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This is a summary of the Kaikoura District Council's full Annual Report 2007/2008. The full report can be viewed at:

Kaikoura District Council
34 Esplanade
Kaikoura

Kaikoura District Library
96 West End
Kaikoura

Online at www.kaikoura.govt.nz

Or phone (03) 319-5026
to request a copy

Mayor's Report

The Annual Report is the fourth edition I have been involved with as Mayor. It continues to re-iterate the value of what we do as an elected council and as management and staff on an annual basis. It deliberately focuses on a 52 week window of community activity, rather than the 10 year long-term view that we seem to be constantly working with.

The Annual Report tells us how we did within that window, as compared with how we said we wanted to do. It enables us to measure our collective performance as a council and community; it can tell us what needs to be re-focused on and informs us of our financial performance over that past year.

Many from within our community took up the opportunity to help forge the Annual Plan for the year that this report is measuring - and now, this document allows us all to revisit that past year clinically and with measurable outcomes.

This Report is also audited by the Office of the Auditor General, again ensuring it is a document which is honest, open and appropriate.

Highlights for me within are;

- *The easy-to-read performance graphs and survey results.* When compared with the past 5 years, the trends illustrate very clearly that the vast majority of our expectations and goals are being successfully met and line up with those long-term visions Kaikoura is noted for.
- *The smiley faces.* Again clearly showing that achieving these goals individually need not be put into the “too hard basket”, we can do it and we are!
- *The report on performance charts.* In plain English, demonstrating where we are within short and long-term performance measures and indicating plainly where we should be heading.

I believe that when taking this document in its entirety, it unmistakably exemplifies the positive, creative and resourceful community we can be and indeed, are. It is proof that size need not matter and that we are governing and managing ourselves as a District with confidence, with financial effectiveness and with social awareness and action. It clearly illustrates the value of local governance and management by being able to make choices locally and by having sound local knowledge, when activating these choices and then measuring our performance against them.

I know that the past years performance has been more than just acceptable, and this Annual Report shows that. It offers confidence to our community that your local council and staff are doing what is expected and more than just often – exceeding those expectations.

Cheers

Mayor Kevin

Chief Executive Officer's Report

Welcome to the 2007/08 Annual Report.

It has been another successful year financially for the Kaikoura District Council. The Statement of Financial Performance shows a surplus after tax for the year of \$2.9million, which on the face of it sounds tremendous, however over \$2.3million of that amount was from new infrastructural assets being added to Council's balance sheet. These now have to be shown through the Statement of Financial Performance.

The Council's financial position has again been strengthened in that total equity has increased from \$124million to \$127million. A substantial amount of capital works have been undertaken during the year although this has not been as a result of major increased levels of borrowing.

Over the 2007/2008 year, as with 2006/07, Council's Building Control Department has spent countless hours on preparing for the new accreditation regime as established under the 2004 Building Act. This process and the new requirements as a result of implementing this process has resulted in a large degree of frustration, stress and upset from both staff and from customers. Council was the 26th Local Authority to be accredited and achieved this on 6th May 2008.

On a more positive front, Council was again benchmarked against Green Globe 21 criteria and again was successful in achieving the benchmark status and obtaining certification. Practically all of the indicators measured against resulted in Kaikoura District Council being above global best practice level.

Council's website, www.kaikoura.govt.nz, is continuing to prove popular and is receiving on average 15,000 to 18,000 hits per month.

Ongoing sewerage upgrading work continued throughout 2007/2008. The Oxidation Ponds were partitioned and new aerators were installed.

Council's new water bore has been confirmed as secure by the Ministry of Health and the supply has been given a B rating by the Ministry of Health. Ongoing upgrades, included the installation of a booster pump to ensure that the peninsula did not run out of water in the summer as has happened in the past, were also completed. Replacing old water lines in Churchill Street and the Esplanade was also undertaken and completed this year. This resulted in an improved level of service to those residents receiving water from those lines. Council completed its Public Health Risk Management plans for its rural water schemes this year. This enabled Council to apply for and obtain subsidy money to undertake upgrading work to 4 of those schemes. That work is being completed in 2008/2009. Kaikoura is now in the fortunate position where a substantial amount of work has been undertaken on its sewerage and water infrastructure and it does not face the same pressures or concerns as many other communities larger than Kaikoura has around the country. Council will continue to upgrade the systems as funding becomes available.

This year Council became the first Local Authority in Canterbury to obtain a global stormwater consent from Environment Canterbury for its stormwater systems in the Kaikoura township. While this may not sound like anything out of the ordinary it should smooth the way for Kaikoura residents who wish to undertake work that previously required a stormwater consent from Environment Canterbury.

Council completed the refurbishment of the "West End toilets" this year and feedback so far has been extremely positive. Council also constructed a new toilet at Maungamanu which again has been well received by the users of that area.

Chief Executive Officer's Report

With funding assistance from Housing Corporation of New Zealand, Council was able to build 4 new 2 bedroom elderly persons units in Torquay Street as well as upgrade some of the existing units. These are a welcome addition to our elderly persons housing portfolio.

The Proposed District Plan finally became fully operative during the year and Council can now commence the task of initiating changes to the plan, initiating a change to establish an industrial area, and then commencing a review of the plan. I would like to thank all those community members involved in the District Plan Committee who spent countless hours and days on developing a plan that this community can be proud of and that has finally become operative.

Council's Significant Natural Areas (SNA) programme has been ongoing and it's great to note the positive response obtained from landowners in looking at trying to protect pockets of their properties that have significant biodiversity issues on them. Council will continue to work with those landowners to ensure those pockets of biodiversity are enhanced.

Again this year we had groups of volunteers from the UK and North America who came to Kaikoura and worked closely with Council staff, Te Runanga, Department of Conservation and Environment Canterbury in progressing projects that will only benefit this community.

On a less positive note, a petition was lodged with the Local Government Commission calling for the abolition of the Kaikoura District Council. The Local Government Commission has called for submissions to the proposal and it is likely that these submissions will be heard late 2008. The impact of this proposal on Council's future activities and expenditure are at present unknown and it will depend on the Commission's decision as to what impact that will have going forward.

I hope you take the time to read this document as it provides a positive reflection on your community. The long term outlook for the district is positive notwithstanding the uncertain financial and economic conditions that pertain globally at present. There are a number of exciting projects and developments coming through although again due to economic uncertainty they could take longer to come to fruition than previously anticipated. Council will continue to improve its standard and quality of service and infrastructure to ensure Kaikoura remains a destination where people will want to live, work and visit.

Stuart Grant
Chief Executive Officer

Highlights

Council measures our community's progress towards achieving our community outcomes, which were developed with the Long Term Council Community Plan 2006-2016, in terms of each of the individual activity objective and targets rather than any overall measurement. For further information on community outcomes and their link to Council activities, please refer to the full Annual Report.

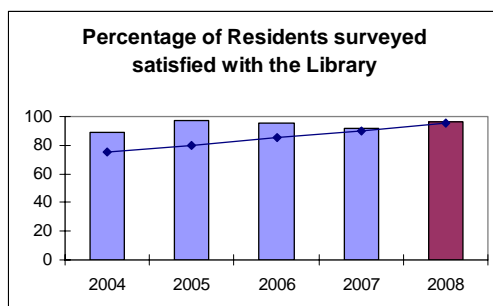
Roading

Council has developed a Kaikoura Strategic Transport Study, in conjunction with Land Transport NZ, which is vital to secure funds in the future for projects such as walkways and cycleways.

Building Control

"Council achieved BCA Accreditation in 2008, with the IANZ assessors noting that Council 'punched well above its weight' in terms of its performance"

Library



The library has expanded into the other half of the building, enabling it to enhance its displays and seating areas. This has alleviated the need for the library to relocate for the foreseeable future.

Water

"The Kaikoura Urban Water Supply has achieved a B grading from the Ministry of Health for its water source and treatment"

- ☆ Council's engineers are confident that the urban water supply would have achieved an "A" grading for its water, except that it did not meet certain advertising timeframes.
- ☆ Peketa water supply has a new treatment system, Oaro has increased storage capacity, Fernleigh a new bore, reservoirs and telemetry, and Kincaid will soon benefit from a series of new storage reservoirs.

Parks & Reserves

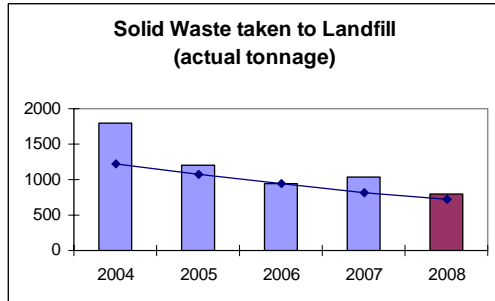
"The Bayview Street Playground received a facelift with new park furniture"

Sewerage

"Our sewerage system now has the capacity to cope with a permanent population of 5,000 people"

Highlights

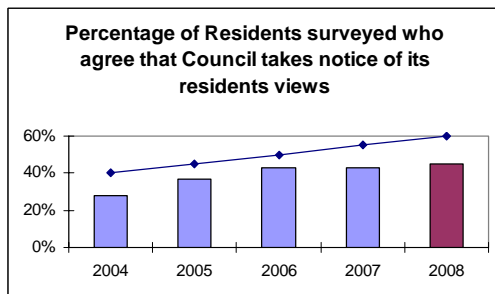
Refuse & Recycling



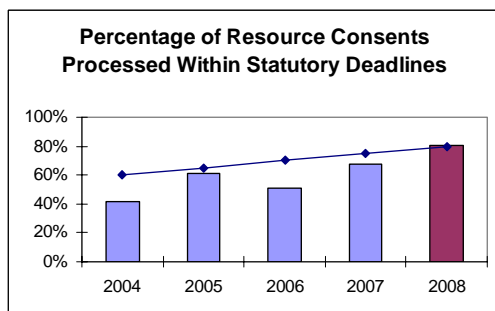
Stormwater

- ☆ A global stormwater consent has been obtained and a stormwater master plan has been developed, which will direct improvement requirements in the system over the next 10 years.

Community Leadership



Resource Consent Processing



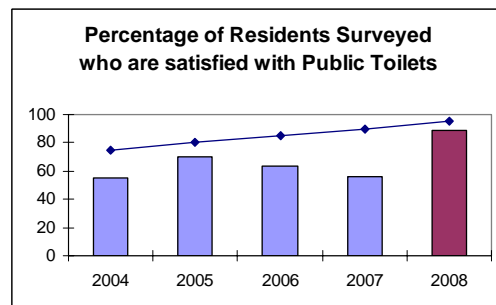
District Plan fully operative

The Kaikoura District Plan was adopted by Council and became fully operative in June 2008.

New Pensioner Housing

“Four new energy efficient housing units were substantially completed by the end of June 2008, and are fully tenanted”

Public Toilets



An increased satisfaction with our public toilets reflects the significant refurbishment of the West End toilets and the new toilets established at Mangamaunu.

Green Globe Certified!

“Certification has again been achieved – and we have exceeded almost every global best practice standard set by the Green Globe programme!!”

Highlights

Financial Highlights

- Total Equity has increased by almost \$3 million to reach over \$127 million.
- Our Total Surplus was \$2.9 million - \$1.4 million ahead of projections.
- During the year we received over \$1.1 million in grants and subsidies, and a further \$777k in development contributions; which gives us the confidence to progress our capital projects without drawing on rates revenue or raising new borrowings.
- Borrowing has reduced to \$4.1 million.
- Cash and Cash Equivalents increased by \$778k.
- Two Council properties on Beach Road are subject to a sale and purchase agreement, with the funds to be utilised for the proposed community facility project.
- Assets valued at over \$2.3 million were vested in Council during the year.
- Total assets have reached over \$133 million

Level of Achievement

Financial Performance	Groups of Activities	Service Measures Achieved
<input checked="" type="checkbox"/>	Roading	☹
<input checked="" type="checkbox"/>	Water Services	☺
<input checked="" type="checkbox"/>	Sewerage & Stormwater	☺
<input checked="" type="checkbox"/>	Refuse & Recycling (1)	☹
<input checked="" type="checkbox"/>	Community Facilities	☺
<input checked="" type="checkbox"/>	Commercial Activities (2)	☹
<input checked="" type="checkbox"/>	Leadership & Governance	☹
<input checked="" type="checkbox"/>	Regulation & Control	☹
<input checked="" type="checkbox"/>	Safety & Wellbeing	☹
<input checked="" type="checkbox"/>	District Development	☹

Financial Performance

- achieved planned operating surplus/(deficit)
 did not achieve planned operating surplus/(deficit)

Service Measures Achieved

- ☺ 75% to 100% achieved ☹ 50% to 75% achieved ☹ below 50% achieved

- (1) Targets for Refuse & Recycling have been set extremely high as Council aims for zero-waste, such as the percentage of waste diverted from landfill increasing by 5% per annum, and while these percentages are steadily increasing, the actual performance target has not been reached. Disappointingly this year the level of resident satisfaction with the resource recycling centre has dropped, as has the level of satisfaction with the absence of litter in public places.
- (2) As part of the targeted performance of the Commercial Activities, Council had planned to develop airport hangars, replace the North Wharf, establish boat parking protection works, and sell two of its properties. Council has since decided that private operators should develop the airport hangars, the North Wharf replacement had not commenced by the end of June, the boat park protection work is on hold pending agreement from the community, and the sale of the two buildings was not required, therefore none of these projects were completed in 2007/2008.

Summary Financial Statements

Summary Statement of Financial Performance & Movements in Equity for the year ended 30 June 2008

	2008 Budget \$	2008 Parent \$	2007 Parent \$	2008 Group* \$	2007 Group* \$
Operating Revenue	8,011,902	10,142,668	16,339,710	10,599,063	16,956,182
Interest Expense	369,561	315,773	306,011	346,554	325,674
Other Operating Expenditure	6,151,996	6,984,122	5,448,470	7,389,904	6,113,104
Surplus/(Deficit) before forestry adjustments	1,490,345	2,842,773	10,585,229	2,862,605	10,517,404
ECan share of MRF	-	40,098	(13,668)	40,098	(13,668)
Revaluation Gain/(Loss)	-	-	(46,202)	-	(46,202)
Tax Expense	-	-	-	-	-
Total Surplus/(Deficit)	1,490,345	2,882,871	10,525,359	2,902,703	10,457,534
Revaluation of assets	-	(48,793)	34,290,999	(48,793)	34,290,999
Net recognised revenues and expenses	1,490,345	2,834,078	44,816,358	2,853,910	44,748,533
Equity at the beginning of the year	114,904,126	124,298,975	79,482,617	124,302,224	79,553,691
Equity at the end of the year	116,394,471	127,133,053	124,298,975	127,156,134	124,302,224

Overall Council's Surplus is a pleasing \$1.4 million ahead of budget.

Summary Statement of Financial Position as at 30 June 2008

	2008 Budget \$	2008 Parent \$	2007 Parent \$	2008 Group* \$	2007 Group* \$
Current Assets	3,243,792	5,392,882	4,049,322	5,452,486	4,103,968
Non Current Assets	118,944,355	127,816,066	126,253,171	128,104,043	126,570,751
Current Liabilities	2,616,293	3,248,066	2,653,649	3,409,648	2,827,681
Non Current Liabilities	3,177,384	2,827,829	3,349,869	2,990,747	3,544,814
Equity	116,394,470	127,133,053	124,298,975	127,156,134	124,302,224

Total Equity exceeds budget by \$10.7m, almost entirely due to significant asset revaluations undertaken as at 30 June 2007 (after the budget forecasts were prepared).

* Group figures include Kaikoura Enhancement Trust and its 100% share of Innovative Waste Kaikoura Ltd

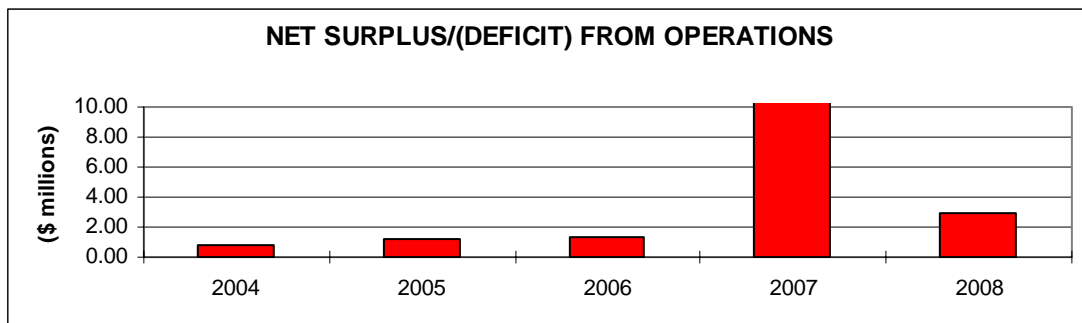
Summary Financial Statements

Summary Statement of Cash Flows for the year ended 30 June 2008

	2008 Budget \$	2008 Parent \$	2007 Parent \$	2008 Group* \$	2007 Group* \$
Operating Activities					
Receipts from Rates Revenue	3,882,894	3,891,069	3,491,850	3,891,069	3,491,850
Interest Received	82,784	262,572	164,911	262,607	165,183
Receipts from Other Revenue	4,060,639	3,426,883	5,634,700	3,883,443	6,204,364
Payments to Suppliers and Employees	(4,550,072)	(4,825,609)	(4,526,763)	(5,177,119)	(5,136,654)
Interest Paid	(369,561)	(320,049)	(305,193)	(350,830)	(324,856)
Goods & Services Tax (Net)	-	(30,043)	99,358	(27,404)	100,841
Net cash flow from operating activities	3,106,683	2,404,823	4,558,863	2,481,766	4,500,728
Net cash flow from investing activities	(1,832,801)	(1,488,385)	(3,109,295)	(1,498,106)	(3,108,163)
Net cash flow from financing activities	(83,137)	(138,159)	(232,130)	(155,797)	(262,318)
Net increase/(decrease) in Cash and Cash Equivalents	1,190,744	778,279	1,217,438	827,863	1,130,247
Cash & Cash Equivalents at the beginning of the year	881,673	2,064,585	847,147	1,999,675	869,428
Cash & Cash Equivalents at the end of the year	2,072,417	2,842,864	2,064,585	2,827,538	1,999,675

Positive cash flows from operations has again enabled Council to make significant investment in fixed assets, and to continue to also reduce term borrowings, reflecting the sustained growth of both Council and the district as a whole over the year.

Five Year Financial Performance



The 2004 and 2005 figures are not comparable with 2006 through 2008 as the latter have been prepared in accordance with NZ IFRS. The 2007 net surplus from operations included over \$6.8 million in vested assets (2008: \$2.3 million).

Notes to the Financial Statements

1. Accounting Policies

The Council has prepared the summary financial report in order to provide users with a snapshot overview of Council performance. The specific disclosures included in the summary financial report have been extracted from the full audited Annual Report 2007/2008, adopted by Council on 30 October 2008. That Annual Report received an unqualified opinion from Audit New Zealand. This summary financial report was authorised for issue by the Mayor on 30 October 2008.

Users of this summary financial report should note that information contained therein can not be expected to provide as complete an understanding as the full financial report. The full financial report is available from the Council on request, or online on Council's website www.kaikoura.govt.nz (under Council documents).

All figures shown in this summary are shown in New Zealand dollars and all values are rounded to the nearest dollar.

This summary report complies with NZ IFRS 43, Summary Financial Statements. The full financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Notes to the Financial Statements

2. Other disclosures

Commitments and Contingencies

	2008 Parent \$	2007 Parent \$	2008 Group \$	2007 Group \$
Non-cancellable operating leases as leasee	66,689	65,010	66,689	65,010
Capital commitments	1,477,628	-	1,477,628	-
Loan guarantee to Kaikoura Airport Services Ltd	160,000	160,000	160,000	160,000
Loan guarantee to Innovative Waste Kaikoura Ltd	-	372,500	-	372,500
Non-cancellable operating leases as lessor	193,133	151,939	193,133	149,139

Capital Expenditure

	NOTE	2008 Budget \$	2008 Parent & Group \$	2007 Parent & Group \$
Roading	1	394,973	599,367	327,069
Water Services	2	94,676	212,612	684,859
Sewerage & Stormwater	3	361,787	159,908	1,053,303
Refuse & Recycling		7,500	-	-
Community Facilities	4	914,873	1,042,523	256,568
Commercial Activities	5	59,450	21,521	122,492
Leadership & Governance		29,380	34,703	36,523
Regulation & Control		-	-	-
Safety & Wellbeing		-	14,215	7,399
District Development		-	-	-

- (1) The Middle Creek bridge replacement was carried over from 2006/2007 in order to obtain funding assistance from Land Transport NZ.
- (2) The Kaikoura township residents now benefit from a new ground water source with exceptional water quality; the Ministry of Health has awarded the supply a B grading for its water source and treatment. Funding from the Ministry has enabled upgrading of Oaro and Peketa water supplies, and the Kincaid and Fernleigh water supplies were also upgraded utilising cash reserves accumulated by those supplies.
- (3) Significant sewerage upgrades have been ongoing, this year development at the oxidation ponds ensures the system can cope with a population of 5,000 people.
- (4) Construction of four new pensioner units had been carried over from 2006/2007, and several other projects have been deferred to 2008/2009.
- (5) Provision had been made to develop aircraft hangars at the airport, however Council has at this stage decided that this type of development be undertaken by private developers.

Notes to the Financial Statements

Effects on the Community

Every decision Council makes, and every activity or service Council provides, has an impact on the social, economic, environmental and cultural wellbeing of the community.

For example the provision of potable water on demand is essential for many industries within the district to function; it is vital not only for agriculture, horticulture and fisheries, but also for tourism and retail activity. At the same time clean, pure, potable water is fundamental to the health and safety of all residents and visitors.

Council continues to lead the way on the road to zero waste and environmental sustainability, and has received national and international recognition for its success.

Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

**TO THE READERS OF KAIKOURA DISTRICT COUNCIL'S AND GROUP'S
SUMMARY ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

We have audited the summary annual report.

Unqualified Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the information reported in the summary financial statements 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 30 October 2008, on:

- the full financial statements; 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 that report. These responsibilities arise from the Local Government Act 2002.



John Mackey, Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
12 November 2008

