



Kaikoura District Council

Annual Report Summary 2012/2013

This document provides an overview of Kaikoura District Council's operational and financial performance for the financial year ended 30 June 2013. 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 31 October 2013.

This summary report cannot 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.

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Chief Executive Officer's Report

Welcome to the Annual Report Summary 2012/2013.

The recession and downturn that hit us six years ago, followed by the Canterbury earthquakes, are still having a major influence on our local economy and the circulation of money that flows from it. Having said that, Council made steady progress in upgrading our water and wastewater infrastructure which puts us in great stead going forward.

This year our Statement of Comprehensive Income showed a small deficit of \$183,000 compared to a small surplus of \$248,000 the previous year. The deficit was some \$781,000 less than the projected surplus of \$598,000.

The triennial revaluation of assets resulted in a net gain of \$5.6 million giving a bottom line surplus for the year of \$5.32 million. Council's financial position is healthy which has enabled us to carry on with infrastructural investment and upgrades.

The township's water supply was confirmed this year as having an "A" grading for water quality. We completed the construction of a new reservoir on the peninsula which now gives the town almost 24 hours of storage. In terms of sewerage, three new pump stations were constructed at Hawthorne Road, Gillings Lane and Mill Road.

We completed the walkway between the Whale Way Station and the Harakeke Mall, new steps and retaining walls were built in the Annie Boyd walkway, and the cemetery was extended.

The existing library was demolished this year to make way for the new Museum/Library/Council Office project; the construction of which is now in progress. The library service was relocated to the Harakeke Mall on Beach Road as a temporary measure.

Please take the time to read this report and if you require more information please do not hesitate to contact us.

Stuart Grant
Chief Executive

Summary Financial Statements for the Year Ended 30 June 2013

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 thousand dollars. This summary was authorised for issue by the Chief Executive Officer and the Mayor on 14 November 2013.

	Council			Group	
	2013	2013	2012	2013	2012
	Budget	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000	\$000
Summary Statement of Comprehensive Income					
Total Revenue	8,170	8,611	8,539	9,173	9,050
Total Expenses excluding financing	7,056	8,435	7,846	8,908	8,320
Financing expenses	516	359	445	371	461
Operating surplus/(deficit)	598	(183)	248	(106)	269
Ecan share of MRF surplus	0	(116)	(73)	(116)	(73)
Net surplus/(deficit)	598	(299)	175	(222)	196
Gains on asset revaluation	16,261	5,621	17	5,621	17
Total Comprehensive Income	16,859	5,322	192	5,399	213
Summary Statement of Movements in Equity					
Equity at start of year	155,661	154,921	154,729	155,299	155,086
Total Comprehensive Income	16,859	5,322	192	5,399	213
Equity at end of year	172,521	160,243	154,921	160,698	155,299
Summary Statement of Financial Position					
Current assets	4,332	7,831	6,600	7,970	6,705
Non-current assets	178,090	161,961	157,250	162,594	157,828
Total Assets	182,422	169,792	163,850	170,563	164,533
Current liabilities	3,664	4,043	3,375	4,184	3,485
Non-current liabilities	6,237	5,506	5,554	5,681	5,750
Equity	172,521	160,243	154,921	160,698	155,299
Total Liabilities & Equity	182,422	169,792	163,850	170,563	164,533
Summary Statement of Cashflows					
Net cash from operating activities	1,995	1,702	2,105	1,798	2,198
Net cash from investing activities	(6,038)	(3,519)	(337)	(3,623)	(357)
Net cash from financing activities	2,097	296	138	306	22
Net increase/(decrease) in cash held	(1,946)	(1,521)	1,906	(1,519)	1,864
Opening cash at start of year	4,762	3,027	1,121	3,090	1,226
Closing cash balance	2,816	1,506	3,027	1,571	3,090
Equity					
<i>Year end equity is split into the following reserves:</i>					
Public equity		87,648	87,243	88,103	87,621
Special reserves & special funds		3,261	3,965	3,261	3,965
Asset revaluation reserves		69,334	63,713	69,334	63,713
		160,243	154,921	160,698	155,299

Major variances against budget

Explanations for major variations from the Council's budget figures in the 2012-2022 Long Term Plan are as follows.

Statement of Comprehensive Income

Council's financial operating result for the year to 30 June 2013 was \$183,000 deficit. Several variations from budget occurred, in summary these were:

- Forestry asset valuation gains of \$840k
- Investment property asset valuation losses of \$617k
- Grant revenue of \$400k forecast for the museum/library/office building was not obtained
- Development contribution revenue was very light due to a sluggish economic recovery
- Better than expected performance from the Marlborough Regional Forestry joint venture
- Losses on disposal (demolition) of the library building of \$177k
- Roads, water supplies, sewerage and stormwater assets were revalued, adding \$6.7 million to the value of those assets (recognised in Other Comprehensive Income, not the operating deficit)
- Land and buildings devalued by \$1.1 million (recognised in Other Comprehensive Income, not the operating deficit).

Statement of Financial Position

- Construction of the new museum/library/office building had not commenced by balance date, and so has been carried over for a further year. The main impact is that cash balances held for the project are far in excess of the level budgeted.
- The Council intends to sell three properties; 20 Beach Road, 25 Beach Road, and the Pynes building in the West End, these have been transferred to assets held for sale.
- Sinking funds held to repay loans when they fall due have been paid out to Council in July 2013 (after balance date) to enable these funds to obtain higher rates of interest than would have been possible with the Public Trust. As a result, the non-current portion of other financial assets has been transferred to the current portion.
- The asset revaluations of roads, infrastructure, land and buildings was considerably less than had been forecast using inflation adjusters; the result is that the value of property, plant and equipment is almost \$14 million less than anticipated.
- The loans required to fund the museum/library/office building have not yet been drawn.

Statement of Cash Flows

Cash movements in this statement principally reflect reasonably strong revenues from operating activities, plus an increase in borrowing, enabling ongoing investment in critical Council infrastructure, particularly water, sewer and stormwater. While the Statement of Cash Flows shows a decrease of \$1.5 million, this included a transfer from Cash & Cash Equivalents to term deposits (Other Financial Assets).

Commitments & contingencies

Share Purchases

Council has applied for 10,000 shares at a cost of \$9,000 from the New Zealand Government Insurance Corporation Limited (Civic Assurance). The shares will be allocated after the issue closes on 13 December 2013.

Housing NZ Corporation Funding

Housing New Zealand Corporation has provided \$497,776 as at 30 June 2013 (2011/2012: \$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 2008/2009.

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 each year since 2009 has made a call to each member authority for funding assistance. In

2012/2013 no call was made (2012: \$35,887). RiskPool has advised that calls are unlikely to be made in 2014, and so no such provision applies in 2013.

Local Authority Protection Programme (LAPP)

The Council is a member of the Local Authority Protection Programme (LAPP). If there is shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then LAPP may make a call for additional contributions from its members. The Council’s financial exposure to this is up to five times of its annual insurance premium and up to a maximum of two times a year. Council is not aware of any calls for additional contributions from LAPP in the current year (2012: Nil).

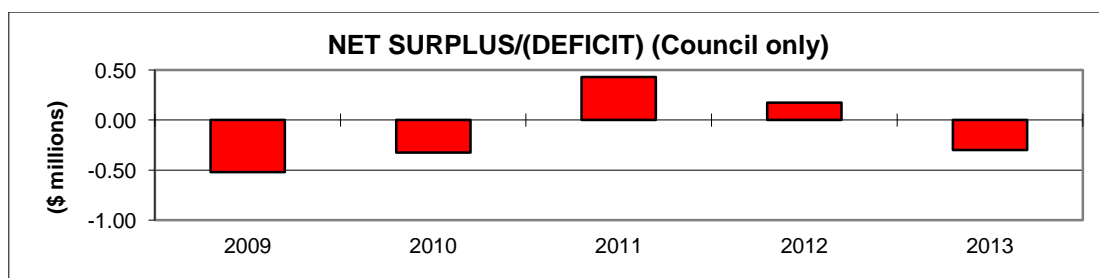
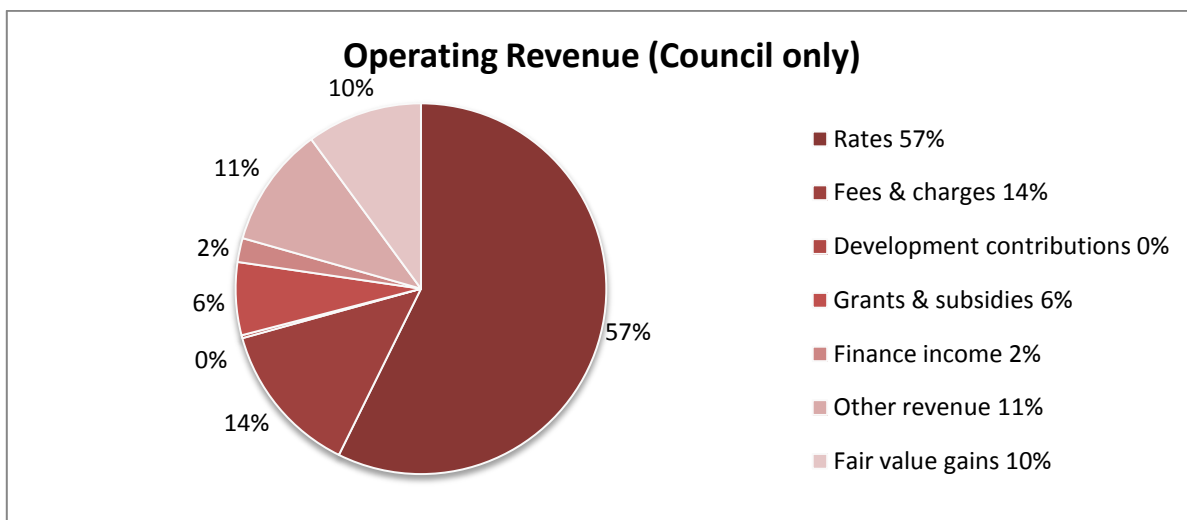
	Council		Group	
	2013 Actual \$000	2012 Actual \$000	2013 Actual \$000	2012 Actual \$000
Commitments & contingencies				
Non-cancellable operating leases as leasee	124	187	124	187
Capital commitments	1,095	292	1,095	292
Non-cancellable operating leases as lessor	15,620	15,325	15,634	15,325
	16,839	15,804	16,853	15,804

Post Balance Date Events

There have been no events subsequent to balance date that have significantly affected Council’s operating activities or its financial position.

Reclassification

The Council and Group has changed the presentation of items within income in the Income Statement and restated its class of assets to comply with the new presentation requirements of the Local Government (Financial Reporting Regulations 2011).



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 listed below.

Measure	Target	Actual	Achievement
Roading			
Resident satisfaction with:			
- Urban streets	85%	83%	No
- Rural roads	85%	69%	No
- Footpaths & cycleways	70%	64%	No
- Streetlights	90%	87%	No
Potholes shall be repaired within specified time frames			
- Strategic roads 2 days	100%	100%	Yes
- Local roads 7 days	100%	100%	Yes
- Unsealed roads 7 days	100%	100%	Yes
Water Services			
Ministry of Health grading for water quality and reticulation			
- Kaikoura Township	Ab	Ab	Yes
- Ocean Ridge	Bb	Bb	Yes
- East Coast	Cu	Bd	Yes
- Kincaid	Bb	Bb	Yes
- Oaro	Ec	Bc	Yes
- Peketa	Bb	Bb	Yes
Reservoirs provide adequate storage capacity			
- Kaikoura township	24 hours	22.8 hours	No
- Kincaid	24 hours	24 hours	Yes
Fire hydrants provide sufficient water pressure for fire fighting			
- Kaikoura township	100%	99.35%	No
- Ocean Ridge	100%	100%	Yes
Sewerage Services			
Number of complaints about odour	< 6	4	Yes
Percent of alarms for overflows responded to within 1 hour	100%	99.5%	No
Resident satisfaction with sewerage services	95%	87%	No
Stormwater			
Compliance with the conditions of system resource consents	100%	75%	No
Resident satisfaction with stormwater	90%	81%	No
Refuse & Recycling			
Weekly kerbside collection for Kaikoura township & Oaro	100%	100%	Yes
Resident satisfaction with the Resource Recovery Centre	80%	95%	Yes

Measure	Target	Actual	Achievement
Community Facilities			
Playground equipment meets NZ Standards in terms of safety	100%	100%	Yes
Resident satisfaction with the cemetery	80%	94%	Yes
Public toilets are cleaned per contract specifications	100%	100%	Yes
The number of library lending items per resident	4.7	6.07	Yes
The number of library book issues per annum	39,000	37,721	No
Resident satisfaction with sports fields	80%	96%	Yes
Swimming pool hours 11am-5pm, seven days per week, from November to March (excluding Christmas Day)	100%	79%	No
Airport and harbour facilities are fully leased	100%	100%	Yes
Commercial Activities			
Properties are fully leased	100%	75%	No
Leadership & Governance			
Rates increases on benchmark residential properties	< 3%	< 3%	Yes
Percent of residents surveyed who agree Council takes notice of residents views	58%	36%	No
Agenda's, Annual Plans, Annual Reports and Long Term Plans are compliant with statutory requirements	100%	100%	Yes
Regulation & Control			
Resource consents are processed within statutory timeframes	100%	97.8%	No
Building consents are processed within statutory timeframes	100%	99.3%	No
Dog and stock complaints are responded to within 24 hours	100%	100%	Yes
Number of complaints regarding dogs or stock	< 210	174	Yes
Safety & Wellbeing			
Percent of emergency operations centre staff participating in at least one Civil Defence training exercise	70%	0%	No
Percent of rural fire fighters trained at least to the minimum NRFA Unit Standard	90%	75%	No
Percent of food premises achieving high levels of compliance with statutory requirements	100%	60%	No
District Development			
Earthcheck Gold certification status is maintained every year	Achieved	Achieved	Yes
Water consumption in the urban area (per person)	< 310m3	248m3	Yes
Percent of waste material diverted from landfill	80%	76%	No
Greenhouse gas produced by energy consumption (per person)	< 4.5 tonnes	4.2 tonnes	Yes
Number of visitor (guest) arrivals per annum	202,801	299,065	Yes

The full Annual Report provides more information on performance measures for each group of activities.

Independent Auditors Report

**To the readers of
Kaikoura District Council and group's
summary of the annual report
for the year ended 30 June 2013**

HOPEFULLY THIS IS ONLY ONE PAGE

