Kaikoura District Council

Annual Report Summary 2010/2011

A Word from the Mayor

It is now twelve months since the new Council was formed. While no major projects have been undertaken by Council there has been a continuation of planned infrastructure upgrading throughout the district including the board walkway around to the Seal Colony, cycle pathways along Scarborough Street and other areas around town and street light upgrades continue.

Innovative Waste continues to provide an excellent service for the community with a waste diversion rate of 73.4%. The community needs to continue to support and promote recycling.

I would like to thank all of those groups working away on the quiet and supporting the community, from those delivering meals to the building of walkways, painting etc.

Winston Gray
Mayor

Kaikoura District Council

Kaikoura District Council
34 Esplanade
P O Box 6
KAIKOURA
Ph: 03 319 5026
Fax: 03 319 5308
Email: kdc@kaikoura.govt.nz
Website:Kaikoura.govt.nz

EarthCheck Gold Certified 2010

This document provides an overview of Kaikoura District Council's operational and financial performance for the financial year ended 30 June 2011. 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 1 November 2011.

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

Welcome to the 2010/2011 Annual Report.

The 2010/2011 year has like the previous two years been one of steady as you go in the current economic climate. The Statement of Comprehensive Income shows a surplus of $438,000 for the year which was slightly ahead of the budgeted projection of $377,000 however, the bulk of this surplus is attributable to the substantial harvesting of Council's forest at Clarence.

Overall for the year ratepayer's equity increased by $438,000 which, although small, is a fair result in today's economic climate. Not withstanding that, Council was able to undertake some capital works this year and its total public debt only increased some $85,000 to $6,275,000.

The annual community surveys again highlighted that Council is doing an excellent job in eyes of the respondents in terms of maintaining its physical assets and providing a high level of service.

We will continue to look at upgrading Council's facilities and services in a sustainable manner that will enhance Kaikoura as a place to live, work and play.

Stuart Grant, Chief Executive Officer

Summary Financial Statements for the Year Ended 30 June 2011

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 the New Zealand equivalents to 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, rounded to the nearest dollar.

This summary was authorised for issue by the Chief Executive Officer and the Mayor on 15 November 2011.

	Council 2010/2011 Actual $	Council 2010/2011 Budget $	Council 2009/2010 Actual $	Group 2010/2011 Actual $	Group 2009/2010 Actual $
Summary Statement of Comprehensive Income					
Total Revenue	9,946,226	7,555,063	7,642,659	10,449,966	8,175,454
Total Expenses excluding Financing	9,076,732	6,695,861	7,496,514	9,522,277	7,942,957
Financing Expenses	418,363	481,780	441,812	438,369	454,453
Operating Surplus/ (Deficit)	**451,131**	**377,422**	**(295,667)**	**489,320**	**(221,956)**
Ecan Share Marlborough Reg Forestry Deficit	(22,013)	0	(28,094)	(22,013)	(28,094)
Net Surplus (Deficit)	**429,118**	**377,422**	**(323,761)**	**467,307**	**(250,050)**
Gains on Asset Revaluation	8,900	0	28,291,753	8,900	28,291,753
Total Comprehensive Income	**438,018**	**377,422**	**27,967,992**	**476,207**	**28,041,703**
Summary Statement of Movements in Equity					
Equity at start of year	154,291,102	132,426,546	126,323,110	154,609,384	126,567,681
Total Comprehensive Income	438,018	377,422	27,967,992	476,207	28,041,703
Equity at end of year	**154,729,120**	**132,803,968**	**154,291,102**	**155,085,591**	**154,609,384**
Summary Statement of Financial Position					
Total Current Assets	6,377,508	3,441,649	4,764,859	6,533,204	4,838,718
Total Non Current Assets	156,906,125	139,872,651	157,649,808	157,523,778	158,283,770
Total Assets	**163,283,633**	**143,314,300**	**162,414,667**	**164,056,982**	**163,122,488**
Total Current Liabilities	3,248,250	5,318,008	2,459,165	3,665,128	2,590,611
Total Non Current Liabilities	5,306,263	5,192,324	5,664,400	5,306, 263	5,922,493
Total Equity	154,729,120	132,803,968	154,291,102	155,085,591	154,609,384
Total Liabilities and Equity	**163,283,633**	**143,314,300**	**162,414,667**	**164,056,982**	**163,122,488**
Summary Statement of Cash Flows					
Net Cash from Operating Activities	3,233,835	2,026,865	2,193,163	3,312,122	2,374,159
Net Cash from Investing Activities	(5,496,104)	(4,102,882)	(2,589,951)	(5,543,608)	(2,937,675)
Net Cash from Financing Activities	34,250	1,449,579	797,250	74,852	937,105
Net Increase/ (Decrease) in Cash Held	**(2,228,019)**	**(626,438)**	**400,462**	**(2,156,904)**	**373,589**
Opening Cash at Start of Year	3,349,028	2,731,685	2,948,566	3,383,261	3,009,672
Closing Cash Balance	**1,121,009**	**2,105,247**	**3,349,028**	**1,226,357**	**3,383,261**

Year End Equity

The year end equity is split into the following reserves:

	2010/2011 COUNCIL $	2009/2010 COUNCIL $	2010/2011 GROUP $	2009/2010 GROUP $
Public Equity	87,165,928	87,177,500	87,522,399	87,495,782
Special Reserves & Special Funds	3,867,140	3,426,450	3,867,140	3,426,450
Asset Revaluation Reserves	63,696,052	63,687,152	63,696,052	63,687,152
	154,729,120	**154,291,102**	**155,085,591**	**154,609,384**

Major variances against budget

The financial year ended 30 June 2011 was a challenging one in terms of the local economy;

- There was the ripple effect of the global recession which resulted in fewer visitors to the district.
- A slow-down on new building and subdivision.
- While the major Canterbury earthquakes of September 2010 and February 2011 had a marked impact on activity across the board.

On the positive side, due to increased logging prices, Council undertook substantially more logging of its Clarence forest site than had been anticipated.

While Council's financial operating result for the year to 30 June 2011 was a $438,000 surplus, the bulk of this came from the logging at the Clarence forest, boosting revenue by over $2.2 million to Council (less logging expenses this represents a net return of close to $1 million). Other than this significant variance to budget for Commercial Activities, revenue and expenditure were at close-to-expected levels.

Commitments and Contingencies

	2010/11 Group $	2009/10 Group $
Non-cancellable operating leases as leasee	44,430	57,625
Capital commitments	151,565	537,940
Non-cancellable operating leases as lessor	15,280,246	15,420,138

Kaikoura Wharf Ltd, the lessee of the land and buildings at the North Wharf formerly occupied by Pacifica Fisheries, have secured a non-cancellable lease for 99 years so as to provide for a substantial new retail and accommodation development at the wharf. The amounts disclosed as non-cancellable operating leases as lessor (above) are stated at today's values, and do not take into account future rent reviews.

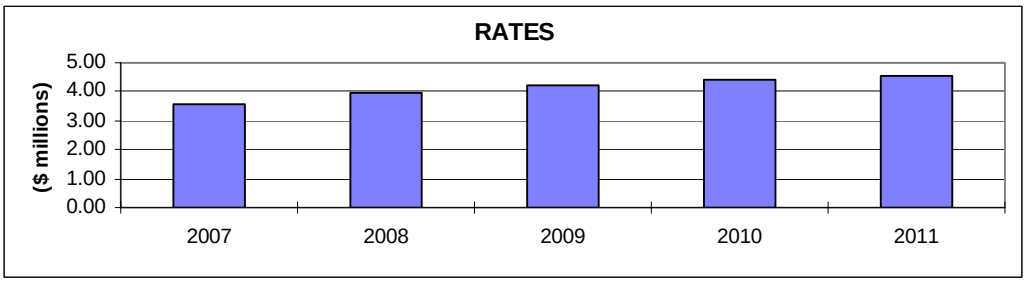
Housing NZ Corporation Funding

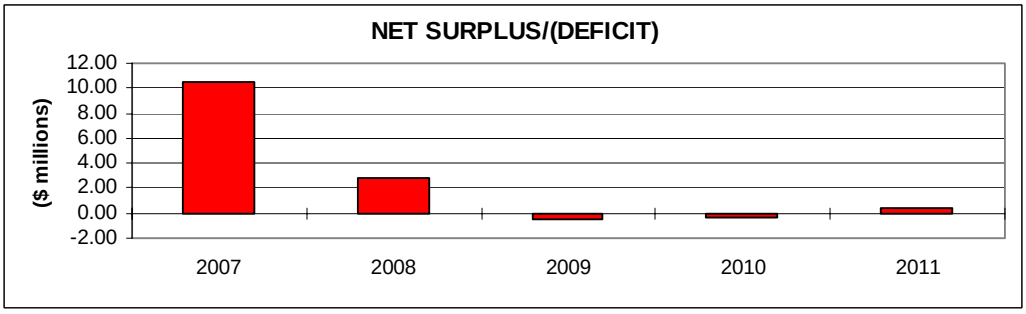
Housing New Zealand Corporation has provided $497,776 as at 30 June 2011 (2009/2010: $497,776) towards the construction of social housing. These advances would be payable if Council were to withdraw its investment in the joint funded social housing. These advances were stated as grant revenue in 2008/09.

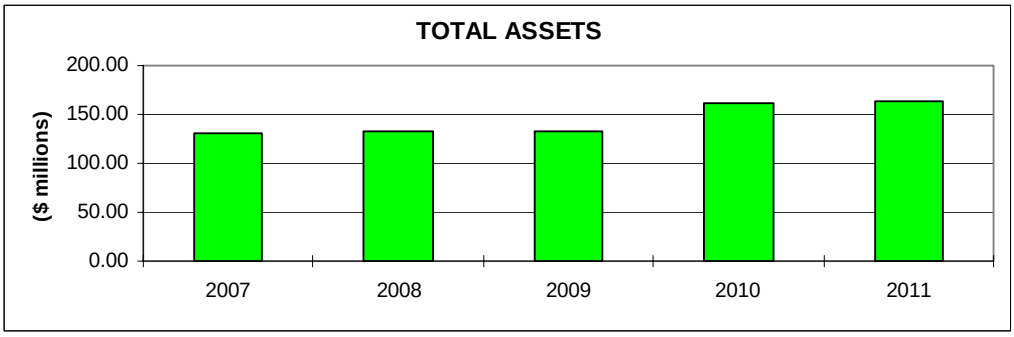
RiskPool

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" weather-tight homes claims and in 2009 and 2010 made a call to each member authority for funding assistance. In June 2011 a call of $35,888 was made (2009/2010: $35,888), this was paid in July 2011. That amount had been stated as a Current Portion of Provisions in 2010/2011 (Note 20 in the full Annual Report 2010/11). RiskPool has stated that further of $13,000 will be required in 2011/12.

Five Year Financial Performance





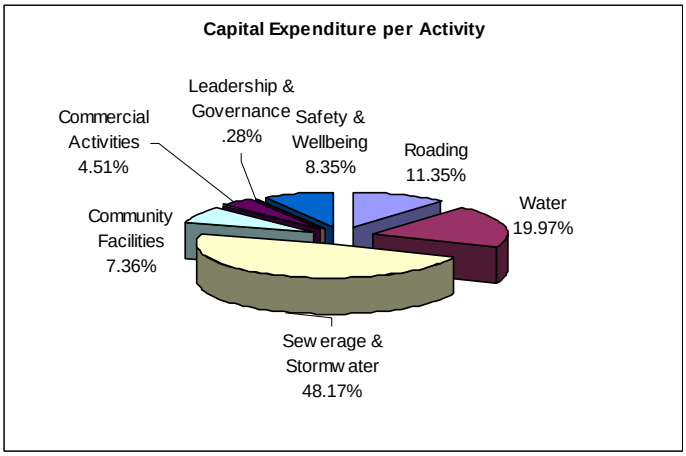


Capital Expenditure per Activity

Council spent a total of $1,891,509 on capital projects.

$429,928 was spent on the new aerated lagoon and $278,019 on sewer pipe renewals.

$148,352 were spent on new water storage reservoirs and $40,685 was spent on a new cartridge filtration and UV treatment system for the Kincaid Water Supply.



Council Activities

Council measures non financial performance against a number of measures (all of which are contained within the full Annual Report). Some of the key performance measures are as follows;

Roading

Target	Achievement
Satisfaction with:	
• 76% Urban Streets	• 81% satisfaction achieved.
• 58% Rural Roads	• 71% satisfaction achieved.
• 55% Footpaths & Cycleways	• 64% satisfaction achieved.
• 80% Streetlights	• 86% satisfaction achieved.
Based on the annual residents satisfaction survey	

Water Services

Target	Achievement
• Provide 16 hours storage capacity – Urban Supply.	• 16 hours storage available.
• 76% satisfaction with water services as determined by annual residents satisfaction survey	• 86% satisfaction achieved.

Sewerage & Stormwater

Target	Achievement
• Alarms, overflows and breaches of consent conditions are responded to within 1 hour of reporting or detection	• All incidents were responded to within 1 hour.
• 80% satisfaction with sewerage services, and	• 95% satisfaction achieved.
• 80% satisfaction with stormwater services as determined by annual residents satisfaction survey.	• 85% satisfaction achieved.

Refuse & Recycling

Target	Achievement
• 72% of waste material diverted from landfill • 80% of residents satisfied with the absence of litter in public places as determined by annual residents satisfaction survey.	• 73% of waste material diverted from landfill. • 33% satisfaction achieved up from 25% in 2009/2010.

Community Facilities

Target	Achievement
Satisfaction with • 80% Playgrounds • 80% Public Toilets • 80% Cemetery • 90% Library Based on the annual residents satisfaction survey.	• 97% satisfaction achieved. • 90% satisfaction achieved. • 96% satisfaction achieved. • 96% satisfaction achieved.

Commercial Activities

Target	Achievement
• 80% satisfaction with marina and wharf facilities as determined by annual residents survey. • All properties are fully leased • Forestry activities generate cash surpluses that are able to be used to offset the rate requirement, or to undertake strategic land purchases.	• 85% satisfaction achieved. • 80% of properties were leased. • 100% achieved.

Leadership & Governance

Target	Achievement
• Agendas for all public meetings are publicly available within statutory timeframes. • Annual Reports, Annual Plans and Long Term Community Plans are compliant with statutory requirements. • 51% of residents agree council takes notice of its resident's views as determined by the annual residents survey.	• All agendas were available within the statutory timeframes. • All documents were compliant • 56% agreement achieved.

Regulation & Control

Target	Achievement
100% processed within statutory timeframes • Resource consents • Building consents • Traffic infringements • Liquor Licensing	Percentage processed in statutory timeframes • 97% • 99.25% • 100% • 96%

Safety & Wellbeing

Target	Achievement
• 100% of volunteer rural fire force teams have been trained to minimum ground entry levels and equipped to national standards. • 99% of water samples pass drinking water standards. • 180 youth participating in youth skills projects.	• 100% achieved. • 99.6% achieved. • 206 youth participated in youth skills projects.

District Development

Target	Achievement
• 25 school leavers tracked into the workforce. • $66,930 paid out to community groups, clubs and organisations.	• 28 youth were tracked into the workforce. • $127,307 was paid out to community groups, clubs and organisations.

Independent Auditor's Report

To the readers of Kaikoura District Council and group's summary of the annual report for the year ended 30 June 2011

We have audited the summary of the annual report (the summary) as set out on pages 2 to 5 which was derived from the audited statements in the annual report of Kaikoura District Council (the District Council) and group for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 1 November 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, and summaries of the statement of comprehensive income, statement of movements in equity and statement of cash flows for the year then ended and other explanatory information; and
- the summary of the District Council and group's service provision information and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 1 November 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other that in our capacity as auditor we have no relationship with, or interest in, the District Council or any of its subsidiaries.

John Mackey,
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
15 November 2011

KAIKOURA
TOO GOOD TO WASTE