



Kaikoura District Council Annual Report Summary 2008/2009

A Word from the Mayor

Greetings and welcome to the Council's Summary Annual Report.

The year this report refers to has not been an easy one. There has been a global recession which has filtered all the way to our front door in some form or other. I am pleased, in fact proud, of the responses to that recession by our community and our council and staff. We have had to *reprioritise, rearrange and reposition* some intended activities – but it is pleasing to note that *rejecting* has not been a common term used.

This, I believe, is what makes this community so successful. That is, the ability to look at and keep in mind, the big picture stuff – the bits that we know will be affecting us in some way in the future and being willing to prepare for those affects annually – all the while dealing effectively with the just-as-important "little stuff."

For those of us not too confident with financial records and reporting, can I suggest you take particular note of the section outlining "outcomes" These plainly explain our goals and achievements (or not).

Cheers
Mayor Kevin

This document provides an overview of Kaikoura District Council's operational and financial performance for the financial year ending 30 June 2009. It is prepared in accordance with section 98(4) of the Local Government Act 2002, and in line with section 98(5) of that Act, it represents fairly and consistently the information regarding the major matters dealt within the full Annual Report.

The specific disclosures included in this summary have been extracted from the full Annual Report, which was adopted by Council with an unqualified opinion dated 28 October 2009.

This summary report can not be expected to provide as complete an understanding of Council's financial and service performance, financial position and cashflows as the full Annual Report. The full Annual Report is available on our website; www.kaikoura.govt.nz or contact the council office for a copy.

Chief Executive Officer's Report

The 2008/2009 year has been an interesting year. The year started off with major flooding in July and August and concluded with the Local Government Commission, in May 2009, bringing down its determinations that there was no good reason why the Kaikoura District Council should be abolished and incorporated with the Hurunui District Council.

Financially the Statement of Comprehensive Income shows a deficit for the year of \$809,000 which on the face of it sounds bad. However, all of that deficit is attributable to \$290,000 on downward revaluation of land and Marlborough Regional Forestry revaluations while \$579,000 was in investment property revaluation downgrades and a further \$178,000 was in building revaluation losses in excess of asset revaluation reserves. Taking those book entries out of the equation Council had a small operating surplus for the financial year which, on balance considering the market turmoil and considering the additional expenditure on road repairs as a result of the July / August floods, was an extremely good result.

Stuart Grant, Chief Executive Officer



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DISTRICT COUNCIL**

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**COMMUNITY
2009**

Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements

This audit report relates to the summary financial statements, performance information and the other requirements of the Kaikoura District Council and group for the year ended 30 June 2009 included on the Kaikoura District Council's website. Kaikoura District Council is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of the Kaikoura District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the summary financial statements, performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, performance information and the other requirements as well as the related audit report dated 28 October 2009 to confirm the information included in the audited summary annual presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Community Outcomes Report

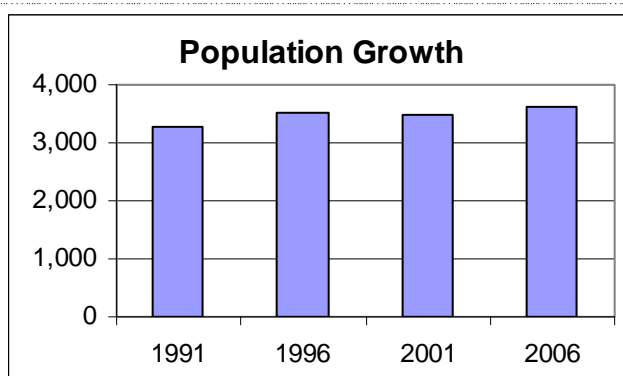
The Kaikoura community has identified eight major goals – or community outcomes – that it wishes Kaikoura to achieve within the next ten years. This Community Outcomes report is an opportunity to reflect on what we, as a community, have achieved in terms of these community outcomes, and gives us the high level information to show whether we are on the right track.

This page is an extract from the full Annual Report 2008/2009 and is merely a summary of the outcome performance in that document.

Sustainable Development

We'll know we are succeeding when;
Our population is growing, but not at the expense of the environment.

We'll measure our achievement by;
Population growth, and our status as a Green Globe community.



Quality Water & Wastewater

We'll know we are succeeding when;
Our water meets drinking water standards, and our wastewater is disposed of efficiently and effectively.

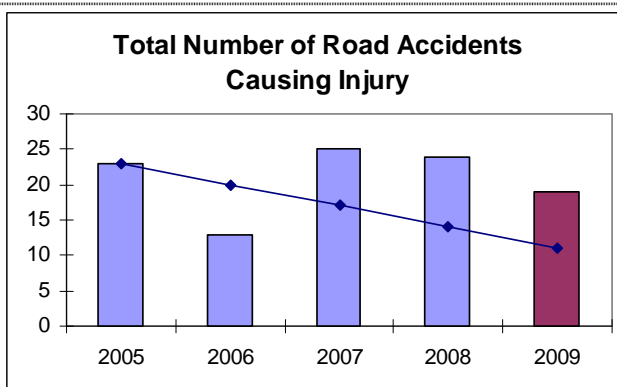
We'll measure our achievement by;
Public drinking water supplies meeting NZ drinking water standards.

	E. Coli	Protozoa	Chemical
Kaikoura	✓	✓	✓
East Coast	✓	✗	✓
Fernleigh	✓	✗	✓
Kincaid	✓	✗	✓
Oaro	✓	✗	✓
Peketa	✓	✓	✓
Suburban	✗	✗	✓

Safe, Efficient Transport Network

We'll know we are succeeding when;
There are less deaths or injuries as a result of road accidents.

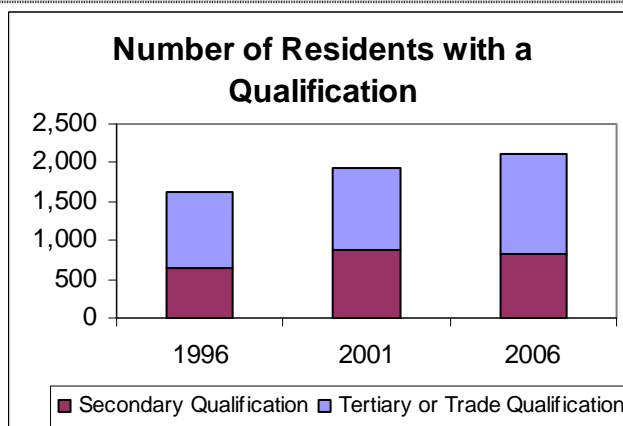
We'll measure our achievement by;
A reduction in the number of accidents causing injury, as reported by NZ Transport Agency.



Opportunities for Quality Education & Employment

We'll know we are succeeding when;
People in our district are well educated and suitably qualified.

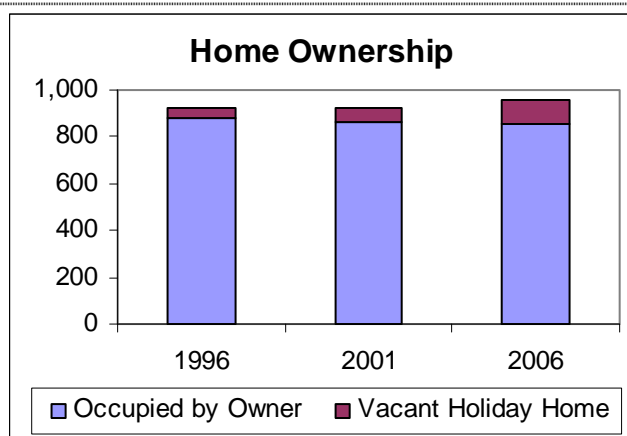
We'll measure our achievement by;
The number of residents with a qualification, as reported by the Statistics NZ Census of Population and Dwellings.



A Quality Standard of Affordable Housing

We'll know we are succeeding when;
People can afford to own their own homes.

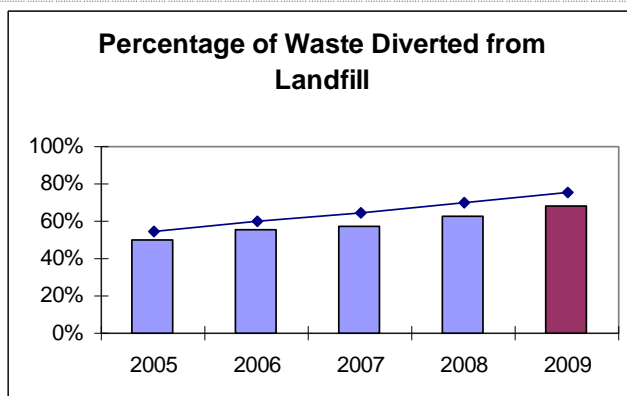
We'll measure our achievement by;
The number of people in the district who own their own homes, as reported by the Statistics NZ Census of Population and Dwellings.



Environmental Protection & Enhancement

We'll know we are succeeding when;
The quantity of waste sent to landfill per person is reducing.

We'll measure our achievement by;
An increased rate of diversion of recyclable or reusable material from the landfill.



Affordable Access to Quality Community Facilities

We'll know we are succeeding when;
People are actively involved in sports and recreation, enjoy using the library and museum, and have access to adequate health services that are appropriate to meet the needs of our community.

We'll measure our achievement by;
The number of general practitioners, chemists, and dentists within the district.

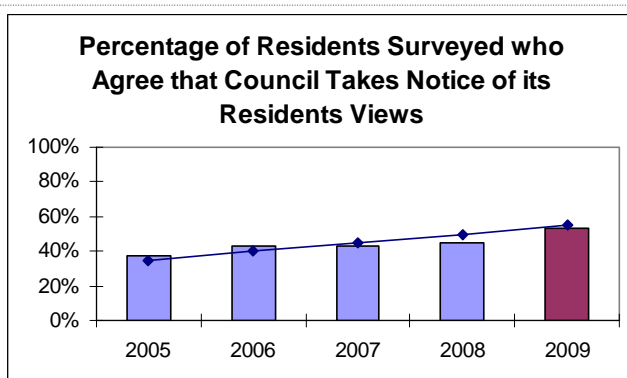
- 4 general practitioners
- 1 chemist
- 1 dentist

This represents 1.66 medical practitioners per 1,000 residents (about half the national average).

Community Involvement in Planning the Future and Managing the Present

We'll know we are succeeding when;
People actively participate in decision making.

We'll measure our achievement by;
The percentage of residents surveyed who agree that council takes notice of its resident's views.



The goals and objectives, and performance targets and results to measure our achievement, contained in these pages are merely a summary of the full Community Outcomes Report published as part of the full Annual Report 2008/2009. This summary cannot be expected to provide as complete an understanding of our community outcomes, goals and objectives, and performance targets and results, as the full Community Outcomes Report.

Council Activities

The Annual Report is a key accountability document for Council to our community. It compares Council's actual performance for the year against that which was forecast in the 2006-2016 Long Term Council Community Plan (LTCCP), and the Annual Plan 2008/2009.

Much of the Annual Report focuses on the financial and service performance of Council's significant activities. The following summary aims to provide an overview of the performance of these activities, and is an extract of the major matters within the full Annual Report.

Achievement definitions:

Financial Performance



achieved planned operating surplus/(deficit)



did not achieve planned operating surplus/(deficit)

Service Performance



75% to 100% achieved



50% to 75% achieved

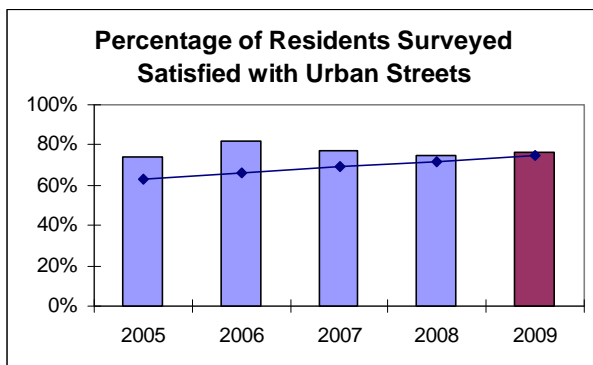


below 50% achieved

Roading

What we did:

- Completed reinstatement of the district roads and bridges following the floods of July and August 2008
- Completed a 2.6km seal extension of Old Beach Road
- Maintained our sealed and unsealed roads at a standard higher than the NZ average
- Secured support from NZTA to develop a walkway linking South Bay to Churchill St



Performance achievement:

Financial



Service



Water Services

What we did:

- Achieved a Bc grading from the Ministry of Health for the Kaikoura township water source, treatment and reticulation
- Completed the construction of reservoirs for the Kincaid supply, increasing storage capacity to 27 hours at peak demand
- Upgraded treatment and pump systems at the East Coast, Fernleigh, and Peketa rural water supplies



Performance achievement:

Financial



Service



Sewerage & Stormwater

What we did:

- Completed development of the Churchill Street pump station
- Carried out a closed-circuit TV survey of our underground sewer pipes so as to prioritise future upgrading works
- Obtained a global consent for stormwater
- Responded to the flood events of July and August 2008 which overwhelmed our stormwater system; plans are now afoot to upgrade several urban catchments

Performance achievement:

Financial	<input checked="" type="checkbox"/>	Service	<input type="checkbox"/>
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Refuse & Recycling

What we did:

- Our community has diverted 68% of its waste from landfill on average for the year; however this did not meet target
- Secured funding from the Ministry for the Environment to provide additional public recycling bins in public places
- Increased the frequency of rubbish pick-ups from high-profile sites such as the South Bay corner



Performance achievement:

Financial	<input checked="" type="checkbox"/>	Service	<input type="checkbox"/>
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Community Facilities

What we did:

- Completed new paved footpaths and kerb and channel throughout the West End
- Kerb and channel has been developed along the foreshore side of the Esplanade to eliminate flooding issues and improve carparking
- With the assistance of the Kaikoura Lions Club, commenced development of new walkways from Jimmy Armers Beach to the seal colony, and from South Bay to the Caves
- Achieved very high levels of satisfaction with community facilities from the annual resident satisfaction survey; particularly for the library service, cemetery, and playgrounds



What we planned to do but didn't:

- Council had proposed to relocate its offices in the 2008/2009 year; however has deferred the project for at least ten years in response to the global financial crisis. The museum project was also deferred for a number of years
- A new walkway linking South Bay to Churchill Street (adjacent to the state highway) had been planned for 2008/09; NZTA has now confirmed its role as lead agency for this project and construction commenced in October 2009 with completion expected by the end of November 2009

Performance achievement:

Financial	<input checked="" type="checkbox"/>	Service	<input type="checkbox"/>
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Commercial Activities

What we did:

- Purchased the airport terminal building, securing its status as a strategic community asset
- Commenced the replacement of the North Wharf; however that project had not been completed within the intended timeframe

What we planned to do but didn't:

Council had proposed to sell two Beach Road properties to help fund the new Council office project; however that project has been deferred and the sale has not been completed.

Performance achievement:

Financial	<input checked="" type="checkbox"/>	Service	<input type="checkbox"/>
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Leadership & Governance

What we did:

- Completed the development of a fully consulted Long Term Council Community Plan for 2009-2019, which included the extensive review of Council's Revenue and Financing Policy
- Sustained valuable relationships with Te Runanga o Kaikoura, Department of Conservation, NZ Transport Agency, and many other organisations local and national, to recognise and direct our energies towards common goals
- Cooperated with the Local Government Commission investigations in the proposal to abolish the Kaikoura district; which the Commission ultimately rejected

Performance achievement:

Financial	<input checked="" type="checkbox"/>	Service	<input type="checkbox"/>
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Regulation & Control

What we did:

- Improved the percentage of resource and building consents that were processed within statutory timeframes (to 75% and 87% respectively)

Performance achievement:

Financial	<input checked="" type="checkbox"/>	Service	<input type="checkbox"/>
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Safety & Wellbeing

What we did:

- Participated in annual regional civil defence training exercises
- Responded to vegetation fires in the district
- Delivered road safety programmes which may have influenced a reduction of road accidents causing injury
- Coordinated community development initiatives such as Strengthening Families, and the facilitation of youth services



Performance achievement:

Financial	<input checked="" type="checkbox"/>	Service	<input type="checkbox"/>
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District Development

What we did:

- Commenced two plan changes to the Kaikoura District Plan; one to provide for a business park away from the residential area, and the other to provide for further residential expansion
- Participated in the Green Globe program, achieving certification status again in November 2008. Many of our benchmark indicators achieved better than global best practice standards.

Performance achievement:

Financial	<input checked="" type="checkbox"/>	Service	<input type="checkbox"/>
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Summary Financial Statements

Overview

Two factors affected Council's overall financial result in 2008/09. Firstly, the global financial crisis has reduced revenue from building consents and subdivisions. The crisis has also resulted in the deferral of the proposed new council office buildings and museum. Secondly, two major flood events occurred in July and August 2008, causing substantial damage to roads and bridges across the district. Council was fortunate to obtain emergency funding from NZTA to complete the repairs at a higher subsidy rate than usual, enabling the roads and bridges to be fully reinstated.

The specific disclosures included in this summary report have been examined by the auditor for consistency with the full annual report, and audited by Audit New Zealand on behalf of the Auditor-General. The annual report was prepared in accordance with generally accepted accounting practice in New Zealand and therefore also complies with New Zealand International Financial Reporting Standards (NZ IFRS). Kaikoura District Council is a public benefit entity as defined in NZ IFRS. The information contained in this summary annual report has been prepared in accordance with FRS-43: Summary Financial Statements, and is presented in NZ dollars.

This summary was authorised for issue by the Chief Executive Officer and the Mayor on 23 November 2009.

Summary Statement of Comprehensive Income

For the year ended 30 June 2009	2008/09 Budget \$	2008/09 Parent \$	2007/08 Parent \$	2008/09 Group \$	2007/08 Group \$
Operating revenue	8,730,352	7,646,918	10,142,668	8,172,306	10,599,063
Expenditure other than financing costs and fair value gains/(losses)	6,432,087	7,009,289	6,451,575	7,293,559	6,857,357
Financing costs	503,350	390,183	316,097	409,811	346,878
Fair value losses	-	769,401	532,223	769,401	532,223
Operating surplus/(deficit)	1,794,915	(521,955)	2,842,773	(300,465)	2,862,605
Environment Canterbury share of joint venture surplus/(deficit)	-	2,197	40,098	2,197	40,098
Net Surplus/(Deficit)	1,794,915	(519,758)	2,882,871	(298,268)	2,902,703
Tax Expense	-	-	-	-	-
Other Comprehensive Income					
Gains/(losses) on asset valuations	-	(290,185)	(48,793)	(290,185)	(48,793)
Total Comprehensive Income	1,794,915	(809,943)	2,834,078	(588,453)	2,853,910

Explanation of major variances

Overall Council has finished the year with an operating deficit of \$519,758 and a total loss from comprehensive income of \$809,943; however the main reasons for the deficit were the significant losses in fair values of investment properties, forestry and buildings, which the valuer suggests is attributable to the global financial crisis.

Disregarding these losses, Council has achieved a surplus from its normal activities of \$144,273 (see Note 1 in the full Annual Report 2008/2009). This modest surplus was achieved despite reduced consent activity, which impacted on vital sources of revenue such as consent fees and development contributions.

Summary Statement of Changes in Equity

As at 30 June 2009	2008/09 Budget \$	2008/09 Parent \$	2007/08 Parent \$	2008/09 Group \$	2007/08 Group \$
Equity at start of year	116,398,500	127,133,053	124,298,975	127,156,134	124,302,224
Comprehensive Income	1,794,915	(809,943)	2,834,078	(588,453)	2,853,910
Equity at end of year	118,193,415	126,323,110	127,133,053	126,567,681	127,156,134

Summary Statement of Financial Position

As at 30 June 2009	2008/09 Budget \$	2008/09 Parent \$	2007/08 Parent \$	2008/09 Group \$	2007/08 Group \$
Current assets	2,721,609	5,342,583	5,392,882	5,421,727	5,452,486
Non-current assets	123,329,444	128,148,543	127,816,066	128,525,639	128,104,043
Total assets	126,051,053	133,491,126	133,208,948	133,947,366	133,556,529
Current liabilities	1,675,200	2,245,323	3,248,066	2,344,426	3,409,648
Non-current liabilities	6,182,438	4,922,693	2,827,829	5,035,259	2,990,747
Total liabilities	7,857,638	7,168,016	6,075,895	7,379,685	6,400,395
Total equity	118,193,415	126,323,110	127,133,053	126,567,681	127,156,134

Explanation of major variances

Current assets remain higher than forecast, due to the deferral of the office and museum projects; Council is holding various cash balances in anticipation of these projects. The loans that would have been drawn to fund the project were also not required; borrowings drawn relate to the construction of the north wharf, the West End beautification, and the purchase of the airport terminal building.

Summary Statement of Cash Flows

For the year ended 30 June 2009	2008/09 Budget \$	2008/09 Parent \$	2007/08 Parent \$	2008/09 Group \$	2007/08 Group \$
Net cash from operating activities	3,313,414	1,719,620	2,404,823	1,978,081	2,481,766
Net cash from investing activities	(5,981,936)	(2,758,168)	(1,488,385)	(2,890,261)	(1,498,106)
Net cash from financing activities	1,811,498	1,144,250	(138,159)	1,094,314	(155,797)
Net increase/(decrease) in cash held	(857,024)	105,702	778,279	182,134	827,863

Explanation of major variances

Cash movements in this statement principally reflect strong revenues from operating activities, plus additional borrowing (as above), enabling substantial ongoing investment in capital projects and upgrading of infrastructure such as the airport, harbour, town centre, and sewerage.

Additional Disclosures

Commitments and Contingencies

	2008/2009 PARENT \$	2007/2008 PARENT \$	2008/2009 GROUP \$	2007/2008 GROUP \$
Contingent liabilities				
Non-cancellable operating leases as lessee	89,906	66,689	89,906	66,689
Capital commitments	309,398	1,477,628	309,398	1,477,628
Contingent assets				
Non-cancellable operating leases as lessor	1,182,745	1,410,518	1,182,745	1,410,518

Housing NZ Corporation Funding

Housing New Zealand Corporation has provided \$497,776 as at 30 June 2009 (2007/2008: \$484,443) towards the construction of social housing. These advances would be payable if Council were to withdraw its investment in the joint funded social housing. These advances have been stated as grant revenue.

Innovative Waste Kaikoura Tax Status

The company is in the process of registering with the Charities Commission. If the application is denied the company will lose its tax exemption status and could be liable for tax and other associated costs estimated up to \$100,000.

Guarantees

Last year Council guaranteed a Kaikoura Airport Services Ltd loan of \$160,000; this year that guarantee is no longer required. There are no contingent liabilities in relation to the joint venture, or to the subsidiary. Council is not aware of any other contingent liabilities or contingent assets.

Clarence Forestry Lease

Council leases land at Clarence upon which it owns forestry assets valued at \$1,092,166 (2008: \$1,004,669). Council omitted to give notice, within the time specified in the lease, of its intention to exercise the right to renew the lease of the Clarence forest land for a final term of 20 years expiring 2029.

The landlord has refused to renew the lease and so the Council has issued proceedings under the Property Law Act seeking that the court direct the landlord to grant the renewal of the lease. Those proceedings are ongoing but are likely to be resolved in early 2010. The advice Council has received is that the proceedings have a strong prospect of success.

RiskPool

Council is a member of RiskPool; a mutual fund created by New Zealand local authorities to provide legal and professional liability protection. That fund has suffered significant losses due to the "leaky building" weathertight homes claims and in 2009 made a call to each member authority for funding assistance. In 2009 this was a cost to Council of \$16,749; RiskPool has stated that further calls are likely, and are likely to be at a greater cost than that of 2009. At this stage the potential liability is unknown.

Multi-Employer Scheme

KDC is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors Scheme (the scheme) which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, KDC could be responsible for the entire deficit of the scheme. Similarly if a number of employers ceased to participate in the scheme, KDC could be responsible for an increased share of the deficit.

Audit Report

**To the readers of Kaikoura District Council and group's
summary annual financial statements, performance information and the other requirements
for the year ended 30 June 2009**

We have audited the summary financial statements, performance information and the other requirements.

Unqualified Opinion

In our opinion:

- the summary financial statements, performance information and the other requirements represent, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements, performance information and the other requirements complies with FRS-43: Summary Financial Statements and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 28 October 2009, on:

- the full financial statements; and
- the performance information; and
- the Council and group's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. Other than in our capacity as auditor, we have no relationship with or interests in Kaikoura District Council or any of its subsidiaries

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on those summary financial statements, performance information and the other requirements. These responsibilities arise from the Local Government Act 2002.



John Mackey, Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
23rd November 2009

