2,661,299 (2022: \$2,728,600).

Land under roads of \$18,237,242 (2022: \$18,237,242) is included under Roding in the tables on the following pages. The Council has elected to use the fair value of land under roads on 30 June 2001 as deemed cost. Land under roads is no longer revalued.

Fair value movement assessments were performed for roading, three-waters, land and buildings asset categories, and these assessments confirmed that new valuations were not necessary for the 2023 financial year.

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	(513)	154
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)	9,483
Roading	167,217	(30)	167,187	1,124	-	-	(1,806)	-	168,341	(1,836)	166,506
Stormwater	7,988	-	7,988	12	-	-	(138)	-	8,000	(138)	7,862
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	(4,053)	286,209	6,976	-	-	(4,665)	217	297,454	(8,717)	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	299,426	(9,838)	289,591

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

Core infrastructure asset disclosures

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

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

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

Replacement cost differs to the closing book value (carrying amounts) because the closing book values are determined using depreciated replacement cost. Replacement costs were determined on 30 June 2023 for all disclosed categories.

21 Intangible assets

Computer software

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
COMPUTER SOFTWARE				
Opening balance 1 July	98	143	98	143
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation	(33)	(45)	(33)	(45)
Closing balance 30 June	65	98	65	98

22 Payables and deferred revenue

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Current portion				
Payables and deferred revenue under exchange transactions:				
Trade payables, deferred revenue, and accrued expenses	2,165	1,660	2,158	1,646
Marlborough Regional Forestry creditors	13	11	13	11
Total	2,178	1,671	2,171	1,657
Payables and deferred revenue under non-exchange transactions:				
Rates paid in advance	222	230	222	230
Goods & Services Tax	24	-	47	-
Deposits and bonds held	279	283	279	283
Environmental Canterbury liability	79	62	79	62
Grant liabilities	1,844	990	1,844	990
Total	2,448	1,564	2,470	1,564
Total current portion	4,626	3,235	4,641	3,221

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

23 Employee benefit liabilities

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Accrued salaries & wages, PAYE and FBT	64	47	105	91
Annual leave	169	222	252	335
Sick leave	9	15	9	16
Long service leave	15	19	15	19
Total employee benefit liabilities	257	304	381	461

Key assumptions in measuring long service leave obligations

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

24 Borrowings

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<i>Current</i>				
Secured loans	-	-	-	-
Short term loan (cash advance)	-	-	11	-
Total current borrowings	-	-	-	-
<i>Non-current</i>				
Secured loans	5,300	5,300	5,300	5,300
Total non-current borrowings	5,300	5,300	5,300	5,300
Total borrowings	5,300	5,300	5,311	5,300

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, \$5,300,000 in borrowings has been drawn with LGFA (2022: \$5,300,000). No loans are held with the BNZ (2022: Nil).

Maturity analysis and effective interest rates

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Less than one year	-	-	11	-
<i>Weighted average effective interest rate</i>	-	-	6.06%	-
Later than one year but not more than five years	5,300	4,000	5,300	4,000
<i>Weighted average effective interest rate</i>	1.11%	1.03%	1.11%	1.03%
Later than five years	-	1,300	-	1,300
<i>Weighted average effective interest rate</i>	0%	3.46%	0%	3.46%

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

25 Provisions

Provision for landfill aftercare costs

The Council has a resource consent to operate the landfill and has responsibility under the consent to provide ongoing maintenance and monitoring of the landfill after the site has closed, 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 4.19% to 5.43% (2022: 3.34% to 4.47%), and a multi-factored inflation rate ranging from 1.93% to 3.36% (2022: 1.76% to 3.87%).

CURRENT VS. NON-CURRENT	COUNCIL & GROUP	
	2023 \$000	2022 \$000
<i>Current</i>		
Landfill aftercare costs	580	-
<i>Non-current</i>		
Landfill aftercare costs	225	1,445
Total provisions	805	1,445

MOVEMENTS IN PROVISIONS	COUNCIL & GROUP	
	2023 \$000	2022 \$000
Opening balance 1 July	1,445	1,548
Amount used	-	-
Unwinding of landfill provision	-	-
Additional provisions made	(640)	(103)
Closing balance 30 June	805	1,445

26 Other term liabilities

	COUNCIL & GROUP	
	2023 \$000	2022 \$000
<i>Current</i>		
Current portion of other term liabilities	-	-
<i>Non-current</i>		
Share of interest in MRF held on behalf of Environment Canterbury	483	416
Total other term liabilities	483	416

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.

		2023 \$000	SHARE	2023 \$000
Marlborough District Council loan	KDC share at 11.5%	7,332,572	11.5%	843,245
Kaikōura District Council loan	KDC's claim from MDC's share	950,520	88.5%	(843,245)
Total liability				-

27 Equity

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Public equity	117,660	115,080	118,593	116,116
Special reserves & special funds	3,805	4,089	3,804	4,089
Asset revaluation reserves	166,525	166,333	166,525	166,333
Total equity	287,990	285,503	288,927	286,540

Public Equity

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Opening balance 1 July	115,080	111,703	116,116	112,801
Adjustment due to adoption of PBE IPSAS 41	12	-	12	-
Adjusted balance at 1 July 2022	115,092	111,703	116,128	112,801
Net surplus/(deficit)	2,284	(227)	2,181	(289)
Transfers (to)/from special reserves	595	1,702	595	1,702
Transfers (to)/from special funds	(311)	1,641	(311)	1,641
Transfer (to)/from revaluation reserve on disposal	-	261	-	261
Closing balance 30 June	117,660	115,080	118,593	116,116

Special Reserves and Special Funds

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

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

	Purpose	Opening balance \$,'000s	Transfers in \$,'000s	Transfers out \$,'000s	Closing balance \$,'000s
Special Reserves					
Kaikōura water	All costs for the Kaikōura, Ocean Ridge, Suburban, Oaro, and Peketa water supplies	652	1,076	(1,084)	644
East Coast water	Maintenance, administration, upgrading and loan costs	26	77	(85)	18
Kincaid water	Maintenance, administration, and upgrading costs	206	82	(120)	168
Fernleigh water	Maintenance, administration, and upgrading costs	38	93	(141)	(10)
Roading	Maintenance and upgrading of local roads and bridges	266	2,450	(2,796)	(80)
Roading events	Responding to flooding and other events, and repairing damage to roads and bridges	170	36	(39)	167
Footpaths & streetlights	Maintenance, administration, upgrading and loan costs	20	421	(623)	(182)
Recycling	Recycling collection and sorting, and recycling stations	55	257	(188)	124
District Plan	All costs in relation to the District Plan	(5)	305	(285)	15
Stormwater	Maintenance, administration, upgrading and loan costs	177	61	(101)	137
Sewerage	Maintenance, administration, upgrading and loan costs	223	682	(760)	145
Tourism & Marketing	Support for the i-Site and Destination Kaikōura	(39)	229	(225)	(35)
Commercial Rate	A portion of the cost of providing traffic control, public toilets, public rubbish bins	(7)	153	(149)	(3)
Harbour	South Bay & North Wharf maintenance, administration, upgrading and loan costs	140	333	(316)	157
West End town centre	Car park, village green, public toilets and town centre maintenance, administration, upgrading and loan costs	(20)	144	(140)	(16)
Civic centre	Maintenance, administration, upgrading and loan costs	(373)	476	(415)	(312)
Stock control	All costs including enforcement and control	21	-	(3)	18
Earthquake – Roothing	Roothing rebuild associated with the November 2016 quake	-	570	(570)	-
		1,551	7,445	(8,040)	955

	Purpose	Opening balance \$,000s	Transfers in \$,000s	Transfers out \$,000s	Closing balance \$,000s
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	18	(18)	7
George Low bequest	Sports & recreation funding available by application	60	5	(4)	61
Economic development	Economic development projects	10	-	(10)	-
3W Stimulus Package	Improvements to drinking water supplies and wastewater treatment systems	(374)	376	(2)	-
Forestry	Net costs of forestry, and surpluses for strategic investment	1,087	25	(199)	912
Significant natural areas	Biodiversity projects	22	-	-	22
Parks & reserves	Upgrades and new parks/reserves assets	122	23	-	145
Pensioner flats	Maintenance, upgrades, administration, and loan costs	25	120	(125)	20
Community facilities	Maintenance, upgrades, administration, and loan costs	1,025	-	(42)	983
Waste minimisation levy	Waste minimisation project	78	39	-	116
Landfill aftercare	Landfill closure expenses	154	7	(161)	-
Library grants	Library resources	2	-	(2)	-
Family violence	Service coordination	30	52	(57)	25
Mayoral fund	Discretionary funds	33	-	(5)	28
Airport	Debt Repayment and capital projects	60	115	(106)	69
Responsible Camping	Grant funding for bylaw & enforcement	135	80	(96)	119
Financial Sustainability	Financial & Corporate Sustainability (FCS) DIA funded review	132	-	(34)	98
Legal challenges	Court costs and legal advice	100	6	(6)	100
Building accreditation	Building control authority accreditation	167	30	(131)	66
Wakatu Quay	PGF funded Wakatu Quay project	(359)	1,091	(739)	(7)
South Bay feasibility	PGF funded South Bay Project	(34)	121	(60)	27
Environmental planning fund	Environmental projects and grants	18	-	-	18
		2,538	2,108	(1,797)	2,849

Asset Revaluation Reserves

	COUNCIL & GROUP	
	2023 \$000	2022 \$000
Opening balance 1 July	166,333	92,130
Revaluation gains/(losses)	217	74,507
Transfer to Public Equity	4	(257)
Environment Canterbury's share of MRF Revaluation (gains)/losses	(29)	(47)
Closing balance 30 June	166,525	166,333

The Asset Revaluation Reserves consist of:

	COUNCIL & GROUP	
	2023 \$000	2022 \$000
Land	10,263	10,263
Buildings	9,182	9,182
MRF Land & Improvements	392	469
Library Books	65	65
Roading	108,133	108,133
Stormwater	5,372	5,372
Water Supply	19,456	19,456
Sewerage	13,286	13,286
Other Assets (including Harbour)	375	107
	166,525	166,333

28 Remuneration

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$246,846 (2022: \$238,963).

Elected Representatives

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

	COUNCIL	
	2023 \$000	2022 \$000
Mayor Craig Mackle	86	84
Deputy-Mayor Julie Howden	44	40
Councillor Vicki Gulleford	32	32
Councillor Lisa Bond	31	27
Councillor Tony Blunt	31	27
Councillor Neil Pablecheque	8	27
Councillor Kevin Heays	23	-
Councillor Robby Roche	31	27
Councillor John Diver	23	-
Councillor Derrick Milton	8	27
Overpayment	(26)	-
Total elected representative remuneration	291	291

Breach of legislation

After balance date, 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 will be recovered by each elected member either by payment **over the next four pay periods**, payment within the 2023/24 financial year, or within the election term. Discussions are progressing as to how these will be recovered.

Please refer to Note 32 Related Party Transactions for details.

Key management personnel

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

	COUNCIL & GROUP	
	2023 \$000	2022 \$000
Total key management personnel remuneration	917	897
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 28 full-time employees (2022: 22), with the balance of staff representing 10 full-time equivalent employees (2022: 9). A full-time employee is determined based on a 35-hour working week.

COUNCIL			
Total annual remuneration by band for employees on 30 June:			
	2023		2022
<\$60,000	20	< \$60,000	15
\$60,000 - \$79,999	9	\$60,000 - \$79,999	8
\$80,000 - \$139,999	10	\$80,000 - \$139,999	8
\$140,000 - \$259,999	3	\$140,000 - \$239,999	3
Total employees	42	Total employees	34

During the year, the Council made a severance payment of \$21,177 to one employee (2022: Nil).

29 Financial instruments

In accordance with PBE IPSAS 41 *Financial Instruments*, the Council has elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 (if any) are recognised in opening equity at 1 July 2022 (the date of initial application).

The accounting policies for the year ended 30 June 2023 have been updated to comply with PBE IPSAS 41. The main changes to the Council's accounting policies are:

- Note 11 Trade and other receivables – This policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 10 Other Financial assets – This policy has been updated to reflect:
 - the new classification categories;
 - the measurement and recognition of loss allowances based on the new expected credit loss (ECL) model; and

- the removal of impairment loss considerations for equity investments at FVTOCRE (Fair value through other comprehensive revenue and expense).

The derivatives accounting policies – the Council has not elected to apply the hedging requirements of PBE IPSAS 41.

PBE IPSAS 41 also significantly amended the financial instruments disclosures of PBE IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to hedge accounting and credit risk. On the date of initial application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below.

	Measurement classification		1 July 2022	30 June 2022	Adoption adjustment
	PBE IPSAS 41	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29	
Financial assets	\$000	\$000	\$000	\$000	\$000
FVTOCRE – Fair value through other comprehensive revenue and expense					
FVTSD – Fair value through surplus or deficit					
Cash & cash equivalents	Amortised cost	Loans & receivables	2,790	2,790	-
Trade & other receivables	Amortised cost	Loans & receivables	1,018	1,018	-
Unlisted shares – Civic Financial Services Ltd	FVTOCRE	Available for sale	9	9	-
Unlisted borrower notes - Local Government Funding Agency (LGFA)	FVTOCRE	Available for sale	133	133	-
Loans to subsidiaries & associates - Innovative Waste Kaikōura Ltd	Amortised cost	Loans & receivables	75	75	-
			4,025	4,025	

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held mainly to collect, except for the Councils Treasury Management Policy to meet capital requirements.

Council's debt instruments are solely comprised of contractual cash flows solely for payment of principal and interest, in line with basic lending arrangements. The assessment was based on the facts and circumstances as at the initial recognition of the assets.

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

Financial instrument classifications

	LEVEL	COUNCIL		GROUP	
		2023 \$000	2022 \$000	2023 \$000	2022 \$000
FINANCIAL ASSETS					
Amortised cost (2022: Loans & receivables)					
Cash & cash equivalents		3,414	2,790	3,538	3,066
Trade & other receivables		1,119	1,018	1,247	1,083
Loans to subsidiaries (Innovative Waste)		55	75	-	-
Fair value through other comprehensive revenue & expense					
Civic Financial Services Ltd	3	9	9	9	9
Unlisted borrower notes LGFA	2	132	132	132	132
		4,729	4,024	4,927	4,290
FINANCIAL LIABILITIES					
Amortised cost					
Trade & other payables		4,626	3,235	4,641	3,259
Borrowings		5,300	5,300	5,311	5,300
Share of MRF held on behalf of ECAN		483	416	483	416
		10,409	8,951	10,435	8,975

Fair value hierarchy

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

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

Financial instrument risks

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

*Market risk**Price risk*

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

Currency risk

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

Interest rate risk

The interest rates on the Council's borrowings are disclosed in note 24.

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 2023 had fluctuated by plus or minus 0.5%, the effect would have been to increase/decrease the surplus after tax by \$26,500 (2021: \$26,500).

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 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 note 24.

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.

	CARRYING AMOUNT \$000	CONTRACTUAL CASHFLOWS \$000	LESS THAN 1 YEAR \$000	1-2 YEARS \$000	2-5 YEARS \$000
Council 2023					
Payables	4,626	4,626	4,626	-	-
Secured Loan	5,300	5,848	169	2,159	3,520
Total	9,926	10,744	1,495	2,159	3,520
Council 2022					
Payables	3,235	3,235	3,235	-	-
Secured Loan	5,300	4,676	169	169	4,338
Total	8,535	7,911	3,404	169	4,338
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	1,495	2,159	3,520
Group 2022					
Payables	3,221	3,221	3,221	-	-
Secured Loan	5,300	4,676	169	169	4,338
Total	8,521	7,897	3,390	169	4,338

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 2023					
Cash & cash equivalents	3,414	3,414	3,414	-	-
Receivables	1,119	1,119	1,119	-	-
Total	4,533	4,533	4,533	-	-
Council 2022					
Cash & cash equivalents	2,790	2,790	2,790	-	-
Receivables	1,018	1,018	1,018	-	-
Total	3,808	3,808	3,808	-	-
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	-	-
Group 2022					
Cash & cash equivalents	3,066	3,066	3,066	-	-
Receivables	1,083	1,083	1,083	-	-
Total	4,149	4,149	4,149	-	-

30 Taxation

The Council's harbour activities attract taxation. A deferred tax asset has not been recognised in relation to unused tax losses of \$982,794 (2022: \$971,893), which are available to carry forward and offset against future taxable profits. The tax effect of the losses is \$275,182 (2022: \$272,130), based on a tax rate of 28%.

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
Components of tax expense recognised in statement of comprehensive revenue and expense:				
Current Taxation	-	-	-	-
Deferred Taxation	-	-	(29)	(28)
Income tax expense	-	-	(29)	(28)
Components of deferred tax recognised directly in equity:				
Income tax expense	-	-	(29)	(28)
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	1,598	(227)	1,467	(317)
Tax at 28%	-	-	(29)	(17)
<i>Add/(less) tax effect of:</i>				
(Non-taxable Income)	-	-	-	-
Non-deductible expenditure	-	-	-	-
Deferred Taxation	-	-	-	(11)
	-	-	(29)	(28)
Movement in tax (refund)/payable:				
Balance at start of year	-	-	(26)	43
Taxation (paid)/refunded	-	-	26	(69)
Provided for this year	-	-	-	-
Balance at the end of the year	-	-	-	(26)

Movement in temporary differences	2023 Group only			
	Balance 30/6/2022	Recognised in income	Recognised in equity	Balance 30/6/2023
Property, plant, and equipment	(38)	18	-	(20)
Employee benefits	26	(4)	-	21
Accrued expenses	-	-	-	-
Losses to carry forward	19	15	-	35
	7	29	-	36
	2022 Group only			
	Balance 30/6/2021	Recognised in income	Recognised in equity	Balance 30/6/2022
Property, plant, and equipment	(50)	12	-	(38)
Employee benefits	29	(4)	-	26
Accrued expenses	-	-	-	-
Losses to carry forward	-	19	-	19
	(21)	27	-	7

Innovative Waste Kaikōura Limited recognises its tax obligations.

31 Joint venture operation

Marlborough Regional Forestry

The Council has an 11.5% participating interest in the Marlborough Regional Forestry joint venture, with the Marlborough District Council holding 88.5%. Of the Council's share, 13.37% is held on behalf of Environment Canterbury. The Council's interest in the joint venture is accounted for as a jointly controlled operation, and are as follows:

	COUNCIL & GROUP	
	2023 \$000	2022 \$000
Current assets	7	7
Non-current assets	4,571	3,881
Total assets	4,578	3,888
Current liabilities	13	11
Non-current liabilities	951	766
Total liabilities	964	777
Share of net assets employed	3,614	3,111
Share of net surplus/(deficit)	502	(297)

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

32 Related party transactions

Intergroup

Innovative Waste Kaikōura Ltd (IWK)

During the year, through the ordinary course of business, the Council has paid \$1,756,595 including GST in fees and grants to Innovative Waste Kaikōura Ltd (2022: \$1,680,530) and received \$67,584 including GST from Innovative Waste Kaikōura Ltd (2022: \$45,860). 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 \$265,626 including GST (2022: \$159,692) payable by the Council to Innovative Waste Kaikōura Ltd and \$46,140 including GST (2022: \$17,078) receivable by Council from Innovative Waste Kaikōura Ltd.

Loan from the Council to IWK

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

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

IWK repaid \$20,000 on their term loan from the Council during the year.

Kaikōura Enhancement Trust

The Enhancement Trust is 100% owned by the Council. The Council pays the annual audit fee for the Enhancement Trust, which in 2023 is \$10,800 (2022: \$3,297).

Key management personnel

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

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates, processing of consent applications, etc.). No provision has been required, nor any expense recognised for impairment of receivables for any receivables to related parties (2022: \$nil).

Breach of legislation

After balance date, 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 will be recovered by each elected member either by payment in one lump sum, payment within the 2023/24 financial year, or within the election term. Discussions are progressing as to how these will be recovered.

The amount of the breaches are:

Member	Role	Remuneration per payroll	Remuneration Limit	Variance	Compliant with s7(1)?
Craig Mackle	Mayor	85,885	85,909	(23)	Yes
Julie Howden	Deputy Mayor	43,700	40,861	4,070	No
Vicki Gulleford	Councillor	31,173	27,204	3,973	No
Lisa Bond	Councillor	31,173	27,204	3,973	No
Tony Blunt	Councillor	31,173	27,204	3,973	No
Robby Roche	Councillor	31,173	27,204	3,973	No
Kevin Heays	Councillor	22,881	19,354	3,506	Yes
John Diver	Councillor	22,881	19,354	3,506	Yes
Neil Pablecheque	Ex-Councillor	8,263	7,846	417	Yes
Derrick Milton	Ex-Councillor	8,263	7,850	413	Yes

33 Commitments as lessee, and contingent liabilities

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

	COUNCIL		GROUP	
	2023 \$000	2022 \$000	2023 \$000	2022 \$000
<i>Non-cancellable operating leases as lessee</i>				
Not later than one year	19	24	19	24
Later than one year and not later than five years	52	25	52	25
Later than five years	-	-	-	-
	72	49	72	49

Capital commitments

	COUNCIL & GROUP			
		2023 \$000		2022* \$000
	Contract value	Spent at 30 June	Committed value	Contracted or committed
Wakatu Quay electrical services	109	(38)	71	-
Link Pathway construction	108	-	108	-
Kaikōura Western Developments	174	(37)	137	-
Footpaths – Kiwi St	75	(39)	36	-
Footpaths – Churchill St & Beach Rd	84	-	84	-
Waiiau-Toa Bridge	1,298	(318)	980	-
Roading Renewals	138	-	138	-
	1,986	(432)	1,554	

*There were no capital commitments for the 2022 financial year.

Housing NZ Corporation funding

Housing New Zealand Corporation has provided \$497,776 (2022: \$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 2023, the scheme had a past service surplus of \$0.233 million excluding Employer Superannuation Contribution Tax (2022: \$0.595 million deficit). 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. The rate will be reviewed again at 31 March 2023 and any change would be implemented from 1 April 2024.

34 Commitments as lessor, and contingent assets

The New Zealand Emissions Trading Scheme

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

Under the ETS, both the Council and MRF will have an obligation to account for any emission released as a consequence of deforestation of pre 1990 land by surrendering credits equal to the extent of that emission. The Council has no liability for deforestation on 30 June 2023, either on its own account or as a joint venture operation partner in MRF (2022: 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	
	2023 \$000	2022 \$000
Not later than one year	235	199
Later than one year, but not later than five years	739	446
Later than five years	739	498
	1,713	1,143

35 Insurance on assets

Buildings and building contents

The assets covered by the Council's material damage policy carry a total depreciated value on 30 June 2023 of \$55,742,350 (2022: \$45,460,748), and have a total sum insured of \$55,032,741 (2022: \$40,417,786). 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 2023 of \$105,267 (2022: \$100,706), with insurance cover for replacement value of \$195,804 (2022: \$159,900). Insured cover includes windscreen replacement for all vehicles.

Water, sewerage, and stormwater assets

These activities have a total asset value for insurance purposes of \$66,289,153 (2022: \$56,031,687), with protection under the NZ Local Authority Protection Programme (LAPP) for up to three events, the highest being \$150 million (or 40% of the total loss – whichever is the least). The remaining 60% of a loss would be covered by central government. The Council's threshold to make a claim is \$150,000 and the deductible is \$60,000.

Structural above-ground assets such as water reservoirs and sewer pump stations are not covered by LAPP; they are included in the material damage policy for buildings and building contents (above). The LAPP policies provide cover for pipe networks and underground assets only. These assets have a total depreciated value on 30 June 2023 of \$47,555,744 (2022: \$33,950,370).

Roads, bridges, and footpaths

These assets have a total carrying value on 30 June 2023 of \$148,268,407 excluding land under roads (2022: \$113,906,697). For normal maintenance work, the Council receives 51% subsidy from the NZTA (2022: 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 2023, the Council's roading special reserve is overdrawn by \$80k, having spent all available funds to address a backlog in roading renewal work (2022: \$Nil).

There is \$4,769,415 of assets that the Council considers to be uninsured within this group of activities (2022: \$4,018,694). These include sea walls and footpaths.

36 Explanation of major variations against budget

The significant variances to budget are detailed below.

Statement of Comprehensive Revenue & Expense

The Council's financial operating result for the year ended 30 June 2023 was surplus of \$2.284 million, against a budgeted surplus of \$1.073 million.

Revenue was \$19.292 million, \$752k higher than the \$18.54 million forecast in the Council's 2022/2023 Annual Plan.

The Annual Plan had forecast \$2,435k in grants for capex, plus \$2,081k in grants for opex, for the Wakatu Quay project from the Kanoa Fund (formerly known as the Provincial Growth Fund (PGF)). The project was delayed due to the withdrawal of interest from a potential funder which left the Council going back out to seek further expressions of interest.

A valuation for insurance purposes of the wharf and harbour facilities at Wakatu Quay identified that the seawalls and parking area were not included in the Council's assets register, and that the North Wharf, formerly considered to be impaired following the November 2016 earthquake, is able to be used and so its impairment reversed. These assets have been disclosed as gains in 2023 of \$2.29 million.

Operating expenditure is \$16.97 million, \$497k less than budget. The Wakatu Quay project is \$1.65 million behind in its forecast operating spend, again due to delays while the Council seeks further expressions of interest for the project.

Other variances to budget for operating expenditure include:

- Personnel costs \$375k less than budget due to vacancies, especially in the building and planning activities. This has, however, resulted in higher costs in external resources as those roles have needed to be filled by consultants and other agencies.
- Depreciation is \$305k higher than budgeted because of the valuations performed last year, which increased the value of assets and, in some cases, altered remaining useful lives of assets.
- The funding for the Mayors Taskforce for Jobs of \$445k was not included in the Annual Plan budgets because the grants had not been approved at the time the Plan was adopted. Those funds were paid to the service provider, Te Ha O Marokura, over the course of the year.
- Fair value losses of \$211k were not budgeted. They were decreases in the carrying value of standing trees, and in the value of investment property at Wakatu Quay.

Statement of Financial Position

Current assets are \$315k less than forecast in the 2022/2023 Annual Plan, with cash \$564k less than expected due to the timing of Wakatu Quay development and other projects.

Property, plant and equipment is \$67.8 million higher than predicted, due to the significant increase in carrying value for roading and three waters assets in the valuations performed at 30 June 2022. These valuations were received after the Annual Plan was adopted.

Current liabilities are \$3.6 million more than expected, with \$1.84 million in grants received and held as revenue in advance, such as for the Link Pathway, Wakatu Quay development, and community courts.

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 \$5.3 million instead of the forecast \$7.3 million, to utilize existing cash balances rather than draw loans. The 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.

Statement of Cash Flows

Cash increased during the year by \$624k, largely due to the receipt of several large grant payments, and the delay in spending those funds. This also meant we did not need to draw \$2 million in loans as had been forecast in the Annual Plan – no loans were drawn or repaid in the year.

37 Post balance date events

Water services reform programme

Until the election of October 2023, the Labour-led New Zealand Government was in the process of implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believed this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities.
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

Post-election, it seems apparent that there will be a change of government, and with National to lead a coalition that has collectively promised to rescind much of the three-waters reform legislation that has been enacted to date. Until that legislation is actually rescinded, and the form of any new legislation is known, the Council takes the view that the current legislation remains in force.

Ownership of harbour assets

Complexities exist in respect of the ownership of South Bay harbour facilities, which will 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 Kaikōura earthquake of November 2016, and currently holds on its asset schedule three assets.

Legal advice is being sought on ownership of harbour assets under the MACAA, and negotiations are ongoing with both Whale Watch and Encounter Kaikōura. The value of those assets total \$1,699,418 and are included in harbour assets stated in Note 20 *Property, Plant & Equipment*.

Annual Report Disclosure Statement

For the year ending 30 June 2023

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.

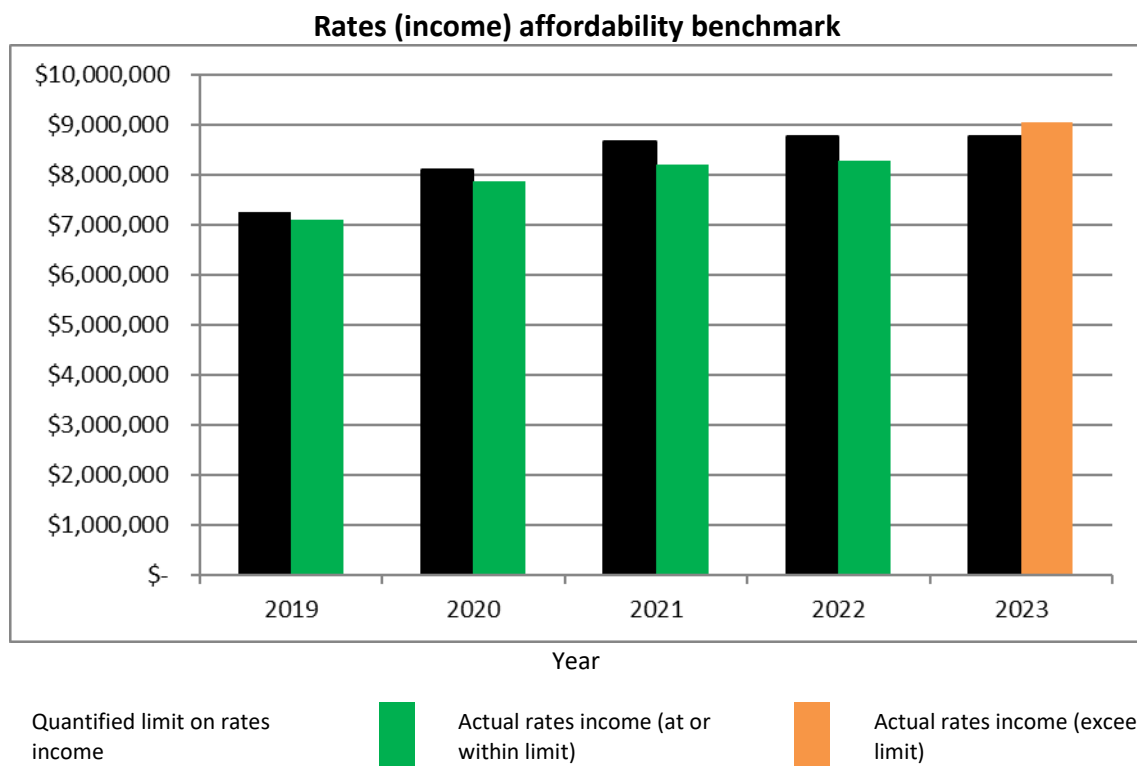
Rates affordability benchmark

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. In 2023, with the earthquake rebuild work completed, the Council set the limit on rates increases to 6.0%. In dollar terms this set a cap for 2023 of \$8,760,483.

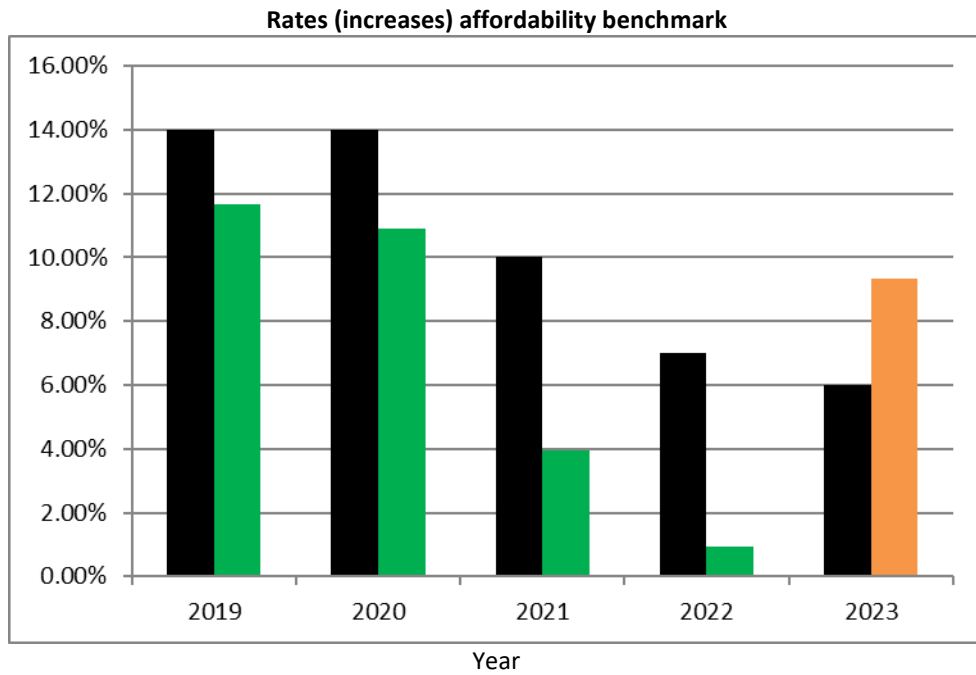


Comment

The Council's actual rates for the 2023 financial year were \$9,036,375, which is a 9.34% increase on the 2022 year. The reason rates have exceeded the increase limit is that the 2022 financial year included \$516k worth of rates written off, mainly due to the legislative change surrounding rates on Māori Freehold Land (which now requires that land to be non-rateable). That meant that rates for the 2022 year were artificially low for that one year – and therefore the actual rates for 2023 were a larger increase than normal.

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 6% in 2023, and the actual increase was 9.34%.



Quantified limit on rates increases
 Actual rates increase (at or within limit)
 Actual rates increase (exceeds limit)

Comment

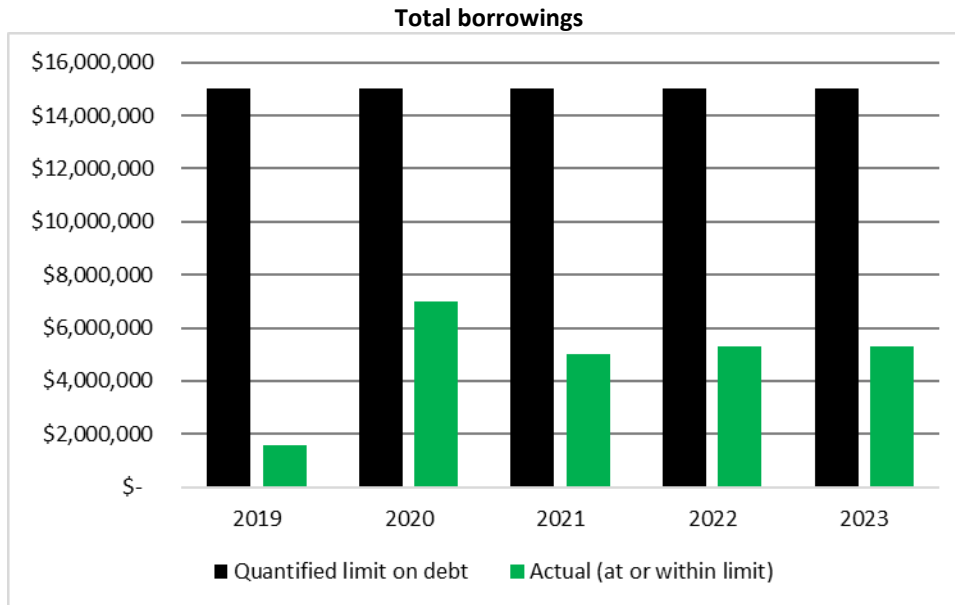
As for the Rates (Income) Affordability measure, the 2023 rates increase exceeded the limit for the same reasons.

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.

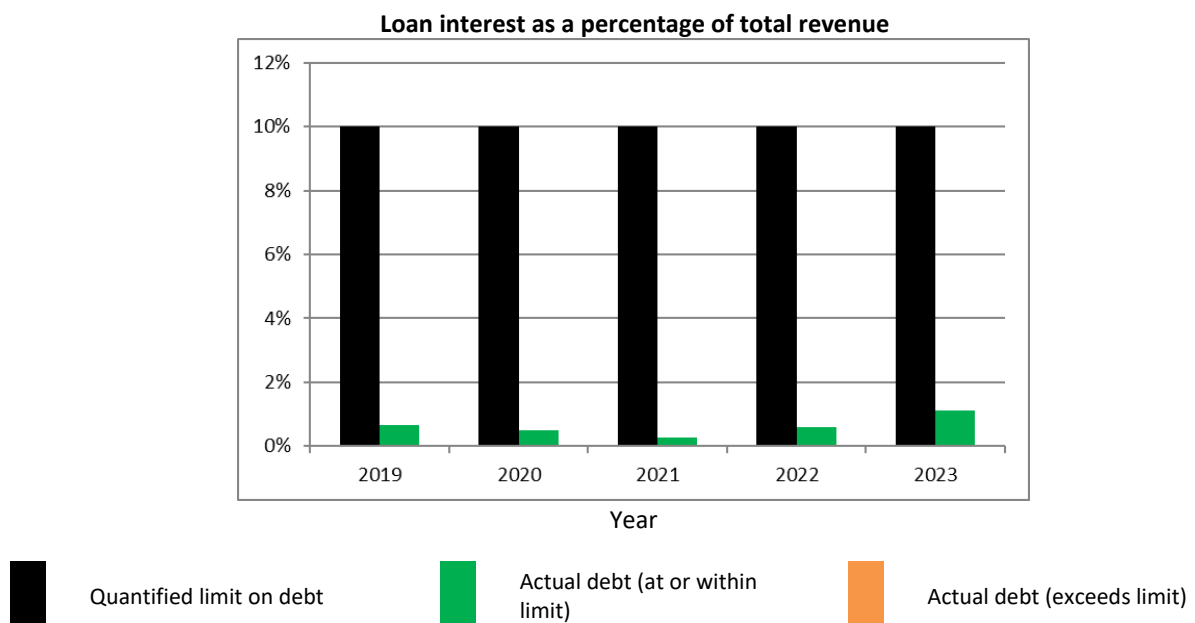
The following graph compares the Council’s actual borrowing with the quantified limit on borrowing stated in the financial strategy included in the Three-Year Plan. The quantified limit is \$15 million.



Comment

The Council increased its debt limit from \$12 million to \$15 million in 2018 in preparation for new borrowings to fund the earthquake rebuild. The Council has received external funding for the majority of the rebuild and did not borrow to the extent forecast.

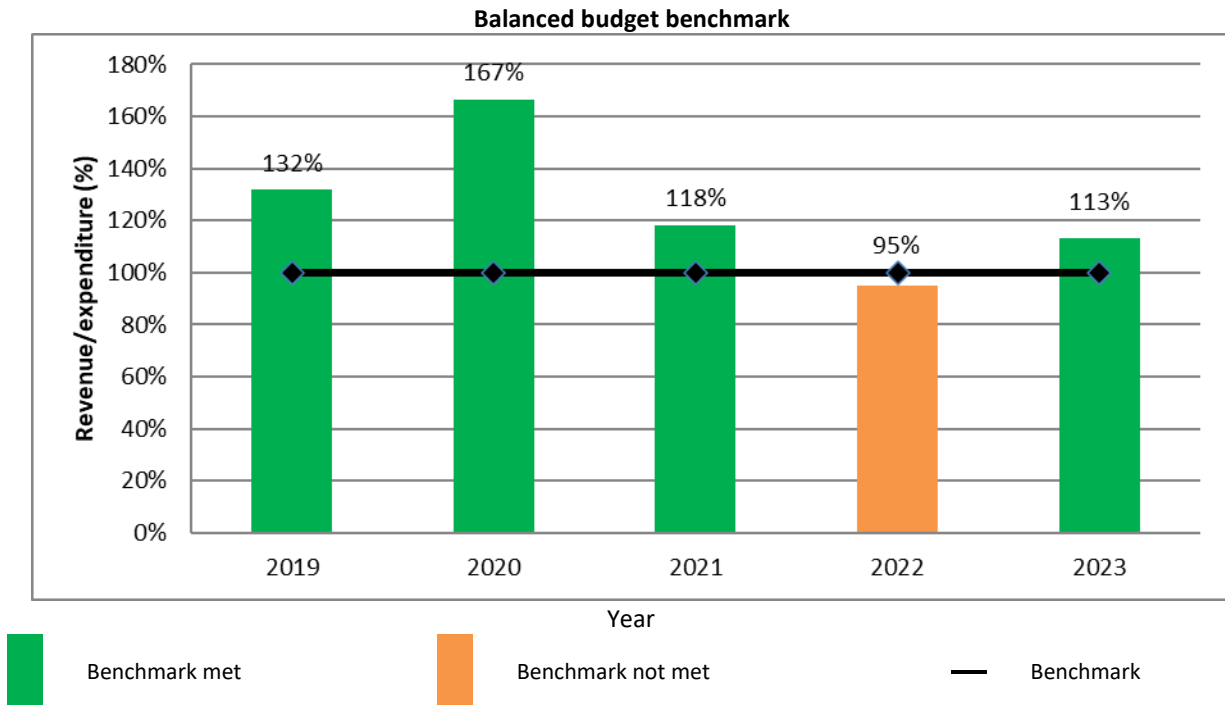
The following graph compares the Council’s actual borrowing with a quantified limit on loan interest as a percentage of total revenue. Loan interest expense has been kept at 1.1% due to savings by minimising debt.



Balanced budget benchmark

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

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



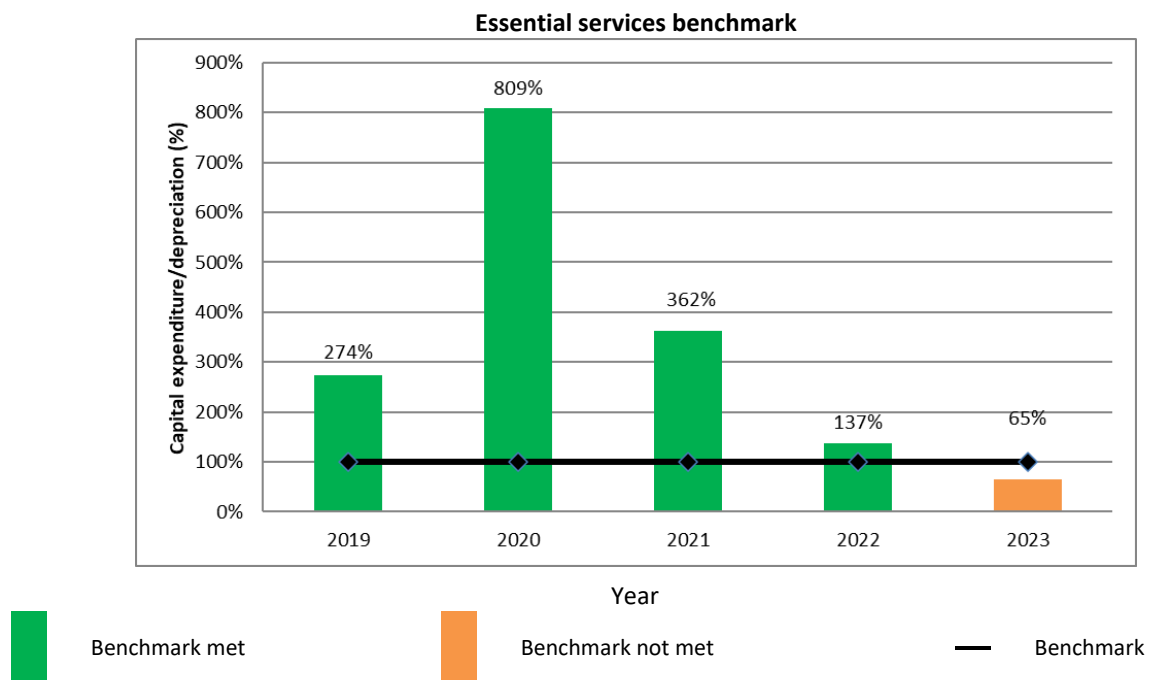
Comment

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

In the 2022 and 2023 financial year, operating revenue exceeded operating expenses. Operating expenses, however, include non-cash items such as depreciation and fair value losses in the carrying value of forestry and investment property. The Council does not fund depreciation, which in the 2023 financial year totalled \$4.7 million (2022: \$3.9 million), and the fair value losses of \$211k were unbudgeted and therefore also not funded.

Essential services benchmark

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



Comment

The above graph highlights the extent to which the earthquake rebuild projects have dominated the Council's capital spend.

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

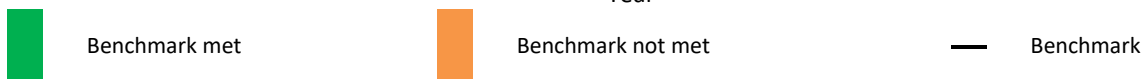
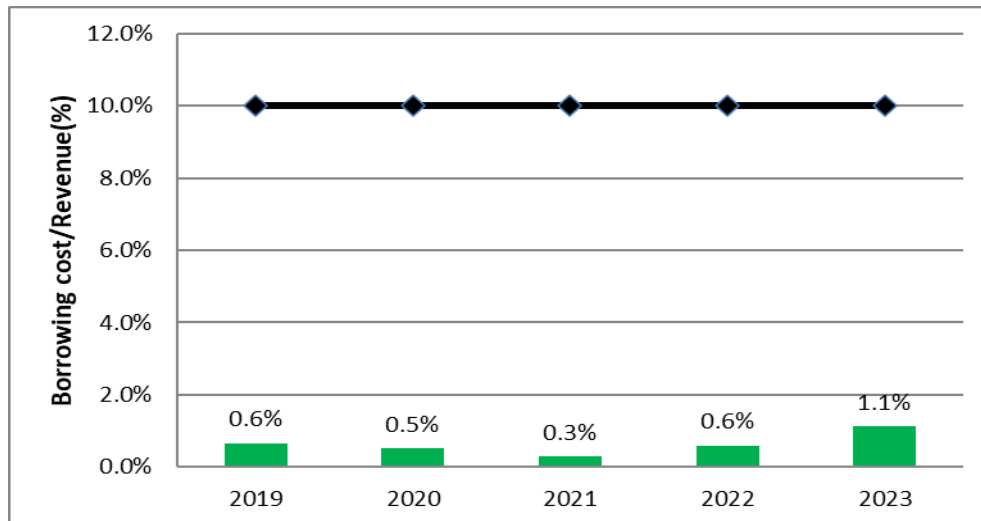
For 2021, the last of the earthquake rebuild projects were completed (except for the Peninsula reservoir, which was delayed by the COVID-19 border closures) and the replacement of the Glen Alton Bridge over the Clarence River.

For 2022, the Council largely returned to business-as-usual renewal works. In 2023, as signalled in the Long-Term Plan 2021-2031, the Council's renewal profile for all of its asset categories is extremely low for the next 50 years, except for roading, where the Council has committed to deal with a backlog of renewal works.

Debt servicing benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its borrowings costs equal or are less than 10% of its revenue. For the 2023 financial year, the Council's borrowing costs are 1.1% of revenue.

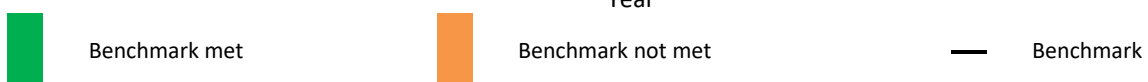
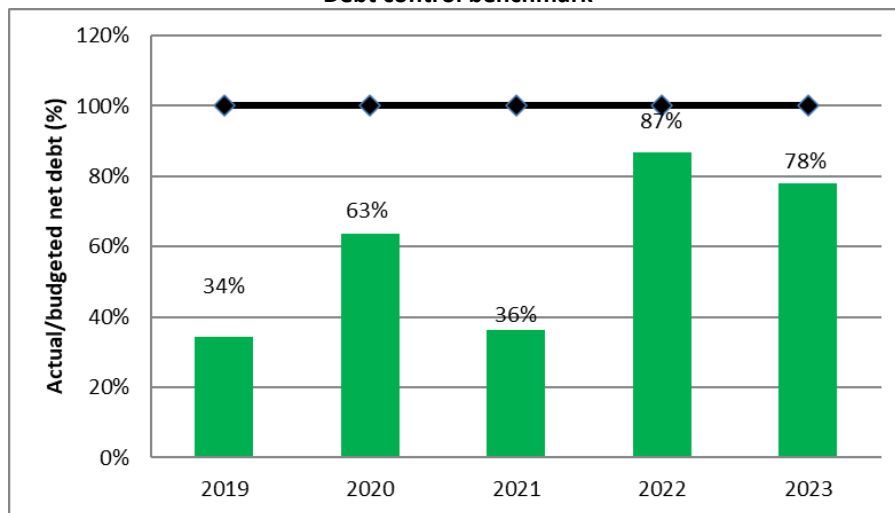
Debt servicing benchmark



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.

Debt control benchmark



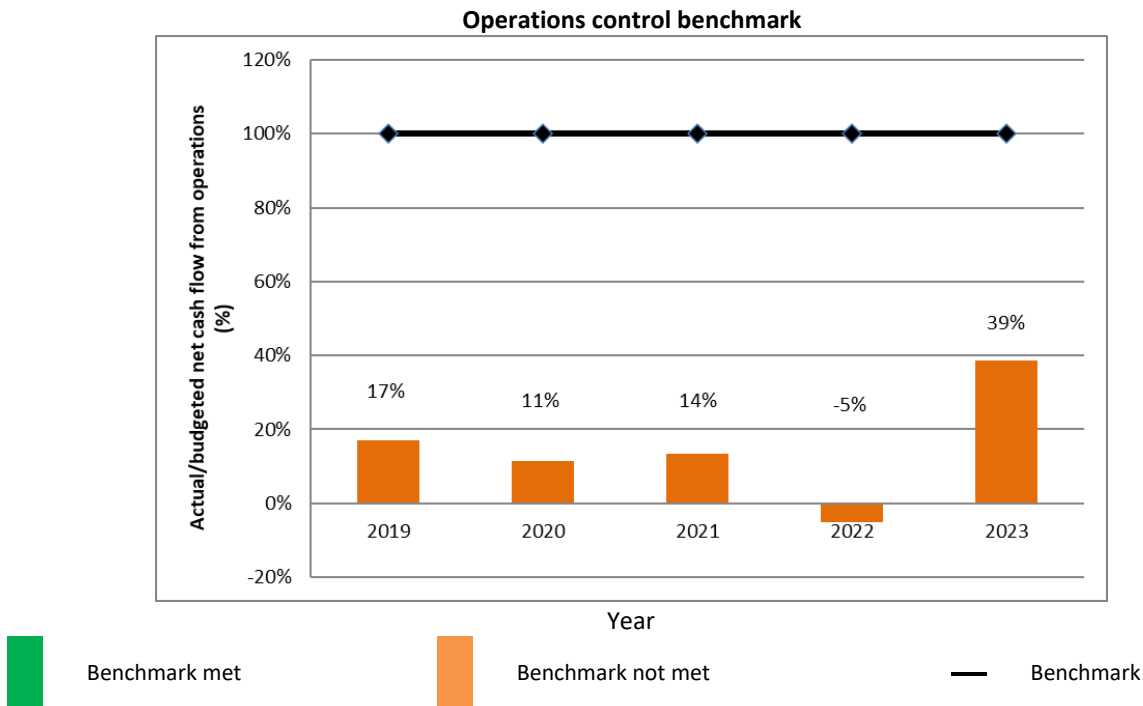
Comment

The loans that the Council forecast would be required did not eventuate. This is mainly because the Council has been the beneficiary of several unforeseen grant payments, such as three-waters and “Better Off” funding, Link Pathway grant, and others. Not only has this meant loans were not required, but it also boosted our cash balances. We anticipate, given the extent to which these projects are still underway, that our cash on hand will reduce as the projects progress.

Operations control benchmark

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

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



Comment

This benchmark is calculated by taking the actual cashflow from operations in this Annual Report and dividing it by the planned cashflow from operations in the Council's Annual Plans. It should be noted that, in order to comply with the required accounting standards and legislation, the Council is required to eliminate grants received for capital projects from its cashflow from operations. The planned (or known) grants received for capital projects are, however, still part of the planned cashflow from operations, as this is how they were published in the Annual Plans. We will correct this issue by amending our cashflow statements in the Annual Plan, to align with the financial reporting requirements.

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

Funding Impact Statement

For the years ended 30 June (whole of Council)

	2022 Annual Plan \$000	2022 Actual \$000	2023 Annual Plan \$000	2023 Actual \$000
Sources of operating funding				
General rates, UAGCs, rates penalties	3,744	3,517	3,883	3,959
Targeted rates (incl. water meter charges)	4,809	4,748	5,061	5,077
Subsidies & grants for operating purposes	1,638	2,429	2,771	3,010
Fees & charges	1,528	1,558	1,526	1,825
Interest & dividends from investments	7	10	3	39
Fuel tax, fines, infringement fees & other receipts	78	329	88	403
Total operating funding (A)	11,805	12,591	13,332	14,313
Applications of operating funding				
Payments to staff and suppliers	11,843	12,132	12,879	11,747
Finance costs	118	93	189	215
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	11,961	12,225	13,068	11,962
Surplus/(deficit) of operating funding (A-B)	(156)	366	264	2,351
Sources of capital funding				
Subsidies & grants for capital expenditure	4,976	2,095	5,163	1,900
Development and financial contributions	125	153	44	40
Increase/(decrease) in debt	1,214	300	406	-
Gross proceeds from sale of assets	250	-	325	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	6,565	2,548	5,938	1,940
Application of capital funding				
Capital expenditure				
- To meet additional demand	3,894	599	3,535	1,377
- To improve the level of service	2,623	1,042	514	586
- To replace existing assets	4,716	4,011	3,835	2,515
Increase/(decrease) in reserves	(4,824)	(2,738)	(1,681)	(187)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding (D)	6,409	2,914	6,203	4,291
Surplus/(deficit) of capital funding (C-D)	156	(366)	(264)	(2,351)
Funding balance ((A-B) + (C-D))	-	-	-	-

Other Information

Kaikōura Enhancement Trust

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

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

The trust's objectives are generally:

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

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

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

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

Performance targets

The following performance targets were adopted in KET's Statement of Intent 2022-2023.

Activity	Measure	2022	Target	2023
Kaikōura Plains Recovery Project is completed during the year	Project complete	90% Not achieved	100%	90% Not achieved
Kaikōura Stream Walk Project is completed during the year	Project complete	100% Achieved	100%	N/A

Innovative Waste Kaikōura Ltd

Innovative Waste (IWK) is owned by the Kaikōura Enhancement Trust and is responsible for the day-to-day objectives of that Trust. The financial activity of Innovative Waste is included in the Council's group financial statements. IWK is the Council's leading provider of waste management services, public toilet maintenance, recycling services, three-waters maintenance services.

Objectives

IWK's key objectives are:

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

Nature and Scope of Activities

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

- Waste minimisation and management through the provision of recycling services and landfill management
- Environmental rehabilitation preservation and development through the Trees for Travellers programme
- Maintaining water and wastewater infrastructure predominately for local authorities
- Maintaining public toilet facilities in Kaikōura.
- Parks and reserves.

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

Financial Performance Targets

	2021/2022 Actual	2022/2023 Target	2022/2023 Actual	Achieved
Revenue	\$2,293,079	\$2,050,000	\$2,525,088	Yes
Net Profit After Tax	(\$32,441)	(\$17,696)	(\$74,457)	No
Return on Equity	(3%)	(2%)	(8%)	No
Equity	\$972,486	\$953,421	\$896,933	No
Fixed Asset turnover	New measure	0.99	2.80	Yes
Liquidity Ratio (excl. annual leave accrual)	2.24	2.63	1.60	No
Wages as a % of revenue	52.54%	50%	42.49%	Yes
R&M as a % of revenue	1.96%	1%	3.7%	No

Operational Performance Targets

Target	Performance target to achieve the output	Achievements to 30 June 2022	Achievements to 30 June 2023
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 are logged through KDCs Ozone programme and advised via phone and/or email to IWK. KDC have implemented an Asset Management system to capture all calls and send direct to IWK, where IWK can update all info required, the system became operational in June 2022. All 0800 calls are captured on invoice spreadsheet sent to KDC. All Urgent requests are attended to immediately.	Results not available All service requests that have been marked as Urgent and have response time data were responded to within the target timeframe.
	98% of all non-urgent call outs, applicable to the contract are responded to within 48 hours from the time of notification to the time that service personnel attend site	Results not available All non-urgent call outs are responded to within 24 hours.	Results not available All service requests that have been marked as non-urgent and have response time data were responded to within the target timeframe.
	Service requests received about recycling are less than 20 per year.	Achieved Service Requests regarding recycling are rung through or entered through the Service Request portal on KDCs website for KDC to record in Ozone. 1 received – Mill Road	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
Contractual or legal obligations	Compliance with and provision of all KPI information as per contracts.	Measure not relevant for 2022 New contract for 3 Waters started 1 July 2020 (3-year term) – no further KPIs than service response attached. New contract for Resource Recovery implemented 1 October 2021 (5-year term) and has a quarterly review attached.	Results not available <i>Three waters:</i> KPI information not complete – a significant amount of data not available due to the Adapt system not recording all response times. <i>Resource recovery:</i> A quarterly review is to be undertaken by the Principal. <i>Public amenity cleaning:</i> No contract in place.

	Obtaining an unqualified audit opinion	Not achieved Qualified Audit opinion received in 2021/22 – in relation to the Statement of Service Performance.	Not achieved Qualified audit opinion received in 2022/23 in relation to the Statement of Service Performance and health and safety document.
Service Performance	Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions	Achieved No non-compliance notices or infringements issued to KDC in relation to IWK's contracts or works.	Not achieved 3 non-compliance notices issued to KDC in relation to the resource recovery centre.
	The number of complaints received per year due to a service request not being actioned appropriately is less than 10.	Achieved 3 complaints in total.	Achieved 2 complaints received.
Health & Safety	5% reduction in TRIF (Total Recordable Injury Frequency) accident rates	Achieved TRIFR rate for 2021/22 was 79.86 (12 TRI x 200,000/30,053 (hours worked)).	Achieved A reduction of 52% TRIFR rate was 38.56 (5 TRI x 200,000/25,931 (hours worked))
	LTIFR (LTI per 200,000 hours worked) <6	Achieved LTIFR rate for 2021/22 was 0.00 (0 LTI x 200,000/30,053 (hours worked)).	Not achieved LTIFR rate for 2022/23 was 7.71 (1 LTI x 200,000/25,931 (hours worked))
Staff Engagement	Increase baseline engagement by 10% (baseline set in 2022 at 73%)	Not achieved Average engagement score of 3.9 (73%) – survey undertaken in August 2022 due to workloads of the research company used.	Not achieved 80% - 4.0
Diversion from Landfill	55% as per Ministry for the Environment methodology	Achieved 55.9%	Not achieved 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 population which in 2023 was 3,912 for the Kaikōura district.

Māori Participation in Decision Making

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

These committees are supported by Iwi representation.

- ***Kaikōura Water Zone Committee***
- ***Airport Committee (no representative appointed in the year to 30 June 2022)***

Independent Auditor's Report

To the readers of Kaikōura District Council and Group's annual report for the year ended 30 June 2023

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 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

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

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

- the financial statements on pages 84 to 138:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2023; and
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime;
- the statement of service provision on pages 14 to 79:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand.

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

In our opinion:

- the funding impact statement on page 146, 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 16 to 71, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 20 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 and annual plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 139 to 145, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plans and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. 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 with respect to the reporting on a number of performance measures

The Council did not have sufficiently reliable systems and processes in place during the year to accurately report on a number of performance measures. Consequently, as explained in the introduction section of the statement of service provision on page 14, for a quarter of the performance measures, the Council is either:

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

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

We also draw attention to the fact that we issued a qualified opinion on the District Council's 30 June 2022 statement of service provision, presented as comparative information in the 30 June 2023 statement of service provision, for the same reason.

Financial statements: Our work was limited over the comparative year depreciation expense and asset revaluation movement

Our audit report on the 30 June 2021 financial statements was qualified because we considered that there were reliable indicators that there could be a material increase in the fair value of asset classes not revalued during the 30 June 2021 financial year. However, because the District Council did not carry out a revaluation as at 30 June 2021, as required by PBE IPSAS 17 Property, Plant and Equipment, it was impracticable to determine the amount of the adjustment required.

As disclosed in note 20 to the financial statements, the District Council revalued its property, plant and equipment asset classes held at fair value as at 30 June 2022 resulting in a revaluation movement of \$74.509 million recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2022. We obtained sufficient appropriate evidence over this valuation.

Because of the limitation in scope explained above in relation to the carrying value of the property, plant and equipment as at 30 June 2021, we were unable to obtain sufficient audit evidence on the consequential effect on the amount of depreciation for those revalued assets for the year ended 30 June 2022, and the revaluation movement recognised in the statement of comprehensive revenue and expense for the year ended 30 June 2022. Therefore, we are unable to determine whether these items, presented as comparative information, are materially correct.

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

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

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

Emphasis of matter – Uncertainty over the financial impact of three waters reform

Without further modifying our opinion, we draw attention to Note 37 on page 138, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

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.

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 13, 83 and 150 to 154, but does not include the audited information, the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners (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 are carrying out a limited assurance engagement related to the District Council's debenture trust deed, which is compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



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



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