KAIKŌURA DISTRICT COUNCIL

ANNUAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2026



Contents

GENERAL INFORMATION **3**

Kaikōura: A great place to live 4
2024/2025 Highlights, challenges, and achievements 5
From the Chief Executive 7
Statement of Compliance 9

COUNCIL ACTIVITIES **10**

What we do: Our groups of activities 11
Roading 13
Water supplies 19
Wastewater 30
Stormwater 36
Refuse & Recycling 40
Facilities 44
Leadership & governance 53
Building & regulatory 57
Community services 70
District development 82

FINANCIAL INFORMATION **91**

Financial overview **91**
Statement of Comprehensive Revenue & Expense **92**
Statement of Changes in Equity **93**
Statement of Financial Position **94**
Statement of Cash Flows **95**
Statement of Accounting Policies **96**
Notes to the Financial Statements **96**
Annual Report Disclosure Statement **149**
Funding Impact Statement **145**

OTHER INFORMATION **146**

Kaikōura Enhancement Trust **146**
Innovative Waste Kaikōura Ltd **146**
Māori Participation in Decision Making **148**
Auditor's Report **157**

General Information



Kaikōura: a great place to live

The Kaikōura District extends from the Haumuri Bluffs in the south to north of the Kēkerengū Valley in the north, covering 2,048 square kilometres of diverse and spectacular landscape. Framed by the Inland Kaikōura Range, which rises to 2,885 metres and remains snow-covered for much of the year, the district is defined by the dramatic meeting of mountains and sea.

Historically, the district's economy has been built on fishing, farming, and dairying. Today, these industries continue to play an important role alongside a thriving tourism sector that has established Kaikōura as a world-class visitor destination, attracting around one million visitors each year. Visitors and residents alike enjoy award-winning hospitality, locally produced food and products, and a range of internationally recognised attractions, including whale watching, swimming with dolphins and seals, surfing, golf, and other outdoor pursuits.

The district's marine environment is central to its identity and economy. The Kaikōura Canyon, which reaches depths of approximately 1,300 metres offshore, supports a remarkable diversity of marine life, including southern right and sperm whales, orca, dusky dolphins, and more than 200 other marine species. Together with the rugged coastline, it provides outstanding opportunities for recreation, fishing, and wildlife encounters.

The township of Kaikōura is situated on a peninsula that extends into the Pacific Ocean. According to Māori tradition, this is the place where Māui braced his foot while fishing up Te Ika-a-Māui, the North Island. Kaikōura has a rich cultural heritage and strong connections to both Māori and European history, with evidence of Māori settlement in the area dating back approximately 1,000 years. The name "Kaikōura" derives from "Te Ahi Kaikōura a Tama ki Te Rangi"—the fire at which Tama ki Te Rangi cooked a meal of crayfish. Over time, this was shortened to Kaikōura, with "kai" meaning food and "kōura" meaning crayfish.

Our District*	
Population (Census 2023)	4,215
Rateable properties	3,102
Total rating units (includes non-rateable properties)	3,367
Total capital value of district	$2,915,576,700
Total land value of district	$1,643,797,000

* On 30 June 2025

Our Council~	
Represented by	1 Mayor & 7 elected representatives
Total equity	$354,033,000
Total assets	$366,910,000
Number of staff	29 FTE
Utilities & services	8 Public water supplies 1 Sewerage system

** On 30 June 2026

2025/2026 Achievements and Challenges

Achievements and Progress

A major focus for the year was the successful establishment of the new joint water services organisation with Hurunui District Council. Significant planning, governance, operational and implementation work was undertaken throughout the year to ensure a smooth transition, culminating in a successful go-live on 1 July 2026. This represented one of the largest organisational changes undertaken by the Council in recent years and positions water services for the future.

The Council also successfully implemented its new enterprise resource planning (ERP) system. As with any major technology change, implementation created challenges and required significant effort from staff across the organisation. Pleasingly, core services to the community continued throughout the transition, and the new system provides a stronger platform for improved customer service, online transactions, reporting and operational efficiency.

Progress was made on a number of strategic projects that will support Kaikōura's long-term future. Work continued to implement the Economic Development Strategy, with a focus on supporting sustainable growth, attracting investment, and strengthening opportunities for local businesses and employment. Planning also commenced on a number of community-enabling projects, including development of a masterplan for Pohowero Park opposite Ocean Ridge and exploring future community and commercial opportunities at the former Lions Pool site.

A significant milestone was reached with the completion of the Wakatu Quay building project in December 2025. The project represents an important investment in the district's waterfront and supports the continued development of Kaikōura's visitor and commercial economy.

The Council continued to invest in critical infrastructure and community assets. Roading, footpaths, water, wastewater and stormwater networks remained a priority, alongside ongoing improvements to Council facilities and reserves.

The Council also worked closely with emergency services and community organisations following the October fires. Through activation of the Emergency Operations Centre and subsequent welfare support activities, staff assisted in coordinating community response and recovery efforts during what was a challenging period for many residents.

Community satisfaction remained strong. Independent survey results showed overall satisfaction with Council at 68%, significantly higher than the national benchmark of 50%. Satisfaction with Council services was 73%, while satisfaction with Council facilities remained strong. Encouragingly, satisfaction with the Mayor, Councillors and staff increased to 72%.

Challenges and Looking Ahead

Kaikōura continues to face a challenging operating environment.

One of the most significant challenges remains the recruitment and retention of specialist staff in areas requiring high levels of technical expertise, particularly planning, engineering, accounting and management. While the Council continues to attract quality people, competition for specialist professionals remains strong and can increase reliance on external expertise.

Proposed changes to resource management legislation, together with emerging opportunities such as the Government's Head Start initiative, are likely to influence future planning and growth decisions within the district. Council will continue to engage actively in these processes to ensure Kaikōura's interests are well represented.

The Council also recognises that there are areas where further improvement is required. While community satisfaction remains strong overall, residents continue to identify infrastructure, roads and affordability as key priorities. Independent survey results show satisfaction with roads remains at 55%, while waste and recycling services continue to receive lower satisfaction scores than national benchmarks. Communication and customer service also remain important focus areas for improvement.

Looking ahead, a key focus will be continuing to improve how customers interact with the Council through expanded online services. Building on the implementation of the new ERP system, the Council intends to progressively increase digital service offerings, making it easier for residents to access information, register dogs, submit applications, track requests and interact with the Council online.

From the Chief Executive

The 2025/2026 year was one of significant achievement, change and challenge for the Council and our district. While much of our focus remained on delivering the commitments outlined in the Long Term Plan 2024-2034, the year was also marked by major organisational, legislative and structural reforms that will continue to shape the future of local government for many years to come.

Following the 2025 local body elections, we welcomed three new Councillors to the Council table, Mark Redwood, Josh McInnes and Corrina Allen Smith. Their election has brought new perspectives and energy to Council decision-making, and I would like to thank all elected members for their commitment and leadership during a period of significant change.

A major milestone for the district was the completion of the Wakatu Quay building development in December 2025. This project represents a significant investment in Kaikōura's future and was made possible through strong collaboration between Council, Te Rūnanga o Kaikōura, government agencies, contractors and many members of our community. The completion of the building marks another important step in the ongoing revitalisation of the Wakatu Quay precinct and reflects what can be achieved when organisations work together towards a shared vision.

Another significant event during the year was the October 2025 fires. Council played an important role supporting Fire and Emergency New Zealand through the Emergency Operations Centre response and subsequently led recovery efforts alongside our community and partner agencies. While these events placed considerable pressure on staff and resources, they also demonstrated the resilience of our district and reinforced the importance of maintaining strong emergency management capability and preparedness.

A transformational piece of work for the organisation was the implementation of our new Enterprise Resource Planning (ERP) system, Datascape. The majority of Council's systems successfully went live on 1 July 2025, representing the culmination of several months of planning, procurement activity and investment. As expected with a change of this scale, implementation created disruption across many parts of the organisation as staff adapted to new processes and ways of working. I would like to acknowledge the tremendous effort shown by staff throughout this transition. Their commitment, adaptability and professionalism have been exceptional. The final Building and Planning modules were successfully implemented in June 2026 and we look forward to realising the benefits of enhanced system functionality, including improved online services, payment options and consent lodgement capabilities.

The year also saw substantial progress toward the establishment of our joint water services entity, Kaikōura Hurunui Water Services. Following extensive planning, consultation and implementation work undertaken in partnership with Hurunui District Council, the new entity commenced service delivery on 1 July 2026. This represents one of the most significant structural changes undertaken by Council in recent years and positions both districts to meet future regulatory and investment requirements for water services delivery.

The wider local government environment continued to evolve rapidly throughout the year. Significant reform of New Zealand's planning system progressed, with the long-standing Resource Management Act framework to be replaced by a new planning system. At the same time, Council continued to engage with the Government's Regional Spatial Planning and Head Start initiatives, both of which will influence future growth planning and infrastructure investment decisions across the district. Further reforms to emergency management legislation are also underway. Together, these reforms will require substantial ongoing work and place increasing demands on both our people and resources. Managing these changes while continuing to deliver core services remains a key challenge and focus for the organisation and will need to be worked through as part of the Long Term Plan 2027-2037.

Operationally, Council maintained delivery of services and infrastructure programmes across the district. Civil defence readiness remains a key strategic priority and further work was undertaken throughout the year to strengthen preparedness, response capability and organisational resilience.

Council also submitted applications for International Visitor Levy (IVL) funding to support a number of projects that will help address visitor-related infrastructure and service demands. We look forward to working with our partners and stakeholders to progress these opportunities during the coming year.

From a financial perspective, Council recorded an operating deficit of $2.86 million compared with a budgeted surplus of $10.1 million. While this variance appears significant, it was largely driven by losses on the timing of major capital projects, particularly the Infrastructure Acceleration Fund (IAF) programme. Delays in project delivery meant that approximately $10 million of expected capital grant revenue was not recognised during the year, as the associated expenditure had also not yet occurred. As a result, grant and subsidy revenue was substantially lower than budget, although the impact on Council's underlying financial position was largely offset by lower levels of capital expenditure. Total revenue for the year was $21.1 million compared with a budget of $30.2 million, while total expenditure was $24.0 million compared with a budget of $20.1 million. Council ended the year with borrowings of $9.3 million and total equity of $354.1 million. Despite the operating deficit, Council remains in a sound financial position and continues to maintain prudent levels of debt and liquidity within its planned levels and limits.

Overall, it has been another productive year for Council and the district. We have delivered important projects, successfully navigated emergencies, implemented significant technology and organisational changes, and laid the groundwork for future service delivery arrangements. None of this would have been possible without the dedication of our staff, elected members, contractors, volunteers, community organisations and partner agencies.

On behalf of Council, I would like to thank everyone who has contributed throughout the year. Kaikōura continues to achieve outcomes that exceed what might reasonably be expected from a small rural council, and that is a credit to the strength, commitment and resilience of our community. As we look ahead, we remain focused on delivering value for our residents while preparing for the significant opportunities and challenges that lie ahead.



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 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 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 2026 fairly reflect the financial position and operations of the Kaikōura District Council.

The annual report was adopted on 28 October 2026.



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 2024-2034 (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 supporting the Whale Trail.

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 Roading 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 5% per year.

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.

Council Surveys

The Council conducts annual resident satisfaction surveys to gather information to report against satisfaction performance measures for the Annual Report, and to support planning and decision making.

The surveys are conducted by SIL Research, using a survey questionnaire that has been consistently used since 2018. Research for 2025/2026 was conducted between 20 November 2025 and 29 January 2026. This year's responses at 373 are the highest response rate received to date.

SIL Research used a mixed methods approach to collect surveys across Kaikōura District Community members. A mixed-method approach included:

1) Postal survey. Using a ratepayer database, a hard copy of the survey was sent to 1,500 Kaikōura property owners and district residents. All postal surveys also included an online link to complete the survey.
2) Online. The survey was provided online via a link sent via Council email to a randomly selected sample of residents on the ratepayer database. This was also promoted via Council's Facebook page and media publicity, to increase survey awareness and allow both residents and community members to have their say.
3) Social media. The invitation advertisement was randomly promoted to Kaikōura District residents (available via SIL Research social media platforms, such as Facebook).
4) Telephone survey. Respondents were randomly selected from the publicly available telephone directories with Kaikōura District.

The mixed-method approach produced a relatively balanced proportion of paper-based and online submissions, with paper questionnaires boosting participation generally and the online campaign facilitating responses from younger residents.

Performance achievement

	Number of measures		
Year	2023/2024	2024/2025	2025/2026
Actual performance measure reported	85	97	96
Incomplete	-	-	-
Not available	-	-	-
Not applicable	2	3	2
Total performance measures	87	100	98
Performance measures accurately reported on	**98%**	**97%**	**98%**

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.

Roading

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 Roading group of activities includes.

- Roads & bridges
- Footpaths & cycleways
- Streetlights

The Council maintains 214km of local roads and 37 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 41.6km of footpaths and over 387 streetlights.

Key issues in the year to 30 June 2026

In addition to the normal ongoing routine road operational and maintenance activities key areas of focus during the year were continuing to address the backlog of reseals, drainage works and the upgrade of streetlight communication nodes.

The fuel crisis resulted in the deferral of the KDC footpath programme as prices were 60% more expensive than the previous year. It also resulted in some projects having upwards of a 25% fuel adjustment factor on their rates.

What we did

Substantial reseals were completed throughout the network with around 50% focused on the Inland Route, resulting in 71,637 square metres - equivalent to 8.87% of the sealed road network - being resurfaced this year.

Pavement rehabilitation was completed on Red Swamp Road and Scarbrough St totalling 5,551m2 which is 0.69% of the total sealed area.

Some of the key maintenance statistics were:

- 181km of unsealed road graded,
- 1,792m2 of stabilisation repaired,
- 3965m2 of crack sealing completed
- 6400m of high shoulder removal done

There was also a large amount of unsealed road surface renewals on Puhi Puhi Road, Blue Duck Valley Road, Lovers Lane, Factory Road and Grange Road. This resulted in 3,842m3 of new surface material being placed over these roads in addition to drainage improvements. The renewals resurfaced over 30% of the total unsealed road network area.

The new Jordan Bridge was installed replacing the temporary bailey bridge.

What we planned to do but didn't

The NZTA Board made the decision not to support further requests for an extension of time and additional funding under emergency works for the bridge replacement project for Waiau-Toa/Clarence Valley following the loss of the Glen Alton bridge.

Work has been now undertaken to consider next steps both in the immediate and longer-term solutions for the access.

Kaikōura self-funded footpath programme was not completed. Works were programmed for sections of Beach Road, Scarbrough Street, Brighton Street and Margate Street.

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	Improved condition of roads reduces operating and maintenance requirements of 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	910	-	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. Only the shared pathway was completed during the year.
IAF Project – Green Lane extension	1,763	333	
IAF Project – Mt Fyffe widening	-	-	
Ocean Ridge connection	4,490	183	
IAF Project – Rail crossing	3,717	64	
IAF Project – Shared pathway	-	22	
	10,880	**602**	
Upgrades to improve level of service:			
Road safety improvements	160	12	
Footpath improvements	250	23	
	410	**35**	
Jordan Stream Bridge	500	353	Jordan Bridge completed
Other bridge structures	100	16	Amphitheatre
Sealed surface renewals	587	920	Reseal Programme
Sublayer rehabilitation	330	343	Red Swamp Road and Scarborough Street
Unsealed surface renewals	176	191	
Drainage kerb and channel	155	70	
Traffic services	70	30	
	1,918	**1,630**	
Total capital projects	**13,209**	**2,267**	

Performance indicators

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The average quality of ride on the sealed local road network, measured by smooth travel exposure	88%	92%	91%	No
The average quality of ride on the sealed road network measured by NAASRA roughness	111	<95	82[#]	No

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.

The most recent HSD survey was completed in November 2025 and was undertaken before the resealing.

[#] The most recent survey is not the entire network, so the average roughness is not a true network wide representation.

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient and fit for purpose.	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 was introduced to address a backlog of surface renewal.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of the sealed network that is resurfaced per annum	7.2%	> 5%	8.7%	Yes

This measure is based on area sealed, not length of road (kilometres) sealed, as it provides a more realistic measure of network cover.

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient and fit for purpose	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of customer service requests relating to roading, footpath and associated faults responded to within timeframes: Urgent – 1 day [1] Other – 1 week	93%	> 90%	72% *	No

* Change of IT systems and resultant processes meant works were being completed but not actioned in the system initially. This issue has been resolved.

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Future We work with our community and our partners to create a better place for future generations	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 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[2]	-2	0	0	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)	1.8%	< 0.5%	2.5%	No

"NZTA's Crash Analysis System (CAS) is updated periodically. The comparative result has been updated to reflect the latest CAS data available at the reporting date and to correct an error identified in the previously reported 2024/2025 comparative result."

During the nighttime audit of signage, 45 regulatory signs failed inspection out of a total of 1,784 signs.

[1] Urgent issues are those which affect the safety of road users, such as slips, signs down, flooding/washouts, or trees/debris on the road. Other issues are those which can be prioritised within the contractor's monthly programme such as identified pothole, edge break, corrugation, or some other road surface defect.

[2] There were 3 serious injuries in FY2024, 1 serious injury in FY2025, and another 1 serious injury in FY2026, the actual result for 2024/2025 has been updated to reflect the movement in the number of serious injury crashes.

Community Outcome	How do Footpaths & Cycleways contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient and fit for purpose	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.	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of footpaths that are poor condition (grade 4 or 5)	8.7%	< 5%	8.7%	No
Resident satisfaction with footpaths (satisfaction with footpaths in the annual survey improves by at least 3% per annum)	69%	57%	69%	Yes

There has been no change in condition and satisfaction due there being no major footpath works undertaken during the year following the fuel crisis.

Community Outcome	How do Streetlights contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Environment We value and protect our environment	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 *(Titi)*, and also to night sky enthusiasts.	We need to find a balance between road user safety, and light pollution impacts on the Hutton's Shearwater *(Titi)*, which are disoriented by lights when they fledge, and can fall to the ground and be injured.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
Streetlights				
The percentage of streetlights not functioning during an audit of any part of the network	0%	< 1%	0%	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 2026

	2024/2025 Long-Term Plan $000	2025/2026 Long-Term Plan $000	2025/2026 Actual $000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	
Targeted rates	1,790	1,953	2,000
Subsidies & grants for operating purposes	645	658	974
Fees and charges	12	12	3
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	43	44	35
Total operating funding (A)	**2,490**	**2,667**	**3,012**
Application of operating funding			
Payments to staff and suppliers	1,695	1,729	1,467
Finance costs	161	215	193
Internal charges and overheads applied	157	170	234
Other operating funding applications	-	-	-
Total applications of operating funding (B)	**2,013**	**2,113**	**1,893**
Surplus/(deficit) of operating funding (A-B)	**477**	**553**	**1,119**
Sources of capital funding			
Subsidies & grants for capital expenditure	9,038	13,962	676
Development and financial contributions	2	7	15
Increase/(decrease) in debt	962	1,527	1,528
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	**10,001**	**15,495**	**2,219**
Application of capital funding			
Capital expenditure			
- To meet additional demand	6,439	5,550	-
- To improve the level of service	410	418	817
- To replace existing assets	3,603	10,010	1,621
Increase/(decrease) in reserves	26	70	900
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	**10,478**	**16,048**	**3,338**
Surplus/(deficit) of capital funding (C-D)	**(477)**	**(553)**	**(1,119)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**

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 must 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.

Key issues in the year to 30 June 2026

At a strategic level, the primary challenge during the year was operating within increasingly constrained budgets while continuing to meet growing regulatory, operational, and community expectations. Significant effort was required to prioritise expenditure, manage competing service demands, and ensure the continued delivery of essential water services within available funding limits.

At an operational level, the organisation remained highly reactive due to the impacts of ageing infrastructure, which resulted in an increased focus on responding to asset failures, maintenance requirements, and service disruptions. These challenges were further compounded by staff changes during the year, requiring the organisation to manage knowledge transfer, recruitment, and capability development while maintaining service continuity. Despite these pressures, efforts continued to improve operational practices, data management, and reporting processes to support regulatory compliance and informed decision-making.

What we did

Maintained consistent supplies of safe water on all schemes meeting or exceeding existing levels of demand.

Undertook various minor asset renewals or improvements.

What we planned to do but didn't

The renewal of pipework at the Ocean Ridge Water Treatment Plant, the sewer pipeline under SH1, and several water main renewal projects were deferred during the year. This was due to further scope validation requirements and the reallocation of approved renewal budgets to address emergency replacement of failed critical assets. The projects remain scheduled for delivery subject to funding and programme priorities.

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 affect 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
Renewal/replacement of existing assets:			
Kaikōura Urban Toby box and meter renewals	25	-	
Kaikōura Urban Water Point & Structures Renewals	141	67	
AC Pipe Renewal	30	-	
East Coast renewals	7	3	
Kincaid Treatment Upgrade	-		
Kincaid Renewals	13	37	
Kincaid Toby and meter renewals	9	-	
Fernleigh renewals	60	2	
Peketa renewals	9	-	
Oaro renewals	7	2	
Total major projects	**301**	**111**	

Performance indicators

The performance measures have been updated to provide reporting on the extent to which Council's drinking water supplies comply with the Drinking Water Quality Assurance Rules 2022 (revised 2024) set by the regulatory agency (Taumata Arowai) as explained in more detail below. Compliance is based on provision of data in compliance periods. One 15-minute instance of missing or deficient data will result in compliance failure for at least a day and, for many of KDC's supplies, for a whole month.

Compliance was independently assessed and verified by Matt Molloy Consulting Ltd.

The overall compliance percentages in the table below were based on population weightings of information on individual water schemes taken from the following table.

NZ Drinking Water Quality Assurance Rules

The assessment parameters have been defined by the Department of Internal Affairs (DIA). In June 2025, DIA provided clarification on the expected assessment and reporting methodology that is to be used for financial reporting. This is based on the Water Services Authority/Taumata Arowai process using an aggregate compliance rate methodology. Additional guidance was provided on what was expected to be assessed to meet drinking water performance measures.

The summary table and notes below are from the independent drinking water assessor's report for the period **1 July 2025 to 30 June 2026.**

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Future We work with our community and our partners to create a better place for future generations	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.

Compliance with NZ Drinking Water Quality Assurance Rules 1 July 2025 – 30 June 2026

Water supply	Size of supply	Performance measures / compliance assessed against	Bacterial	Protozoa	Distribution zone microbiological	Key reasons for not meeting full compliance
Peketa (1/7/25-31/12/25)	Small (26–100 people)	Level 1 Bacteriological Measures (a) 4.4 T1 Treatment Rules (b) 4.5 D1.1 Distribution System Rule Level 1 Protozoa Measures (a) 4.4 T1 Treatment Rules	100% All met	100% All met	100% All met	N/A
Peketa (1/1/26-30/6/26)	Small (26–100 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	100% All met	100% All met	100% All met	N/A
Fernleigh	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	87.5% Partially met	83.3% Partially met	100% All met	Protozoa: UV validated to DVGW using the setpoint approach, however UVT not monitored as required until Oct 2025 but fails whole year due to annual assurance rule (T2.10-e.1). Cartridge filter requirements also not met (T2.7-a) so fails for whole year. Bacterial: FAC less than 0.5mg/l on 10 Sep and 11 Nov 2025. Unfortunately, this is an assurance rule

						so fails T2.6-b for whole year.
Kaikoura East Coast	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	75% Partially met	91.7% Partially met	100% All met	Protozoa: UV validated to DVGW using the setpoint approach. Turbidity exceeded in July and Oct 2025. Unfortunately, this is an assurance rule so fails T2.6-a for whole year Bacterial: AC <0.5ppm in Aug and Dec 2025. Unfortunately, this is an assurance rule so fails T2.6-b for whole year. pH over 8 in all months from Jul 2025 – Jan 2026. Unfortunately, this is an assurance rule so fails T2.6-c for whole year.
Kincaid	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	75% Partially met	91.7% Partially met	100% All met	Protozoa: UV validated to DVGW using the setpoint approach, however UVT not monitored as required until Oct 2025 but fails whole year due to annual assurance rule (T2.10-e.1). Bacterial: FAC <0.5ppm in Nov and Dec 2025, Jan, Feb and Mar 2026. Unfortunately, this is an assurance rule so fails T2.6-b for whole year. pH over 8 in most months.
Oaro	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	87.5% Partially met	91.7% Partially met	100% All met	Protozoa: UV validated to DVGW using the setpoint approach, however UVT not monitored as required until Oct 2025 but fails whole year due to annual assurance rule (T2.10-e.1). Bacterial: FAC less than 0.5mg/l in Oct and Nov 2025 and Feb 2026. Unfortunately, this is an assurance rule

						so fails T2.6-b for whole year.
Ocean Ridge	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	87.5% Partially met	91.7% Partially met	100% All met	Protozoa: UV validated to DVGW using the setpoint approach, however UVT not monitored as required until Oct 2025 but fails whole year due to annual assurance rule (T2.10-e.1). Bacterial: FAC less than 0.5mg/l in Oct and Nov 2025 and Feb 2026. Unfortunately, this is an assurance rule so fails T2.6-b for whole year.
Kaikoura	Large (>500 people)	Level 3 Bacteriological Measures (h) 4.10.1 T3 Bacterial Rules (j) 4.11.5 D3.29 Microbiological Monitoring Rule Level 3 Protozoal Measures (i) 4.10.2 T3 Protozoal Rules	85.7% Partially met	75% Partially met	100% All met	Protozoa: UV validated to UVDGM using the calculated dose approach. UVT meter not accurate during compliance period. Manual monitoring suggests everything was in order but can't demonstrate UVT rules Bacterial: UV validated to UVDGM using the calculated dose approach. Comments as above.

Notes

- The Council has revised the presentation of its drinking water compliance results to report compliance for the treatment plant and distribution zone separately, rather than as a combined result. This provides greater clarity over compliance at each stage of the water supply.
- As a result of this change, the comparative results for the prior year have been restated to be presented on the same basis as the current year. The restatement relates to the presentation of the reported performance results and does not change the underlying water supply performance for the prior year.
- For Peketa, the current-year results are reported separately for the period up to 31 December 2025 under the Level 1 Rules and from 1 January 2026 under the Level 2 Rules, reflecting the applicable compliance requirements for each period.
- The table also identifies the size of each water supply and the performance rules against which compliance has been assessed.
- The outcome for each treatment plant and distribution zone is summarised in the table above. This is for the period 1 July 2025 – 30 June 2026. Bacterial and protozoa compliance at the treatment plant is assessed each day, the distribution zone is assessed each month
- The % relates to the overall compliance against all appropriate rules for that category (appropriate meaning those rules that DIA have specifically identified in the guidance material)
- 100% = All met, 95-99.9% = Almost met, 0.01-94.99% = Partially met, 0% = None met.

- The Kaikōura Airport drinking water supply no longer meets the definition of a small supply and was therefore excluded from the drinking water performance measure assessment for 2025/26.

* Technical issues with some of the monitoring instruments, along with some small exceedances of the pH, turbidity and chlorine in the medium supplies prevented full compliance in the treatment plants for the 2025/2026 period. Distribution zone compliance was fully met.

The summary table and notes below are from the independent drinking water assessor's report for the period **1 July 2024 to 30 June 2025**

Compliance with NZ Drinking Water Quality Assurance Rules 1 July 2024 - 30 June 2025						
Water supply	**Size of supply**	**Performance measures / compliance assessed against**	**Bacterial**	**Protozoa**	**Distribution zone microbiological**	**Key reasons for not meeting full compliance**
Peketa	Small (26–100 people)	Level 1 Bacteriological Measures (a) 4.4 T1 Treatment Rules (b) 4.5 D1.1 Distribution System Rule Level 1 Protozoa Measures (a) 4.4 T1 Treatment Rules	100% All met	100% All met	100% All met	N/A
Kaikoura Airport	Small (26–100 people)	Level 1 Bacteriological Measures (a) 4.4 T1 Treatment Rules (b) 4.5 D1.1 Distribution System Rule Level 1 Protozoa Measures (a) 4.4 T1 Treatment Rules	100% All met	100% All met	100% All met	N/A
Fernleigh (1/7/24 – 31/12/24	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	100% All met	100% All met	100% All met	N/A
Fernleigh (1/1/25 – 30/06/25)	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	96% Almost met	100% All met	100% All met	Bacterial: 17/2, 28/2 and 13/3 had FAC below 0.5, but above 0.4ppm. T2.6-b has an annual compliance period so any single failure results in the entire year failing for that section. However for consistency across the compliance period a monthly compliance period has been used.
Kaikoura East Coast (1/7/24-31/12/24	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	95.8% Partially met	100% All met	100% All met	Bacterial: FAC <0.5ppm in Oct, Nov & Dec 2024. Overall compliance

Kaikoura East Coast (1/1/25-30/6/25)	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	93.8% Almost met	98.6% Almost met	100% All met	Bacterial: FAC <0.5ppm in March, April & May 2025. Protozoa: UV validated to DVGW using the setpoint approach. Single instance of 10.2 NTU recorded on 9/5/25 so May month failed to be met.
Kincaid (1/7/24 – 31/12/24)	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	94.5% Almost met	100% All met	100% All met	Bacterial: FAC<0.5ppm Sept, Oct, Nov and Dec 2024.
Kincaid (1/1/25-30/6/25))	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	93.7% Almost met	97.1% Almost met	100% All met	Bacterial: Positive E.coli detected at plant on 22/1/25. Failure for E.coli for Jan 2025. FAC<0.5ppm in Feb & March 2025 so T2.6b fails for 2 months. Protozoa: Positive E.coli detected at plant on 22/1/25. Failure for E.coli for Jan 2025. Also turbidity 9.78NTU on 3/1/25, so Jan fails under T2.6a.
Oaro (1/7/24-31/12/24)	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	98.6 Almost met	100% All met	100% All met	Bacterial: FAC<0.5ppm in Nov 2024.
Oaro (1/1/25-30/6/25)	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	95.9% Almost met	100% All met	100% All met	Bacterial: FAC<0.5ppm in Jan & Feb 2025
Ocean Ridge (1/7/24-31/12/24)	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules	100% All met	100% All met	100% All met	N/A

		(d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules				
Ocean Ridge (1/1/25-30/6/25)	Medium (101–500 people)	Level 2 Bacteriological Measures (c) 4.7.1 T2 Treatment Monitoring Rules (f) 4.7.4 T2 Chlorine Rules (g) 4.8 D2.1 Distribution System Rule Level 2 Protozoal Measures (c) 4.7.1 T2 Treatment Monitoring Rules (d) 4.7.2 T2 Filtration Rules (e) 4.7.3 T2 UV Rules	93.7% Almost met	100% All met	100% All met	Bacterial: FAC<0.5ppm in Jan, Feb and Mar 2025
Kaikoura	Large (>500 people)	Level 3 Bacteriological Measures (h) 4.10.1 T3 Bacterial Rules (j) 4.11.5 D3.29 Microbiological Monitoring Rule Level 3 Protozoal Measures (i) 4.10.2 T3 Protozoal Rules	100% All met	100% All met	100% All met	N/A

Notes

- The outcome for each treatment plant and distribution zone is summarised in the table above. This is for the period 1 July 2024 – 30 June 2025. Bacterial and protozoa compliance at the treatment plant is assessed each day, the distribution zone is assessed each month
- The % relates to the overall compliance against all appropriate rules for that category (appropriate meaning those rules that DIA have specifically identified in the guidance material)
- 100% = All met, 95-99.9% = Almost met, 0.01-94.99% = Partially met, 0% = None met.
- To ensure consistency across the reporting period, for level 2 supplies a monthly compliance period has been used for 2025.
- The Drinking Water Quality Assurance Rules 2022 were amended for very small, Level 1 and Level 2 drinking water supplies, with the revised requirements taking effect from 1 January 2025. As a result, compliance for the 2024/25 year has been assessed and reported separately for 1 July to 31 December 2024 under the previous requirements, and 1 January to 30 June 2025 under the revised requirements.

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Environment We value and protect our environment	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.	It is important that water is not lost through poorly maintained or old leaking pipe networks. It is equally important that people take a conservative approach in the amount of water they consume.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of real water loss from networked reticulation systems[2]	34%	< 30%	19.8%	Yes
The average consumption of drinking water per day per resident[3]	355 litres	< 400 litres	396 litres	Yes

[2] Where such measurement is realistically achievable. On some rural supplies the lack of user water meters and 'trickle feed' supply arrangements prevent this.

[3] Within the Kaikoura urban supply area only; annual total quantity from Mackles x (1-estimated water loss %) / census population * 365

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 30% real water loss is applied where such measurement is realistically achievable. On rural supplies the trickle feed supply arrangements prevent this.

The average consumption measure is an estimate 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?
Services Our services and infrastructure are cost-effective, efficient, and fit for purpose	The Council and our contractors respond promptly to reported problems or issues with our water supplies	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
Fault response times:				
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:				
Attendance for urgent[4] callouts, from the time that the local authority receives notification to the time that service personnel reach the site	0.25 hour	< 2 hours	0.33 hour	Yes
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	0.75 hour	< 12 hours	0.33 hour	Yes
Attendance for non-urgent callouts, from the time we received notification to the time that service personnel reach the site	0.5 hour	< 48 hours	0.5 hour	Yes
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	0.75 hour	< 7 days	1 hour	Yes

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

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	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.	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.

	2024/2025 Actual [5]	2025/2026 Target	2025/2026 Actual	Achieved?
Complaints and requests for service:				
The number of complaints received about drinking water ***clarity***, per year per 1,000 connections	0.9	No more than 13 complaints about these issues in total (per 1,000 connections)	0	No
The number of complaints received about drinking water ***taste***, per year per 1,000 connections	0		0	
The number of complaints received about drinking water ***odour*** per year per 1,000 connections	0		0	
The number of complaints received about drinking water ***pressure or flow***, per year per 1,000 connections	2.2		3.4	
The number of complaints received about drinking water ***continuity of supply***, per year per 1,000 connections	9.9		14.8*	
The total number of complaints received per year about the Council's response to any of these issues, per 1,000 connections	0		0.4	
TOTAL	**12.9**		**18.6**	

The total number of water complaints or service requests relating to these issues was 44 (2025: 30). This is the equivalent of 18.6 complaints per 1,000 properties connected to the Council water supplies (2025: 12.9 per 1000 connections).

The total number of properties connected to Council water supplies is 2,365 (2025: 2,320).

* 35 complaints (or 14.8 per 1000 properties) were received about continuity of supply. The majority of these were received from Kincaid Rural Water Supply customers and resulted in the restrictor being removed to refill the water tank.

[5] The 2024/2025 comparative result has been restated to include complaints and service requests received by the Council and its service provider, Innovative Waste Kaikoura.

Funding Impact Statement: Water supplies

For the year ended 30 June 2026

	2024/2025 Long-Term Plan $000	2025/2026 Long-Term Plan $000	2025/2026 Actual $000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,651	1,910	1,965
Subsidies and grants for operating purposes	-	-	98
Fees and charges	11	11	3
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	**1,662**	**1,921**	**2,067**
Application of operating funding			
Payments to staff and suppliers	1,048	1,109	1,410
Finance costs	-	-	-
Internal charges and overheads applied	426	464	488
Other operating funding applications	-	-	-
Total applications of operating funding (B)	**1,474**	**1,573**	**1,898**
Surplus/(deficit) of operating funding (A-B)	**188**	**348**	**169**
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	4	8	11
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	**4**	**8**	**11**
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	126	-	-
- To replace existing assets	213	379	149
Increase/(decrease) in reserves	(147)	(22)	30
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	**192**	**357**	**179**
Surplus/(deficit) of capital funding (C-D)	**(188)**	**(348)**	**(169)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**

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 & solids disposal systems can cope with a peak demand of 7,500 people, which is ample capacity to serve our community for the foreseeable future.

The wastewater treatment and disposal facility also serve 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 2026

The key issue remained addressing the abatement notices issued by Environment Canterbury in June 2023, relating to a historical unconsented discharge, completion of an odour management plan, pond management, record keeping, and monitoring requirements. While progress was made on corrective actions, compliance activities continued to require significant operational focus.

Staff turnover, high reactive workloads, and an increasing number of failures of ageing critical assets constrained operational capacity during the year. As a result, resources were prioritised towards emergency renewals and maintaining essential services, delaying the delivery of some planned renewal programmes.

What we did

In addition to the ongoing routine operation, maintenance, and renewal of the wastewater system, we engaged Stantec consultants to apply for new resource consents for the Wastewater Treatment Facility. This process will secure suitable long-term resource consents for the continued operation of the facility.

Further work was also completed, including:

- Electrical and pump upgrades at the Hawthorne Road and Gillings Lane pump stations as part of the IAF Programme.

Concerns regarding odour from the Council's wastewater system were addressed at several private properties.

Additionally, a review of stock truck effluent operations and disposal was conducted.

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 occasional localised issue
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 the level of service:			
Wastewater treatment	5	81	
	5	**81**	
Renewal/replacement of existing assets:			
Wastewater pump station renewals	50		
Wastewater pipe renewals	25	256	
Esplanade Rd pump station	75		
Churchill St pump station	75		
Odour Control Renewals	5		
Wastewater Structure renewals	46		
	276	**256**	
	281	**337**	

Performance indicators

Community Outcome	How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Environment We value and protect our environment	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of dry weather sewage overflows, expressed per 1,000 sewer connections	2.9 [6]	0	3.3 *	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	0	0	0	Yes
- 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

* There were 6 dry weather sewage overflows (2025: 5). These were caused by 4 pipe blockages, 1 pipe break and 1 pump blockage. There are 1,802 sewerage connections (2025: 1,749).

During 2024/25, Environment Canterbury assessed the Council's wastewater treatment operations and identified two significant non-compliances relating to resource consent conditions at the Kaikōura Wastewater Treatment Plant, these are still relevant to 2025/2026 as detailed below:

These related to:

1. **Consent CRC941111**

   This consent relates to the discharge of treated wastewater contaminants from the Kaikoura Wastewater Treatment Plant to land, at or about map reference O31:667-711.

   Key issues identified included Exceedance of the permitted daily discharge of 2,500 cubic metres per day and dissolved oxygen readings results are still under the consented value of 2 grams per cubic meter. In ECAN's report, there were also concerns regarding the operations of the anaerobic lagoon contradicting the principles of how an anaerobic lagoon should perform. The significant non-compliance relates to the discharge of unfiltered and largely untreated stock effluent and septage into the oxidation pond, which very likely undermines the ability to meet discharge quality limits as specified by this consent.

2. **Consent CRC050316**,

   This consent relates to discharging contaminants to air and undertaking activities within the coastal hazard zone relating to the construction of a new anaerobic lagoon to be constructed at the existing Kaikoura Wastewater Treatment Plant.

   Key issues/conditions included the reinstating of the inlet pipe, establishing of a scum mat, how discharges should be occurring beneath the scum may, and how discharges should not cause any odour that is offensive or objectionable. KDC was also required to develop and implement an action plan, undertake remedial actions to restore, provide evidence of actions taken, and update its Odour Management Plan with measures to establish or re-establish the scum mat.

[6] The 2024/2025 result has been restated to include complaints received by the Council and its service provider, Innovative Waste Kaikoura.

The Council acknowledges these non-compliances and has been working with Environment Canterbury to address the underlying issues. Actions include developing and implementing improvement plans for wastewater treatment processes, reviewing monitoring and operational practices, investigating infrastructure and process upgrades, and progressing consent applications and long-term wastewater treatment improvements. These actions are intended to improve compliance performance and support the ongoing protection of public health and the environment.

Community Outcome	How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Services** Our services and infrastructure are cost-effective, efficient and fit for purpose	The Council and its contractors respond promptly to reported problems or issues with its wastewater services.	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
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	0.21 hour	< 1 hour	0.37 hour	Yes
Resolution time: From the time the local authority receives notification to the time that service personnel confirm resolution of the blockage or other fault	1.25 hours	< 24 hours	1 hour	Yes

Community Outcome	How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	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.

	2024/2025 Actual [7]	2025/2026 Target	2025/2026 Actual	Achieved?
Complaints and requests for service				
The number of complaints received about sewage ***odour***, expressed per 1,000 connections[8]	2.9	Less than 20 complaints about these issues in total (per 1,000 connections)	2.2	Yes
The number of complaints received about sewage ***system faults***, expressed per 1,000 connections	0		2.8	
The number of complaints received about sewage system ***blockages***, per 1,000 connections	0		5.0	
The number of complaints received about the Councils (or the Councils service providers) ***response to the above issues***, per 1,000 connections[9]	0		0.6	
TOTAL	**2.9**		**10.6**	

The total number of wastewater complaints or service requests relating to these issues was 19 (2025: 5). This is the equivalent of 10.6 complaints per 1,000 properties connected to the Council water supplies (2025: 2.9 per 1000 connections).

There are 1,791 wastewater connections (2025: 1,749).

[8] The 2024/2025 comparative result has been restated to include complaints received by the Council and its service provider, Innovative Waste Kaikoura.
[9] The performance measure has been amended in the annual report to conform with the mandatory Non Financial Performance Measure Rules 2024.

Funding Impact Statement: Wastewater

For the year ended 30 June 2026

	2024/2025 Long-Term Plan $000	2025/2026 Long-Term Plan $000	2025/2026 Actual $000
Sources of operating funding			
General rates, UAGCs, rates penalties	10	11	13
Targeted rates	1,217	1,257	1,401
Subsidies & grants for operating purposes	20	21	20
Fees and charges	29	30	83
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees and other	-	-	-
Total operating funding (A)	**1,276**	**1,318**	**1,517**
Application of operating funding			
Payments to staff and suppliers	575	599	817
Finance costs	3	4	5
Internal charges and overheads applied	356	387	435
Other operating funding applications	-	-	-
Total applications of operating funding (B)	**934**	**990**	**1,256**
Surplus/(deficit) of operating funding (A-B)	**341**	**328**	**260**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	3	12	26
Increase/(decrease) in debt	100	(2)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	**103**	**11**	**26**
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	
- To improve the level of service	100	5	-
- To replace existing assets	379	283	338
Increase/(decrease) in reserves	(35)	50	(52)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	**444**	**338**	**286**
Surplus/(deficit) of capital funding (C-D)	**(341)**	**(328)**	**(260)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**

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, channels and sumps are maintained as part of the roading assets.

Key issues in the year to 30 June 2026

There were no significant physical issues with the stormwater system during the year. The focus for the year was instead on administrative matters that would address the abatement notice issued by Environment Canterbury in June 2023.

What we did

During the year Council provided Environment Canterbury with the necessary water quality data and updated management plans required to address the abatement notice.

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
Improve level of service:			
Stormwater pipe upgrades	5	-	
Renewal/replacement of existing assets:			
Stormwater pipe replacement	5	-	
	10	**-**	

Performance indicators

Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 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?
Environment We value and protect our environment	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 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	0	Yes
- 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	Council does not meet the reporting threshold for this performance measure – see the definition of major flood protection below[10]			

[10] ***Major flood protection and control work*** for the purposes of the performance measure mandated by the Non-Financial Performance Measures Rules (2024), 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 budget, 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, the required data, the activity management plan and the yearly management plan. Quality testing as required is being undertaken to ensure compliance to the consent and abatement notice.

Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Services** Our services and infrastructure are cost-effective, efficient and fit for purpose	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 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?
 **Development** We promote and support the development of our economy	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.

	2024/2025 Actual[11]	2025/2026 Target	2025/2026 Actual	Achieved?
Complaints and requests for service				
The number of ***complaints*** received about the performance of the stormwater system, expressed per 1,000 connections	0.9	< 3	3.2	No

There are 1,883 properties connected to the Kaikoura stormwater system (2025: 1,862), and 6 complaints received about the performance of the stormwater system (2025: 2).

[11] The 2024/2025 result has been restated to include complaints received by the Council and its service provider, Innovative Waste Kaikoura.

Funding Impact Statement: Stormwater

For the year ended 30 June 2026

	2024/2025 Long-Term Plan $000	2025/2026 Long-Term Plan $000	2025/2026 Actual $000
Sources of operating funding			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	110	126	115
Subsidies & grants for operating purposes	-	-	-
Fees and charges	2	2	-
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees and other	-	-	-
Total operating funding (A)	**112**	**128**	**115**
Applications of operating funding			
Payments to staff and suppliers	62	73	83
Finance costs	-	-	-
Internal charges and overheads applied	51	55	52
Other operating funding applications	-	-	-
Total applications of operating funding (B)	**112**	**128**	**135**
Surplus/(deficit) of operating funding (A-B)	**-**	**-**	**(20)**
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	2	5
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	**-**	**2**	**5**
Applications of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	5	5	-
- To replace existing assets	5	5	-
Increase/(decrease) in reserves	(10)	(8)	(15)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	**-**	**2**	**(15)**
Surplus/(deficit) of capital funding (C-D)	**-**	**-**	**20**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**

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 2026

The key issues for the year continued to be focussed on the reconfiguration of the Resource Recovery Centre (RRC) and landfill site in Kaikōura following the cessation of landfilling operations in July 2022 as a result of the site approaching capacity.

What we did

A substantial quantity of material has been stockpiled around the site for future use in the capping of the site.

Another change that affected services during the year was the introduction by central government of requirements for councils to provide a standardised range of recycling services. This created a need for IWK to provide a broader range of services than previously.

What we planned to do but didn't

It had been intended that works would commence to finally cap and close the remaining (approximately 1 hectare) undeveloped area of the former Kaikōura landfill, but delays have been experienced in obtaining the necessary approvals for the proposed works from Environment Canterbury.

Council staff have been helping compile the relevant information required to gain the relevant consents from Environment Canterbury.

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.	Waste management activities can generate odours and water contamination and can be visually unappealing.
Economic	Provision of cost-effective public waste disposal services contributes to community economic wellbeing	Increased environmental standards have resulted in higher waste disposal costs that may be difficult for some to afford
Environmental	Providing community waste disposal services reduces potential for environmentally harmful activities such as littering, fly tipping or other inappropriate disposal practices.	Providing community waste disposal or recycling services reduces incentives to adopt the most environmentally favourable approach, which is to minimise waste generation

Major projects

Project	Planned $000	Spent $000	Comment
Upgrade to improve level of service:			
Landfill capping and closure	392	222	
	392	**222**	

Performance indicators

Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We communicate, engage with and inform our community	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of incidents per year of street litter bins being used for grossly inappropriate purposes such as deposit of household refuse	120	<75	66	Yes

Community Outcome	How do Recycling services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost effective, efficient and fit-for-purpose	Cost effective recycling and waste minimisation services can contribute to overall cost efficiency of solid waste services for the community.	Regard needs to be had to cost efficiency in making decisions on which recycling and waste minimisation services should be provided.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
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.	100%	80%	100%[12]	Yes

Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Environment We value and protect our environment	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

Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We communicate, engage with and inform our community	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.	Provide information and education to encourage waste reduction and effective use of the provided recycling and waste minimisation services.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
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.	4%	No more than 5%	3%	Yes
The total quantity of waste disposed of to landfill from Kaikōura on a district per capita basis	359kg	No more than 380kg	359kg	Yes

[12] There is no cost to Council for refuse disposal due to the transfer station, all costs are covered by user fees, hence the 100% recovery.

Funding Impact Statement: Refuse & Recycling

For the year ended 30 June 2026

	2024/2025 Long-Term Plan $000	2025/2026 Long-Term Plan $000	2025/2026 Actual $000
Sources of operating funding			
General rates, UAGCs, rates penalties	164	200	194
Targeted rates	242	282	272
Subsidies and grants for operating purposes	-	-	-
Fees and charges	122	120	142
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees and other	80	82	92
Total operating funding (A)	**608**	**684**	**700**
Applications of operating funding			
Payments to staff and suppliers	413	451	512
Finance costs	39	47	39
Internal charges and overheads applied	130	141	137
Other operating funding applications	-	-	-
Total applications of operating funding (B)	**582**	**639**	**689**
Surplus/(deficit) of operating funding (A-B)	**26**	**45**	**11**
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	374	152	222
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	**374**	**152**	**222**
Applications of capital funding			
Capital expenditure			
- To meet additional demand	-	-	
- To improve the level of service	-	-	
- To replace existing assets	400	197	222
Increase/(decrease) in reserves	-	-	11
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	**400**	**197**	**234**
Surplus/(deficit) of capital funding (C-D)	**(26)**	**(45)**	**(11)**
Funding balance ((A-B) + (C-D))	**-**	**-**	

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 2026

Projects dominated the Council's focus for the year continued development, the completion of the Community Courts, the harvesting of the South Bay Forest and development of the Pohowera Park Master plan and the continued enhancement of the West End Amphitheatre area and the Link Pathway.

The Wakatu Quay development is project managed by an independent working group and using external resources. During the year, the Council committed to proceeding with the Wakatu Quay project, after a potential funding partner withdrew their interest.

The link Pathway has been completed apart from some landscaping and possible features to be added along the path. Overall, the pathway has been a great success and well used by both residents and visitors alike.

We have continued with the repairs and enhancement of the Amphitheatre in the centre of West End. This included Artwork, planting, handrail replacement with a new drinking fountain to be installed.

What we did

As part of the enhancement of the Link Pathway, we have created an area and installed outdoor fitness equipment. This was funded as part of the Link Pathway. There is still more landscaping and Wayfinder signage to be completed over the coming year.

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

Key issues in the year to 30 June 2026

Early in 2025, the Council harvested the South Bay forest. The Pohowera Park Master Plan was created as a way of maximising the use of the reserve post harvest.

What we did

At the cemetery, work was done to improve the drainage issues. Two new Rose Garden cremation plots were created along with another burial plinth.

We continued with the enhancement of the West End and amphitheatre area along with replacement of the walking bridge and pathway handrails.

Work was started on Pohowera Park with replanting areas with native planting and creating recreational areas. community groups for residents and visitors to enjoy community involvement.

Major projects

Project	Planned $000	Spent $000	Comment
Upgrade to improve level of service:			
West End Enhancements	-	8	Amphitheatre
Link Pathway	-	-	
Community Courts	-	96	
	-	**104**	
Renewal/replacement of existing assets:			
Pine Tree Replacement	-		
Carpark resealing	20	20	
	20	**20**	
Total capital projects	**20**	**124**	

Performance indicators

Community Outcome	How do Parks & Reserves contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Future We work with our community and our partners to create a better place for future generations	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	**Achieved?**
Resident satisfaction with the cemetery, public toilets, and playgrounds (combined)	80%	75%+	79%	Yes

Property

What we do

Properties include the Memorial Hall and Scout Hall, the Op Shop, housing for the elderly on Torquay St, the Civic Centre, and Wakatu Quay.

Key issues in the year to 30 June 2026

The Wakatu Quay project is supported by a $10.18m grant from Kānoa – the government Provincial Growth Fund, which aims to enhance economic development opportunities, create sustainable jobs, boost social inclusion and participation and build resilient communities.

The contract for the construction of the building was awarded to a local contractor and building construction was completed in December 2025.

Stage 1 of the Wakatu Quay development was successfully delivered on time and within budget. The successful build has delivered core infrastructure and a high-quality hospitality asset aligned to the long-term vision of a vibrant, mixed-use waterfront destination.

Council is now considering the detail of a subsequent stage of the development which includes a proposal centred on accommodation, hospitality, and wellness offerings, with partnership elements including Te Rūnanga o Kaikōura. The proposal presents significant opportunities for economic development, cultural integration, and enhanced visitor experience, but also introduces material commercial, financial, and governance considerations.

What we did

Four pensioner units on Torquay Street had their roofs replaced along with five units receiving new heat pumps.

Major projects

Project	Planned $000	Spent $000	Comment
Upgrade to meet increased demand:			
Wakatu Quay PGF project	4,030	2,580	Construction of building
	4,030	**2,580**	
Renewal/replacement of existing assets:			
Housing for the Elderly	70	65	Roof replacement & refurbishment of one unit
Civic Centre	19	1	
	89	**66**	
	4,119	**2,646**	

Performance indicators

Community Outcome	How does Property contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient, and fit for purpose	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of public buildings with a current Building Warrant of Fitness (BWOF)	100%	100%	100%	Yes
The number of Memorial Hall bookings (excluding Council use) per annum	260	> 40	193	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 visitors and student pilots for training.

Key issues in the year to 30 June 2026

The Automated Intelligent Movement Monitoring (AIMM) system at the airport, which records aircraft movements such as landings and take-offs, suffered technical issues possibly due to internet connectivity problems.

What we did

We installed a new version of AIMM, which receives automated GPS tracker transmissions from aircraft. We upgraded the windsocks and poles.

Repainted the runway and taxiway markings.

What we said we'd do but didn't

We delayed the sealing of an access road to the hangar sites due to a new Hangar being built by a private operator. We will seal the access road when works are completed.

Major projects

Project	Planned $000	Spent $000	Comment
Increase level of service			
Water Storage	8	-	Increase water storage and fire connection.
Wastewater disposal system	60	18	
	68	**18**	

Performance indicators

Community Outcome	How does the Airport contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	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 that conforms with CAA requirements.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of Civil Aviation Authority Surveillance Findings	0	0	0	Yes

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 2026

Insurance is now a significant cost for the harbour, with premiums more than doubling after the Council obtained valuations for replacement cost which has increased the insured values substantially.

Due to high usage of all areas higher maintenance was needed at all harbour sites with plumbing issues at the Mariner toilets requiring urgent attention.

What we did

We repainted and renewed the plumbing at the Marina toilets and removed several overgrown plantings around the facility.

We completed the replacement of the decking and steps on the public jetty at South Bay boat ramp and the North Wharf at Wakatu Quay.

Major projects

Project	Planned $000	Spent $000	Comment
Renewal/replacement of existing assets			
Renewals	-	6	No renewals planned or undertaken in 2025/2026.

Performance indicators

Community Outcome	How do Harbour facilities contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	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	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of complaints received about the condition of harbour facilities (slipway, wharves, washdown areas, etc)	3	3 or less	1	Yes

Forestry

What we do

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

Key issues in the year to 30 June 2026

The Council previously made the decision that the South Bay Forest will be harvested in 2025, with the trees at full maturity and approaching the point of becoming a safety risk due to their age.

The next steps for this activity involved creating a masterplan for the site, now referred to as Pohowero Park, and establishing whether there was any carbon credit liabilities and what exemptions Council was eligible for.

It is important to note that the Council has applied for an exemption from carbon credit liabilities for the area which, as at 30 June 2026, we had still not received any update. If unsuccessful, the Council will need to replant the site within four years with a species (either native or non-native) and density that meets the requirements for forested land under the Emissions Trading Scheme (ETS). Financial provision for replanting was provided for in the Long-Term Plan 2024-2034.

What we did

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

A project manager was engaged to work on the Pohowero Park masterplan which has now been developed including engagement with the community.

Funding Impact Statement: Facilities

For the year ended 30 June 2026

	2024/2025 Long-Term Plan $000	2025/2026 Long-Term Plan $000	2025/2026 Actual $000
Sources of operating funding			
General rates, UAGCs, rates penalties	853	956	923
Targeted rates	790	833	804
Subsidies & grants for operating purposes	95	95	25
Fees and charges	640	687	651
Internal charges and overheads recovered	127	127	-
Fuel tax, fines, infringement fees & other	541	194	117
Total operating funding (A)	**3,046**	**2,891**	**2,520**
Applications of operating funding			
Payments to staff and suppliers	1,609	1,623	2,108
Finance costs	136	150	145
Internal charges and overheads applied	798	868	323
Other operating funding applications	-	-	-
Total applications of operating funding (B)	**2,543**	**2,641**	**2,576**
Surplus/(deficit) of operating funding (A-B)	**503**	**250**	**(55)**
Sources of capital funding			
Subsidies & grants for capital expenditure	5,009	2,359	4,039
Development and financial contributions	53	68	77
Increase/(decrease) in debt	(241)	549	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	**4,820**	**2,976**	**4,115**
Application of capital funding			
Capital expenditure			
- To meet additional demand	3,891	3,091	-
- To improve the level of service	623	69	2,609
- To replace existing assets	612	101	321
Increase/(decrease) in reserves	198	(35)	(751)
Increase/(decrease) in investments	-	-	1,881
Total applications of capital funding (D)	**5,324**	3,226	**4,060**
Surplus/(deficit) of capital funding (C-D)	**(503)**	**(250)**	**55**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**

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 2026

The last 12 months have been an intense phase of Council meetings, workshops, and consultations, completion of phase 1 of the Wakatu Quay precinct project, development and completion of landscape plan for South Bay Reserve, the establishment of a new Water Services entity as a joint CCO with Hurunui District Council, feasibility approval for the development of a commercial Joint Venture (JV) as part of phase 2 for the Wakatu Quay precinct project and progressing a Headstart proposal regarding amalgamation to name a few.

What we did

We completed phase 1 of the Wakatu Quay precinct project which was funded largely by the government and included $0.8m of debt funding from the Council which had been required to unlock the $10.3m grant funding from government.

Phase 2 of this project was established following a proposal to enter a joint venture with a private developer and the Runanga in order to create a commercial model on this site. Council approved progressing feasibility studies for this option to better understand the risk and return outcomes.

We established our joint waters CCO with Hurunui District Council in March 2026 including the appointment of a strong board of 5 and the recruitment for a CEO. Water services will be operated and managed by the CCO however, in the transition period, Council has continued to set and collect the water rates.

In May 2026, government announced the Headstart and Backstop process with Council progressing conversations for either an amalgamation as part of North Canterbury or with Marlborough. Council provided direction to put forward a Headstart proposal and across staff and elected members various conversations and negotiations have taken place for which option would best consider our community and local interests.

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:			
IT Equipment	46	21	
Office Furniture	34	50	
Vehicle	30	25	
	126	**96**	

Performance indicators

Community Outcome	How do the Mayor and Councillors contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We communicate, engage with, and inform our community	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of survey respondents who are satisfied with the Mayor, Councillors, and staff	67%	60%	72%	Yes
The percentage of survey respondents who are satisfied that the Council consults with residents on important issues	56%	50%+	56%	Yes

Community Outcome	How do the CEO and Support Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost effective, efficient and fit-for-purpose	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
Total Council operating budgets for payments to staff and suppliers are not exceeded (these payments exclude loan interest and depreciation)	119%	100%	98%	Yes
The percentage (by cost) of the annual capital work programme that is delivered in the planned timeframe	55%	Not less than 75%	33%	No

Community Outcome	How does Communications contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We engage and communicate with our community	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.	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of Council Facebook followers	6,286	5,420	6,946	Yes
The percentage of survey respondents who are satisfied with the Council's communications	75%	70%	69%	No

Funding Impact Statement: Leadership & governance

For the year ended 30 June 2026

	2024/2025 Long-Term Plan $000	2025/2026 Long-Term Plan $000	2025/2026 Actual $000
Sources of operating funding			
General rates, UAGCs, rates penalties	1,356	1,441	1,647
Targeted rates	-	-	-
Subsidies & grants for operating purposes	-	-	41
Fees and charges	45	64	145
Interest from Investments			46
Internal charges and overheads recovered	2,593	2,761	2,055
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	**3,994**	**4,267**	**3,934**
Applications of operating funding			
Payments to staff and suppliers	4,048	3,993	3,823
Finance costs	13	24	(37)
Internal charges and overheads applied	347	371	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	**4,408**	**4,388**	**3,786**
Surplus/(deficit) of operating funding (A-B)	**(414)**	**(121)**	**148**
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	400	214	250
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	**400**	**214**	**250**
Application of capital funding			
Capital expenditure			
- To meet additional demand	-		-
- To improve the level of service	-	-	-
- To replace existing assets	61	93	55
Increase/(decrease) in reserves	(75)	-	343
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	**(14)**	93	**398**
Surplus/(deficit) of capital funding (C-D)	**414**	**121**	**(148)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**

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)

Building and regulatory services ensure that rules and regulations are adhered to, especially in the areas affecting public health and safety. It involves assessing and processing building and resource consent applications, inspecting buildings and resource consent applications, inspecting buildings under construction, ensuring compliance with legislation relating to food premises, sale of liquor, and animal control. We also provide a responsive and efficient resource consent service that observes planning rules.

Key issues in the year to 30 June 2026

Key issues were implementing the new ERP system and the business disruption this had regarding dog registrations and infringements. There was an increase in enforcement and education to the community regarding all aspects of dog control and Visitor Accommodation. We actively monitored and provided education, as early as possible, prior to any enforcement action to ensure consents are gained for this activity.

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 administering and enforcing the requirements of the Building Act 2004, the Building Regulations, and the New Zealand Building Code. Under the Act, Council must maintain accreditation as a Building Consent Authority (BCA) to deliver these regulatory services.

The primary purpose of the Building Act, and of Building Control's work, is to provide oversight of building work and monitor Licensed Building Practitioners, Registered Plumbers, and Registered Drainlayers carrying out consented building work. This helps ensure that buildings meet the performance standards required by the Building Code.

As an accredited BCA, Council plays an important role in ensuring buildings are safe, healthy, and fit for their intended use. Building Control is responsible for issuing and processing a range of statutory documents, including Building Consents, Code Compliance Certificates (CCCs), Certificates for Public Use (CPUs), Building Warrants of Fitness (BWOFs), and Project Information Memorandums (PIMs).

The activity is focused on meeting its legislative obligations while balancing customer service outcomes with the effective management of risk to Council, building owners, and the wider public.

Key issues in the year to 30 June 2026

The BCA was audited by IANZ in March 2026. We have had our BCA Accreditation reissued as a Low-Risk BCA for the next 2 years. Our IT Systems have also been upgraded from Goget to Datascape.

What we did

Building Control services were primarily delivered by KDC staff, with limited use of external contractors. The Solutions Team continued to provide oversight of the Quality Assurance Manual and associated audits, while very few building consents required external processing assistance.

Between 1 July 2025 and 30 June 2026, the KDC Building Consent Authority processed 146 Building Consents and 13 Certificates of Acceptance, completed 972 site inspections, and issued 117 Code Compliance Certificates. All statutory processing timeframes were achieved.

These results were delivered while staff also completed mandatory training and external competency assessments, ensuring continued compliance with BCA accreditation requirements and ongoing professional development.

What we expect to happen in the next 12 months.

The BCA will continue embedding its new IT systems to improve the efficiency, consistency, and delivery of building consent, inspection, and regulatory services. Following the Central Government General Election, an increase in building consent applications is expected, particularly if the development of the Kaikōura Business Park progresses, and other sub-divisions potentially come online, creating additional demand for consent processing and inspection services.

Performance indicators

Community Outcome	How does Building Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Development** We promote and support the development of our economy	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.	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of building consents processed within statutory timeframes	100%	97%+	100%	Yes
IANZ independent BCA Audit (usually 2 yearly)	Accredited	N/A	Accredited*	Yes

* IANZ independent BCA audits were completed in the 2025/2026 and 2024/2025 financial years. The 2025/2026 target was “not applicable” because audits are usually completed every 2 years.

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 2026

Council has been implementing a new Enterprise Resource Planning (ERP) system to improve the customer experience as well as our internal systems. This has resulted in staff time being diverted from processing of resource consent and has resulted in an increased use of external consultants.

In addition to this the regulatory team of Council have been undertaking comprehensive monitoring of visitor accommodation activities. This has resulted in in a significant increase in resource consents for visitor accommodation.

To address these matters Council has used external consultants to process some resource consents, the cost of this is met by the applicant

Due to the size of the team and the processing of resource consents externally meeting statutory timeframes has been challenging.

What we did

Council processed 129 resource consent applications. The majority were land use consents (98), followed by subdivision consents (25) and combined land use/subdivision applications (6). Consent activity continued to be driven by visitor accommodation, residential development and subdivision proposals, reflecting ongoing growth in both tourism and housing demand. Ninety-nine applications were processed within the year with 90 applications granted during the year, with 30 remaining in progress at year end. Of the 99 consent applications processed during the year, 17 consents were processed outside of statutory timeframes and 82 processed within.

What we planned to do but didn't

Not all resource consents were processed within the statutory timeframes.

Performance indicators

Community Outcome	How does Statutory Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Development** We promote and support the development of our economy	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of resource consents processed within statutory timeframes	70%	97%	82.8%	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 the complexity of some consents, lack of resources or staff being away.

Parking control

What we do

Council's Regulatory Enforcement Services undertakes traffic warden duties to encourage responsible parking practices, particularly within the West End and other high-demand areas. This work helps ensure fair access to parking and the appropriate use of mobility spaces, time-limited areas, loading zones and other restricted parking.

Parking enforcement is closely linked with freedom camping compliance. Combining the Freedom Camping Ambassador and parking enforcement responsibilities has enabled Council to provide a consistent, visible presence while educating visitors about local parking requirements, freedom camping rules and Council bylaws.

Key issues in the year to 30 June 2026

Council continued to prioritise education and communication before taking formal enforcement action. The combined role has proven successful, with improved compliance and a significant reduction in parking and freedom camping complaints.

During the year, 12 parking infringement notices and 7 freedom camping infringement notices were issued.

What we did

Regular monitoring was undertaken throughout the district, with additional attention given to known pressure points during peak visitor periods. Officers provided advice and education wherever appropriate, with infringement notices issued for repeated or more serious non-compliance.

Licence plate recognition cameras at South Bay Harbour have also improved Council's ability to monitor parking remotely. Customers can purchase daily, monthly and annual parking passes online, making the system easier to access and administer.

Performance indicators

Community Outcome	How does Parking Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	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.	We provide regular patrols of car parking areas and respond to all complaints of inappropriate or illegal parking.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of infringements issued for inappropriate or illegal parking.	28	<60	12	Yes

Animal control

What we do

Animal Management is responsible for implementing Council's bylaws and policies relating to dogs, cats and wandering stock. The activity promotes responsible animal ownership while protecting public safety, community enjoyment, animal welfare and Kaikōura's biodiversity.

Council maintains a register of known dogs and operates a pound for dogs and other animals requiring temporary containment. There are currently 1,277 known dogs in the district. Council provides a 24-hour, seven-day on-call service to respond to roaming dogs, attacks, stock on roads and other urgent animal-control matters.

Regulatory officers work closely with NZTA contractors in responding to wandering stock and with the SPCA and MPI on animal-welfare concerns.

Key issues in the year to 30 June 2026

Council adopted the new Animals Bylaw 2025, broadening animal management beyond dogs to include companion cats and additional protection for nesting birds.

Under the new bylaw, companion cats aged 16 weeks or older must be microchipped, registered on an approved companion-animal register and desexed, unless an approved breeding or veterinary exemption applies. An education and amnesty period applies to the cat-management provisions until 1 October 2026.

The bylaw also confirms prohibited, on-leash and off-leash dog areas. Dogs must be kept on a leash at specified bird-nesting beaches between 1 September and 1 December each year to help protect vulnerable nesting birds.

Council continues to operate with one dedicated Dog Control Officer who also performs other regulatory duties. This has not adversely affected response times; however, the availability of suitable rehoming options remains challenging. As there is no dedicated animal-welfare centre within the district, some dogs must be transported elsewhere for assessment and rehoming.

What we did

Council began implementing the Animals Bylaw through community education, updated information and preparation for the cat-management requirements coming into force. This included promoting responsible cat ownership and supporting cat owners to have their animals microchipped and desexed.

The Doggone text-to-reunite service continued to provide dogs with sustainable lifetime tags linked to a 24-hour service. Anyone finding a tagged dog can text its unique number to 4133, helping reunite lost dogs with their owners quickly and reducing unnecessary impounding and associated costs, total numbers of dogs reunited with this service 26.

Council also continued its community-focused education, including the "Reading with Dogs" programme and participation in local events promoting dog safety and responsible ownership.

Performance indicators

Community Outcome	How does Animal Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost effective, efficient and fit-for-purpose	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.	We need to provide 24/7 animal control services to minimise the danger, distress and nuisance caused by dogs and wandering stock.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of dog or stock complaints that are responded to within timeframe: Urgent[13] – 1 hour Serious nuisance – 6 hours General nuisance – 1 day All other issues – 5 days	96%	80%	96%	Yes
The percentage of dogs known to be living in the district that are registered	97%	97%	80.1%	No *

* The Council moved from Ozone to Datascape on 1 July 2025. Implementation and data migration issues have resulted in decrease of registered dogs. Work is progressing to improve the number of registered dogs for 2026/2027.

[13] 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

This activity focuses on protecting and promoting public health, wellbeing and safety across the district. Council regulates food safety, alcohol licensing, excessive noise, hazardous substances, health nuisances, gambling, offensive trades and a range of registered premises.

Under the Food Act 2014, Food Regulations 2015 and applicable Food Notices, Council undertakes food-business registration, verification and enforcement as a co-regulator with the Ministry for Primary Industries. We work constructively with food businesses to achieve compliance and ensure food offered for sale is safe and suitable.

Council administers alcohol licensing to help ensure alcohol is sold and supplied responsibly, alcohol-related harm is minimised and licensed premises provide safe, well-managed environments.

Environmental health responsibilities include campgrounds, beauty salons, tattooing and skin-piercing businesses, funeral directors, mobile shops and public-health matters involving animals, poultry and bees.

Key issues in the year to 30 June 2026

In January 2026, Council brought alcohol licensing services and the administration of environmental health functions in-house. This has provided greater local oversight, improved access to information and strengthened coordination across Council's regulatory activities.

Recruitment for a qualified Environmental Health Officer continued throughout the year. While no suitable applicants were identified, Council appointed a Regulatory Services Cadet who will undertake Licensing Inspector duties while training toward becoming a qualified Environmental Health Officer. This provides a practical pathway for building sustainable, locally based capability.

The hospitality sector's transient workforce continued to create significant turnover in certified managers. During the year, 69 manager's certificates expired or were suspended.

The new MPI food-business levy took effect on 1 July 2025 at $66.13 including GST per registered food business. Council is responsible for invoicing businesses and transferring the levy to MPI. The levy will increase to $99.19 from 1 July 2026 and $132.25 from 1 July 2027

What we did

Food-premises verifications were completed as required under the Food Act 2014, with Council continuing to provide businesses with practical advice and support to achieve compliance. Registered environmental health premises, including campgrounds, funeral directors and offensive trades, continued to be monitored and inspected.

Council also reviewed its Gambling Venue Policy, Smokefree Policy and Local Alcohol Policy. These reviews ensure Council's policies remain current, reflect community expectations and support the responsible management of gambling, smoking and alcohol-related harm within the district.

Currently we have 66 Food Act Registrations, 61 are Food Control Template Plan and five are National Programme.

30 On-licenses, 9 Off-licenses, 5 Club licenses, 36 Special licenses and 121 Certified Managers.

Campgrounds 11, Funeral Directors 1 and offensive trades 2.

Note: From 10 September 2026, offensive trades will no longer be required to register annually with Council or pay the associated registration fee, following changes introduced through the Health (Offensive Trades Removal) Order 2026. Other public-health and nuisance controls will continue to apply.

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?
 **Development** We promote and support the development of our economy	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.	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of food premises inspected within statutory timeframes	43%	100%	100%	Yes
The percentage of licensed liquor premises that are inspected.	100%	100%	80%	No *

*The percentage of licensed premises recorded as inspected was 80%. This was below the 100% target due to the transition of alcohol licensing services in-house, which meant Council did not have a complete record of all inspections undertaken during the reporting period. With the service now fully managed and monitored internally, inspection records and performance reporting are expected to improve.

Other TA regulatory functions

What we do

Council undertakes a range of regulatory functions that support public safety, environmental protection and responsible use of the district. These include responding to littering and illegal dumping, administering the Building Warrant of Fitness systems.

For commercial and public buildings with specified systems, Council receives annual Building Warrants of Fitness from building owners and undertakes inspections and audits to ensure compliance schedules are being followed.

Council also maintains a register of residential swimming pools and monitors whether required safety barriers remain compliant. Our approach across these activities prioritises education and voluntary compliance, supported by proportionate enforcement where requirements continue to be ignored.

Key issues in the year to 30 June 2026

Council's swimming-pool register continued to grow as previously unidentified pools were located. Eight pools currently require remedial work or further inspection before they can be confirmed as compliant.

Visitor-accommodation compliance also required significant regulatory resources. Following an initial education programme, Council moved to a structured enforcement process for operators who had not obtained the required resource consent or were operating outside their existing consent conditions.

What we did

Council's swimming-pool register increased to 63 known pools, compared with 58 in the previous year.

Freedom camping signage and site markings were reviewed and refreshed, including reflective line marking and additional signage in prohibited areas. Consistent monitoring during mornings and evenings, combined with education and early intervention, contributed to a reduction in complaints and improved general camping behaviour.

Council's visitor-accommodation programme progressed from broad education to results-driven monitoring and enforcement. This resulted in warning letters, abatement notices, new resource-consent applications and properties being removed from visitor-accommodation platforms. Warning letters issued 71, abatement notices issued 34, resource consent applications received 22, properties removed from accommodation listing sites 13. A further four warning letters were issued to properties operating in breach of existing resource-consent conditions by exceeding their permitted guest numbers. Three of those property owners subsequently applied to amend their resource consents.

Technical note: Building owners supply their annual Building Warrant of Fitness to Council; Council administers, audits and enforces the system. Residential pool barriers must generally be inspected every three years.

What we planned to do but didn't

Visitor-accommodation compliance activity increased significantly during the year, moving from general education to structured monitoring and enforcement. This resulted in more resource-consent applications, properties being removed from accommodation platforms and increased enquiries from existing operators and prospective purchasers.

However, the planned increase in proactive engagement and education across all Council bylaws was not fully achieved, and wider resource-consent monitoring remains an area for improvement. An additional regulatory resource is now in place to support more consistent education, monitoring, follow-up and enforcement during the coming year.

Performance indicators

Community Outcome	How do Other TA Regulatory Functions contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Development** We promote and support the development of our economy	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.	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of commercial premises that have been inspected and/or audited for their BWoF as required	95%	97%	75%	No*
The number of complaints received about freedom campers behaving irresponsibly	8	<12	3	Yes

* The target was not achieved due to staff being redirected to two civil defence emergencies (Blenheim flooding event in July 2025 and extreme wind/fire event in October 2025). Staff annual leave and sick leave also impacted achieving our programmed inspections and/or audits.

Funding Impact Statement: Building & regulatory

For the year ended 30 June 2026

	2024/2025 Long-Term Plan $000	2025/2026 Long-Term Plan $000	2025/2026 Actual $000
Sources of operating funding			
General rates, UAGCs, rates penalties	659	780	667
Targeted rates	63	67	61
Subsidies & grants for operating purposes	-	-	-
Fees and charges	943	975	607
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	21	22	1
Total operating funding (A)	**1,686**	1,843	**1,337**
Applications of operating funding			
Payments to staff and suppliers	1,372	1,468	1,256
Finance costs	-	-	-
Internal charges and overheads applied	344	379	273
Other operating funding applications	-	-	-
Total applications of operating funding (B)	**1,716**	1,843	**1,529**
Surplus/(deficit) of operating funding (A-B)	**(31)**	**-**	**(192)**
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	-	-	-
Increase/(decrease) in reserves	(31)	-	(192)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	**(31)**	**-**	**-**
Surplus/(deficit) of capital funding (C-D)	**31**	**-**	**-**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**

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 2026

The focus on our new Enterprise Resource Planning (ERP) system has taken up much time and thought this year. Datascape, the name of the new system, is designed to streamline operations by connecting most departments and functions into a single unified system, but the implementation has also required significant review of previous processes and ways of working not to mention data cleansing actions.

What we did

We worked on testing the new system, identifying and eliminating errors to improve overall efficiency and decision making in the future.

Kaikōura Youth Council was supported to deliver successful youth events and a robust youth voice.

The Community continues to appreciate the increased products available through the library with a continued greater than 90% score in the resident satisfaction survey.

The Mayor's Taskforce for Jobs was supported to deliver another successful year for placing people into employment and training with local businesses.

We supported the Fire Brigade with Emergency Management Centre support during the October 2025 wind and fire event as well as providing Welfare support to those who were affected by this event.

We stood up the Emergency Operations Centre again in January 2026 during the heavy rains which included precautionary evacuation warnings for a small number of properties along Lyell Creek.

What we planned to do but didn't

We planned to map all our reception business processes in Flowingly. We have achieved some of this target but not all due to staff turnover and embedding the new IT system. We planned to conduct additional multi agency Civil Defence training sessions as well as scenario planning sessions with staff to better prepare for emergencies. Various community engagement has taken place to support and prepare the community for civil defence emergencies including supporting the schools with evacuation plans.

Effects on community wellbeing

	Positive effects	Negative effects
Social	Connecting social service providers, including supporting Te Whare Putea to become a Community Housing Provider (CHP) 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	Managing the 16 Pensioner Units in collaboration with Te Whare Putea to ensure adequate housing for older people on a fixed income. Supporting the Mayor's Taskforce for Jobs Coordinator, assisting local businesses with employment and one-off payments and support.	No identified effects
Environmental	By supporting Youth Council, we support the youth voice endorsing climate change initiatives. We supported the Dark Sky initiative to work towards International Dark Sky accreditation.	No identified effects
Cultural	We have supported any Ngati Kuri cultural event by offering the Memorial Hall at no cost, including Takiwa Kapa Haka.	No identified effects

Customer services

What we do

The Council's Front of House staff is the first point of contact for most people, either by phoning the Council or coming to the office. The team creates customer service requests, provides receipting and administrative support, photocopying, booking meeting venues, etc., and supports the organisation with any other administrative duties as and when required.

Key issues in the year to 30 June 2026

We worked on increasing our efficiency, performance, responsiveness by developing checklists from other departments with the aim of resolving customer queries in the first instance.

We continued to face staff changes however have been working on ensuring there is continued cross training for all reception staff to be able to cover required duties.

What we did

We worked closely with other teams to ensure our customer service requests were set up correctly. We are also the team that validates new customer profiles that require verification with our contact list as part of the My Datascape (online) application and payment process.

What we planned to do but didn't

We planned to develop our customer profiles to support improvements in customer experience.

Performance indicators

Community Outcome	How does Customer Service contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We engage and communicate with our community	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The percentage of survey respondents who are satisfied, or very satisfied, with the Council's customer services team	84%	79%	73%	No
Number of Customer Service Requests	4,953	2,000	797	No
Number of till interactions	1,443	1,200	883	No
Property File Requests and Scan on Demand within timeframe	100%	90%	100%	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 2026

A large number of community groups continue to apply to our locally administered funds; this means less funding is available across community groups and requires more administration time.

Our community events were less as the Event Coordinator was on maternity leave for six months and on return was on reduced hours.

What we did

Grants

We supported several community groups and societies with grant funding for Creative Art and Culture.

Events

We supported several events:

- Kaikōura A & P Show
- Kaikōura Adventure Race
- Health Day at the Pa
- Matariki
- North Canterbury Business Awards
- Cruise Ship welcomes
- Citizenship Ceremony

What we planned to do but didn't

We planned for a night market event and promotion of functions to be held in Kaikoura, but this remains a work in progress with staff changes slowing progress.

Performance indicators

Community Outcome	How do Community Grants contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Community** We communicate, engage and inform our community	Small grants play a key part in creating opportunities for participation, especially for elderly and youth in the community.	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

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of individuals or organisations funded to offer an arts, sport, or other opportunities to the community	27	10	39	Yes

Community Outcome	How do Community Events contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Future** We work with our community and our partners to create a better place for future generations	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	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of Council-supported events held	12	4	13	Yes

Emergency Management

What we do

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

Key issues in the year to 30 June 2026

Ensuring time for staff to attend training is problematic due to a small team and competing BAU work pressures.

What we did

We continued to strengthen Kaikōura District Council's relationship with others across the CDEM stakeholder whanau.

We supported the Fire Brigade during the October 2025 wind and fire event with the Emergency Operations Centre (EOC) being established in the local fire brigade. This proved useful in supporting the brigade with logistic and other support while the teams were dealing directly with the fires. In the aftermath of the fires the team provided welfare support to affected community members including allocation of funding from the Mayoral Relief Fund.

The EOC stood up again during the early hours of Saturday at the end of January 2026 during the heavy rains and where the warning levels for Lyell creek reached level 3. Precautionary evacuation notices were provided including via door knocking however the EOC was able to be stood down by sunrise of the Saturday.

Public information continues to be shared to provide educational materials to promote local preparedness.

Operation Pandora was postponed from November due to the stand up of the EOC in October.

What we planned to do but didn't

We planned to hold more internal staff training and scenario events. This is a work in progress.

The Emergency Management Strategy document was not completed this year but becomes a priority for next year.

Performance indicators

Community Outcome	How does Emergency Management contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Future** We work with our community and our partners to create a better place for future generations	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	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of scenario's held with cross-agency attendance	1	2	1*	No

*The EOC stood up in October 2025 to support the Wind/Fire event which was alongside Fire and Police.

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, library computer literacy training and more.

Key issues in the year to 30 June 2026

Keeping the doors open for the community and monitoring staffing shortfalls. Staffing is always an issue especially when people are sick or on holiday leave. Advertised for a Library assistant and shelver.

What we did

We have embedded all our significant changes from last year, which have helped increase our book issues and visits to the library:

- Continued collaboration with Scholastic NZ Ltd for our Children's & Teens collection, supplementing with a varied selection from the independent book shop – Scorpio Books Christchurch
- Ongoing utilization of our local book supplier Paper Plus Kaikoura has enabled us to get a better delivery of service and on the spot assistance with up-to-date books.
- We continued to maximise the updates of our Library Management System (Softlink/Liberty) to its full potential.
- Our Collection Management Strategy enabled us to continue with a relevant and ongoing assessment of our library collection and the rotation of material.
- We created relevant displays and collaborated on community events when possible. We worked in partnership with our local Plunket group, and our local Museum with promotional items.
- We continued to encourage school visits and have hosted 2-3 school visits per week.
- We increased our digital resources from BorrowBox with the addition of ePress.

These changes have supported a marked increase in library membership, usage, issue statistics and digital activity. Every second resident is now an active library member!

What we planned to do but didn't

We planned to collaborate more with the Kaikoura Museum on local history displays and events but have put this on the back burner until the visitor numbers come back.

Major projects

	Planned $000	Spent $000	Comment
Replacement of existing assets:			
Library books & resources	32	36	

Performance indicators

Community Outcome	How does the Library service contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We engage and communicate with our community	The library plays a key part in creating opportunities for the elderly, youth and 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

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved
Number of book and resource issued	33,951	24,000	32,142	Yes
Number of patron visits to the library	38,435	30,000	34,129	Yes

Community Development

What we do

The Council's community development activities form the hub of various community services that foster a safe and resilient community. Even though the 4 'Wellbeings' were removed from the Local Government Act 2002 in 2024, they continue to be a focus for our small rural district. 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 2026

We secured funding for the contract for the Mayor's Taskforce for Jobs, delivered by Te Hā o Mātauranga.

The demand for housing in Kaikōura grew and more people experienced a housing need. This demand was generated by a shortage of affordable housing driving up house prices and rents.

Some community members struggled with essential bills evidenced by an increase in food bank requests.

What we did

We collaborated with all community groups and many government agencies to create better conditions for our locals across the board.

We worked with Te Whare Putea to understand their vision and requirements for the future

Performance indicators

Community Outcome	How does Community Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We engage and communicate with our community	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: • Enable the community to identify and articulate their aspirations for the future, • Develop strategies and plans, • Monitor and map the journey to wellbeing

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
Monthly Community Service reports to the council including how we are building resilience of whanau and communities	22 reports	Not less than 10	22 reports[14]	Yes

[14] 11 Community Networkers meetings, and 11 Council reports

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 2026

General member turnover creates amazing opportunities for fresh ideas and perspectives, but also means we invest a large amount of time on member development.

What we did

The biggest achievement of 2025 was our biennial Kaikōura Youth Awards! Our Youth Council members loved pulling this event together, celebrating a wide variety of young people in our town. This event had amazing support from our local community; from nominations, to donations, to attendance on the night, to all the positive responses on our social media!

KYC got involved in the 2025 local government elections by hosting a 'Meet the Candidates' evening in collaboration with Hikitia. Our members brainstormed questions and topics that were important to them, that they then asked all our candidates for local council. Our members did well with hosting the evening and were then invited to support the next Candidates Evening hosted in Kaikōura with their time keeping. We continue to work at developing youth voice and encouraging young people to have a voice at the table. We had a member attending the Walking and Riding Strategy hui; acting as part of a working group creating a draft strategy for walking and riding in Kaikōura. This strategy was then put out by KDC for public consultation, and as a whole group we went through it and placed a submission with suggestions for change. We have also run consultations in school to gather feedback from other young people, such as any event ideas they would like to see us organise. At the beginning of the school year (2026) our senior members ran games at Kaikōura High School to advertise Youth Council to newer members, and we gained a group of new juniors in Youth Council. Many of our seniors left soon after due to increasing external time commitments - although we have some who have popped back to support training with our newer members. KYC have continued to run small events at KHS during lunchtimes for Youth Week and for Te Wiki o te Reo Māori. These events give our members the opportunity to plan and execute events/activities, practice their leadership and teamwork skills, and encourage positive connections for young people who attend / join in.

What we planned to do but didn't

Some Council meetings were unable to be attended.

Performance indicators

Community Outcome	How does Youth Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Future We work with our community and with partner organisations to create a better place for future generations	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

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
Number of Youth Council presentations to Council meetings	6	6	6	Yes
Number of Youth Council activities/events	10	10	10	Yes
Number of youth training opportunities	5	4	4	Yes

Funding Impact Statement: Community services

For the year ended 30 June 2026

	2024/2025 Long-Term Plan $000	2025/2026 Long-Term Plan $000	2025/2026 Actual $000
Sources of operating funding			
General rates, UAGCs, rates penalties	1,161	1,194	**1,262**
Targeted rates	-	-	**-**
Subsidies & grants for operating purposes	232	28	**272**
Fees and charges	17	8	**16**
Internal charges and overheads recovered	273	356	**95**
Fuel tax, fines, infringement fees & other	-	-	**-**
Total operating funding (A)	**1,683**	**1,586**	**1,645**
Applications of operating funding			
Payments to staff and suppliers	1,382	1,268	**1,301**
Finance costs	26	26	**-**
Internal charges and overheads applied	229	247	**-**
Other operating funding applications	-	-	**-**
Total applications of operating funding (B)	**1,638**	**1,541**	**1,301**
Surplus/(deficit) of operating funding (A-B)	**46**	**47**	**343**
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	**-**
Development and financial contributions	-	-	**-**
Increase/(decrease) in debt	(14)	(14)	**-**
Gross proceeds from sale of assets	-	-	**-**
Lump sum contributions	-	-	**-**
Other dedicated capital funding	-	-	**-**
Total sources of capital funding (C)	**(14)**	**(14)**	**-**
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	**-**
- To improve the level of service	-	-	**-**
- To replace existing assets	32	33	**11**
Increase/(decrease) in reserves	-	-	**332**
Increase/(decrease) in investments	-	-	**-**
Total applications of capital funding (D)	**32**	**33**	**343**
Surplus/(deficit) of capital funding (C-D)	**(46)**	**(47)**	**(343)**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**

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 leadership and supporting tourism marketing and promotion of the district.

Key issues in the year to 30 June 2026

Kaikōura's population growth continues to be constrained by a shortage of affordable housing and limited rental accommodation availability. Planning initiatives to enable additional residential intensification have been delayed as a result of ongoing resource management reform. In July 2025, the Government announced a stop on council plan changes associated with the transition to the new resource management system. This reform has delayed the Council's ability to implement elements of the Kaikōura Spatial Plan. In addition:

- We developed a Walking and Riding strategy and supported the Whale Trail development
- We strengthened relationships with mana whenua to progress options for papakainga housing
- We were involved at Canterbury Level in the development of an energy strategy and supported work to better understand climate change.

What we did

- We wrote to the Minister of the Environment to gain approval to proceed with plan changes.
- We continue to work with both Kāinga Ora and the developer to enable residential sections within Ludstone Road/Vicarage Views and Ocean Ridge.
- We enabled the progressing of Plan Change 6 which provides for additional and commercial use of Ocean Ridge.
- We continued to progress our economic development strategy.
- We updated our ERP (enterprise resource planning) to improve access to council resources.

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

We ensure the District Plan meets the needs of our communities by seeking input from our communities of how the District Plan can be improved. We also make submissions on regional and national planning documents with the intention of improving our communities.

The Kaikōura District Plan is a document which has been created under the Resource Management Act 1991 (the RMA). The Plan is used to manage development and provide for the protection of natural and physical resources within the Kaikōura District. We have been working to update this plan to meet the needs of our communities and national direction. We have used the Kaikoura Spatial Plan to provide a path way for updating this plan and like all council we have refocused this work as a result of Resource Management Act reform.

Key issues in the year to 30 June 2026

The lack of affordable housing continues to make it difficult for people wanting to relocate to the District. Businesses in the summer period are experiencing difficulty recruiting and retaining staff due to the cost of accommodation. Affordable accommodation is an issue that other areas of New Zealand are also grappling with. There is concern among the local community that tourist accommodation may be placing additional demand on housing stock.

Resource management reform continued to create uncertainty for long-term planning during the 2025/26 year. The Government progressed work on replacing the Resource Management Act 1991 with a new planning system and announced a pause on certain council plan-making processes while the reforms are developed. As a result, some planning initiatives and future development opportunities identified through the Kaikōura Spatial Plan have been delayed, requiring the Council to carefully balance current growth and development needs with an evolving legislative framework.

What we did

We reviewed and updated Council Policy and Bylaws. This included bylaw related to animals which provided for mandatory microchipping and registration, and desexing of cats to improve environmental outcome.

We wrote to the Minister for the Environment seeking approval for the Council to progress plan changes that would enable greater intensification in urban areas, with the intention of increasing housing supply, and amend the business zone provisions to better facilitate business activities.

We continued to partner with mana whenua to progress options for papakainga housing.

We granted a number of resource consents to allow for greenfield developments that will assist in providing additional housing. We also approved several consents for boutique visitor accommodation which over time should reduce the pressure for existing houses to be used for visitor accommodation.

What we planned to do but didn't

Like all councils we must give effect to government legislation and as a result of this we were unable to progress the District Plan until Ministers approval is obtained.

Performance indicators

Community Outcome	How does District Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Future We work with our community and our partners to create a better place for future generations	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
Progress on the review of the District Plan, in line with the priorities and timelines set out in the final District Plan roadmap	The Spatial Plan has been made operative, and contractors have been appointed to assist with the District Plan review. We remain on track for June 2027	Phase 1A Review and revise the following chapters: Strategic Direction, subdivision, residential and commercial zones -by June 2027	Stop plan legislation prevented Council from progressing plan changes. Minister Approval was sought and provided on 23 July 2026	No

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.

Key issues in the year to 30 June 2026

Climate change and increasing numbers of interaction by dogs and cats is placing pressure on Kaikōura's native bird populations. Rising temperatures, changing weather patterns, coastal erosion, and more frequent storm events can damage breeding habitats and reduce food availability for seabirds and shorebirds. At the same time, growth in population, tourism, and development can increase disturbance of nesting areas and place additional pressure on sensitive coastal and wetland environments. Introduced predators such as cats, rats, stoats, and feral animals continue to threaten native bird species by preying on eggs, chicks, and adult birds.

What we did

In October 2025 the animal control bylaw was approved by Council. This recognised the negative impact cats can have on bird populations and introduced mandatory microchipping and registration, and desexing of companion cats. We also established prohibited area for dogs and included additional areas for dogs to be on leash to assist with protecting nesting birds.

We worked with local wildlife experts to identify area of penguin habitats and provided approval for these areas to be fenced. We also continued to make the public aware of the risks to nesting dotterels through signage and education.

Performance indicators

Community Outcome	How does Environmental Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Environment We value and protect our environment	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

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of external environmental projects that are supported by the Council	3	Not less than 3	3*	Yes

i) Animal control bylaw, ii) Signage to ensure the public are aware of nesting dotterels, iii) Setting areas aside for the nesting of penguins.

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 Council's 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 2026

Not only in the district but across New Zealand, cost increases due to inflation, and high interest rates continue to reduce disposable income for leisure purposes. In a tourism dominated economy such as Kaikōura, this creates challenges for both businesses and individuals as people reduce spending or, seek alternative employment options elsewhere. People choosing to leave the district for alternative employment options further exacerbates a shortage of staff in Kaikōura.

Added to this is a lack of appropriate rental or long-term accommodation available for those wishing to relocate to the district. The Council is working with the owner/developer of Ocean Ridge to develop infrastructure enabling more residential sections to be created within the Ludstone Road (Vicarage Views) and Ocean Ridge areas (Council funding supported by the Infrastructure Acceleration Fund grant).

What we did

We continued to support actions required to progress the $7.8 million grant through the Infrastructure Acceleration Fund (the IAF) which 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.

We have initiated a reinvigoration of what Economic Development looks like in Kaikoura with the intent to connect with a large number of representatives from around the community with the goal in time to develop both a long term (e.g. 50 year) Economic Development strategy and relevant vision. The initial feedback received was far greater than expected and will be used to prepare a draft version for further community consultation.

Performance indicators

Community Outcome	How does Economic Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	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.	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
The number of projects or events undertaken during the year that benefit the local economy	5	5	5	Yes

Wakatu Quay, Economic Development Strategy, Bird Protection Signs at South Bay, Cat Micro-chipping, Wikipedia project

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 2026

Continued 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 under threat. Higher interest rates and higher inflation are directly impacting on disposable income for New Zealanders which erode capacity for travel and vacation.

What we did

With funding support from the Council, Destination Kaikōura actively promotes the district both domestically and internationally. This is achieved through offering 'famils' for visiting media groups, trade partners and content providers. These come through various channels such as Tourism New Zealand (TNZ), Christchurch International Airport and our regional partners. We run digital marketing campaigns that promote shoulder season travel, in line with TNZ's promotional focus. During the cruise season Destination Kaikōura meet and greet passengers from cruise ships as well as assist in the planning that goes into making these cruise visits successful.

Support for development of new products which create a broad range of experiences ensuring we cater to and connect with a greater slice of the market.

We have also seen tourism spend increase to $100m which reflects a 16% increase on the prior year.

Performance indicators

Community Outcome	How does Tourism & Marketing contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Development** We promote and support the development of our economy	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.

	2024/2025 Actual	2025/2026 Target	2025/2026 Actual	Achieved?
Domestic and international spend indicators show annual increases, as measured through MarketView electronic card transaction spend data.	$86 million	$74million	$100 million	Yes
Six-monthly reports from Destination Kaikōura setting out activities undertaken, including against agreed key performance indicators for that period.	Reports are received demonstrating activities and achievements, in December and June each year.	Reports are received demonstrating activities and achievements, in December and June each year	Reports received demonstrating activities and achievements	Yes

Funding Impact Statement: District development

For the year ended 30 June 2026

	2024/2025 Long-Term Plan $000	2025/2026 Long-Term Plan $000	2025/2026 Actual $000
Sources of operating funding			
General rates, UAGCs, rates penalties	147	176	366
Targeted rates	554	652	268
Subsidies & grants for operating purposes	-	-	-
Fees and charges	102	12	430
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
Total operating funding (A)	**803**	**839**	**1,065**
Applications of operating funding			
Payments to staff and suppliers	870	880	1,230
Finance costs	14	23	-
Internal charges and overheads applied	154	168	209
Other operating funding applications	-	-	-
Total applications of operating funding (B)	**1,038**	**1,071**	**1,439**
Surplus/(deficit) of operating funding (A-B)	**(236)**	**(231)**	**(375)**
Sources of capital funding			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	236	231	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	**236**	**231**	**-**
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	(375)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding (D)	**-**	**-**	**(375)**
Surplus/(deficit) of capital funding (C-D)	**236**	**231**	**375**
Funding balance ((A-B) + (C-D))	**-**	**-**	**-**

Kaikoura District Council
Financial Statements
for the year ended 30 June 2026

Statement of comprehensive revenue and expense

For the year ended 30 June 2026

	Note	Council Actual 2026 $'000	Council Budget 2026 $'000	Council Actual 2025 $'000	Group Actual 2026 $'000	Group Actual 2025 $'000
Revenue						
Rates	5	**11,956**	**11,730**	10,958	**11,956**	10,958
Fees & charges	6	**2,082**	**1,882**	1,815	**3,091**	2,795
Development contributions		**134**	**96**	123	**134**	123
Grants & subsidies	7	**6,146**	**16,079**	7,780	**6,146**	7,780
Interest revenue	8	**44**	**45**	245	**38**	244
Other revenue	9	**275**	**338**	1,009	**276**	1,011
Gains	10,15	**480**	**65**	840	**480**	858
Total revenue		**21,117**	**30,235**	22,770	**22,121**	23,769
Expenses						
Personnel costs	11	**(4,115)**	**(4,494)**	(3,800)	**(5,321)**	(5,065)
Depreciation & amortisation	12	**(5,764)**	**(5,683)**	(5,707)	**(5,868)**	(5,814)
Finance costs	8	**(345)**	**(431)**	(411)	**(347)**	(416)
Other expenses	13	**(9,528)**	**(9,528)**	(8,565)	**(9,116)**	(8,172)
Losses	10	**(4,224)**	**-**	(5,547)	**(4,224)**	(5,552)
Total expenses		**(23,976)**	**(20,136)**	(24,030)	**(24,876)**	(25,019)
Operating deficit before tax and share of equity accounted investments		**(2,859)**	**10,099**	(1,260)	**(2,755)**	(1,250)
Environment Canterbury share of Marlborough Regional Forestry surplus / (deficit)	14	**(9)**	**-**	(38)	**(9)**	(38)
	4,30	**(2,868)**	**10,099**	(1,298)	**(2,764)**	(1,288)
Income tax expense	30	**-**	**-**	-	**(34)**	5
Deficit after tax		**(2,868)**	**10,099**	(1,298)	**(2,798)**	(1,283)
Other comprehensive revenue & expenses						
Gains/(losses) on asset revaluation	10,15	**13,928**	**813**	42,537	**13,928**	42,537
Total other comprehensive revenue		**13,928**	**813**	42,537	**13,928**	42,537
Total comprehensive revenue		**11,060**	**10,912**	41,239	**11,130**	41,254

Explanations of major variances against budget are provided in note 37.

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 2026

	Note	Council Actual 2026 $'000	Council Budget 2026 $'000	Council Actual 2025 $'000	Group Actual 2026 $'000	Group Actual 2025 $'000
Equity at start of year		**342,972**	**311,667**	300,541	**343,672**	301,226
Asset revaluation reserve derecognition		**-**	**-**	1,192	**-**	1,192
Adjusted balance at 1 July		**342,972**	**311,667**	301,733	**343,672**	302,418
Comprehensive revenue & expense						
Total comprehensive revenue & expense		**11,060**	**10,912**	41,239	**11,130**	41,254
Equity at end of year	27	**354,033**	**322,579**	**342,972**	**354,803**	**343,672**

Explanations of major variances against budget are provided in note 37.

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

Statement of financial position
As at 30 June 2026

	Note	Council Actual 2026 $'000	Council Budget 2026 $'000	Council Actual 2025 $'000	Group Actual 2026 $'000	Group Actual 2025 $'000
ASSETS						
Current assets						
Cash and cash equivalents	16	**1,633**	**1,034**	3,556	**1,942**	3,914
Receivables from non-exchange transactions	17	**1,187**	**2,068**	632	**1,187**	632
Receivables from exchange transactions	17	**960**	**-**	1,838	**1,079**	1,920
Prepayments		**123**	**254**	406	**123**	406
Other financial assets	18	**75**	**20**	89	**50**	50
Inventories		**-**	**-**	-	**46**	38
Non-current assets held for sale		**330**	**330**	330	**330**	330
Total current assets		**4,308**	**3,706**	6,851	**4,757**	7,290
Non-current assets						
Other financial assets	18	**426**	**237**	300	**342**	192
Forestry assets	19	**2,626**	**2,865**	2,326	**2,626**	2,326
Investment property	20	**4,425**	**9,869**	6,479	**4,425**	6,479
Property, plant and equipment	21	**355,049**	**319,050**	342,838	**355,814**	343,634
Intangible assets		**76**	**-**	38	**76**	38
Total non-current assets		**362,602**	**332,021**	351,981	**363,283**	352,669
Total assets		**366,910**	**335,727**	358,832	**368,040**	359,959
LIABILITIES						
Current liabilities						
Payables and deferred revenue under exchange transactions	22	**1,932**	**1,728**	2,877	**2,012**	3,135
Payables and deferred revenue under non-exchange transactions	22	**460**	**-**	4,250	**523**	4,273
Employee entitlements	23	**300**	**194**	267	**428**	395
Borrowings	24	**2,000**	**2,000**	2,000	**2,054**	2,017
Provisions	25	**86**	**-**	382	**86**	382
Deferred Tax Liability		**-**	**-**	-	**35**	1
Total current liabilities		**4,778**	**3,922**	9,776	**5,138**	10,203
Non-current liabilities						
Borrowings	24	**7,300**	**8,300**	5,300	**7,300**	5,300
Provisions	25	**207**	**381**	200	**207**	200
Other term liabilities	26	**592**	**545**	584	**592**	584
Total non-current liabilities		**8,099**	**9,226**	6,084	**8,099**	6,084
Total liabilities		**12,877**	**13,148**	15,860	**13,237**	16,287
Net assets		**354,033**	**322,579**	342,972	**354,803**	343,672
EQUITY						
Asset revaluation reserves	27	**233,259**	**242,807**	219,331	**233,259**	219,331
Accumulated funds	27	**116,817**	**75,899**	119,640	**117,587**	120,340
Special reserves & special funds	27	**3,957**	**3,873**	4,001	**3,957**	4,001
Equity	27	**354,033**	**322,579**	342,972	**354,803**	343,672
Total liabilities & equity		**366,910**	**335,727**	358,832	**368,040**	359,959

Explanations of major variances against budget are provided in note 37.

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 2026

	Note	Council Actual 2026 $'000	Council Budget 2026 $'000	Council Actual 2025 $'000	Group Actual 2026 $'000	Group Actual 2025 $'000
Cash flows from operating activities						
Receipts from rates (excl. water meter charges)		**11,760**	**11,730**	10,560	**11,760**	10,560
Interest received		**44**	**45**	245	**38**	244
Receipts from other revenue		**4,011**	**18,334**	7,394	**4,950**	8,447
Payments to supplier and employees		**(13,604)**	**(16,622)**	(12,459)	**(14,507)**	(13,342)
Interest paid		**(342)**	**(431)**	(411)	**(337)**	(411)
GST (net) and company tax		**(476)**	**-**	349	**(489)**	365
Net cash flow from operating activities		**1,393**	**13,056**	5,678	**1,415**	5,863
Cash flows from investing activities						
Grants received for purchase of assets		**1,649**	**-**	6,098	**1,649**	6,098
Purchase of property, plant & equipment		**(3,914)**	**(15,492)**	(8,660)	**(3,985)**	(8,713)
Sale of property, plant & equipment		**-**	**-**	-	**-**	65
Purchase of forestry assets		**(109)**	**-**	(56)	**(109)**	(56)
Sale of forestry assets		**-**	**-**	164	**-**	164
Purchase of investment properties		**(2,831)**	**(3,030)**	(2,114)	**(2,831)**	(2,114)
Purchase of other financial assets		**(111)**	**-**	(198)	**(111)**	(86)
Net cash flow from investing activities		**(5,316)**	**(18,522)**	(4,766)	**(5,387)**	(4,642)
Cash flows from financing activities						
Proceeds from borrowings		**4,000**	**4,000**	2,000	**4,065**	2,077
Repayment of borrowings		**(2,000)**	**(1,000)**	(2,000)	**(2,065)**	(2,099)
Net cash flow from financing activities		**2,000**	**3,000**	-	**2,000**	(22)
Net increase/(decrease) in cash & cash equivalents		**(1,923)**	**(2,466)**	912	**(1,972)**	1,199
Cash and cash equivalents at the beginning of the year		**3,556**	**3,500**	2,644	**3,914**	2,715
Cash, cash equivalents, and bank overdrafts at the end of the year	16	**1,633**	**1,034**	3,556	**1,942**	3,914

Explanations of major variances against budget are provided in note 37.

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

1 Statement of accounting policies

1.1 Reporting entity

The Kaikoura District Council group consists of the ultimate parent, Kaikoura District Council, and its subsidiaries, Innovative Waste Kaikoura Ltd (100% owned). The Council has an 11.5% interest in the Marlborough Regional Forestry joint operation and 49.5% interest in Kaikoura Hurunui Water Services Limited.

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

The financial statements of the Council and Group are for the year ended 30 June 2026. The financial statements were authorised for issue by the Council on 28 October 2026.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on a going 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 LGA and the Local Government (Financial Reporting Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with NZ GAAP.

These financial statements and service performance information have been prepared in accordance with PBE Standards Reduced Disclosure Regime. The Council is eligible and has elected to apply the PBE Standards Reduced Disclosure Regime because its expenses are less than $33 million and it does not have public accountability as defined by XRB A1 Application of the Accounting Standards Framework.

Measurement base

The financial statements have been prepared on a historical 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).

Standards not yet issued and not yet effective, and not early adopted

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

2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1)

This amendment clarifies the principles for classifying a liability as current or noncurrent, particularly in relation to loan covenants. The amendments is effective for the year ended 30 June 2027.

The Council has not yet assessed in detail the impact of these amendments.

Changes in accounting policies

There have been no changes to the accounting policies.

2 Summary of significant accounting policies (continued)

2.2 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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.

Joint Venture

The Council has determined that its investment in Kaikoura Hurunui Water Services Limited is a joint venture for the purposes of PBE IPSAS 37 Joint Arrangements. The Council does not have direct rights to the assets of KHWSL nor direct obligations for its liabilities. Instead, the Council has rights to the net assets of the entity through its shareholding interest. Accordingly, the investment is accounted for using the equity method in accordance with PBE IPSAS 36 Investments in Associates and Joint Ventures.

The Council has a 49.5% shares in Kaikoura Hurunui Water Services Limited, the Company was established to provide water services to the district alongside Hurunui District Council.

2 Summary of significant accounting policies (continued)

2.3 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 released to revenue as the conditions are met (e.g. 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.

Sales 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).

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.

2 Summary of significant accounting policies (continued)

2.4 Borrowing costs

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

2.5 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.

2.6 Foreign currency transactions

Foreign currency transactions (including those for which forward 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.

2.7 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.

2.8 Leases

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.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on 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.

2 Summary of significant accounting policies (continued)

2.10 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 the payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High Court to have the judgement 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 Maori 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.

2.11 Derivative financial instruments and hedge accounting

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

2.12 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.

2 Summary of significant accounting policies (continued)

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.

2 Summary of significant accounting policies (continued)

2.13 Property, plant and equipment

Property, plant, and equipment consists of:

(i) Operational assets

These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

(ii) Restricted assets

Restricted assets are parks and reserves owned by the Entity and Group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

(iii) Infrastructure assets

Infrastructure assets are the fixed utility systems owned by the Entity and Group. 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.

(i) Operational land and buildings

As key properties, the Civic Centre and the memorial hall were valued to component level by Andrew Parkyn (Registered Valuer, B. Com, VPM, PG Dip Com, SPINZ,ANZIV) of Quotable Value NZ on 30 June 2025. The balance of land and buildings were valued effective on 30 June 2025 by Andrew Parkyn (Registered Valuer, B.Com (VPM), PG Dip Com, SPINZ, ANZIV) 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.

(ii) Restricted land and buildings

Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would not normally impair the value of the land because the Council has operational use of the land for the foreseeable and will substantially receive the full benefits of outright ownership.

The most recent valuation was performed by Andrew Parkyn, (Registered Valuer, B. Com, VPM, PG Dip Com, SPINZ, ANZIV) of Quotable Value NZ, and the valuation is effective on 30 June 2025 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.

(iii) 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 water systems, sewerage and stormwater systems was performed by WSP Ltd on 30 June 2026. Significant assumptions include replacement unit rates based on current cost indices, comparable council information and available contract evidence; allowances for professional and other directly attributable costs of 10% for lines and points assets and 15% for plant assets; estimated useful and remaining lives based on asset type, material and age; and straight-line depreciation with no residual value. Where asset information was incomplete, engineering judgement, statistical analysis, GIS information and available historical asset information were used. No condition-based adjustment to useful lives was made due to insufficient condition data.

2 Summary of significant accounting policies (continued)

Roading assets were revalued at 30 June 2025, the valuation has been carried by Kaikoura District Council and peer reviewed by WSP Ltd. When estimating the unit rate for the construction of roading assets the most current contracted unit rates for road construction have been used. Where current contracted unit rate information is unavailable, the most recent rates have been adjusted for inflation. Assumptions on the remaining useful life for an asset depreciation are based on the assets age, condition and future service potential. For roading assets, factors like ground type, weather and usage can influence these assumptions.

Building (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions used in the 30 June 2025 valuation include the following:

- The replacement costs of the specific assets are adjusted where appropriate for optimisation due to overdesign or surplus capacity. There have been no optimisation for the most recent valuations.

- The replacement cost is derived from recent construction contracts of modern equivalent assets and third party cost database. Construction costs range from $987 to $4,780 (2024: $955 to $3,080) per square metre, depending on the nature of specific asset valued.

- There are no significant asbestos issues with the buildings.

- The remaining useful life of assets is estimated after considering factors such as condition of the asset, future maintenance and replacement plans and experience with similar buildings.

- Straight line depreciation has been applied in determining the depreciated replacement cost value of the assets.

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.

2 Summary of significant accounting policies (continued)

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that 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:

	Years	Rate (rounded)
Infrastructural assets		
Roading		
Land and road formation		Not depreciated
Base course	20	5.26%
Bridges and Structures	28 - 46	From 2.17% - 3.57%
Sealed top layer	8	12.42%
Kerb and channels	49	2.03%
Drainage	42	2.37%
Traffic facilities	1 - 3	10% - 30%
Seawalls	22 - 33	3.03%
Footpath structure	1 - 49	2.04% - 100%
Footpath surface	19	5.41%
Street lighting	15	6.67%
Subbase		Not depreciated
Stopbanks	30	3%
Sewerage/wastewater		
Equipment and oxidation ponds	50	From 2% to 6%
Pump stations	17 - 100	From 7% to 10.94%
Rising mains & gravity reticulation	25 – 77	From 1% to 4%
Water		
Pump stations	12 – 25	From 4% to 18.12%
Pipes & reticulation	7 – 99	From 1% to 14%
Stormwater		
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 – 50	From 2% to 11%
Buildings – internal fit out	5 – 50	From 4% to 20%
Harbour seawall & wharf	5 – 50	From 1.5% to 10%
Computer equipment	5	20%
Plant, vehicles, and machinery	5 - 50	From 2% to 20%
Land		Not depreciated
Library books	8	11.5%
Library non-books	5	20%
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

2 Summary of significant accounting policies (continued)

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 subsequent to 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 Kaikoura 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 net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of assets. 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.

2.14 Forestry assets

Forestry assets owned via the Marlborough Regional Forestry joint operation 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 (2025: 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. The Council's forestry at South Bay was harvested in 2025 and has a nil value.

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

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

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

2 Summary of significant accounting policies (continued)

2.16 Intangible assets

(i) 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.

(ii) 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.

2.17 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.

(i) 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, 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.

(ii) 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 assets 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.

2.18 Creditors and other payables

Short-term creditors and other payables are recorded at the amount payable.

2 Summary of significant accounting policies (continued)

2.19 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.

2.20 Employee entitlements

(i) Short-term employee entitlements

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 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.

(ii) Long-term employee entitlements

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. note 33.

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.

2.21 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

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.

2 Summary of significant accounting policies (continued)

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.

2.22 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.

2.23 Budget figures

The budget figures are those approved by the Council in its 2026 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.

2.24 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.

2.25 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.

3 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:

(i) 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 relating to water, Sewer and Stormwater infrastructure assets and that a valuation outside the normal three-yearly cycle is not required.

(ii) 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.

(iii) Infrastructural assets

There are several assumptions and estimates used when performing optimised DRC valuations over infrastructural assets.

These include:

The unit cost rates for valuing the three water assets reflect an average cost rate for local construction. Where there has been recent construction/renewal activity, the actual construction costs are used in place of the existing average rates.

A minimum remaining useful life of two to three years is applied to assets with an expected total useful life of 30 years or less. For assets with an expected total useful life greater than 30 years, a minimum remaining useful life of three to five years is applied, depending on the asset type.

A residual value of 0% has been adopted for all other water assets.

If no age or condition information the asset is assumed to be halfway through its expected life.

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 2026:

(i) 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.

(ii) Service performance reporting (PBE FRS48)

The Council's statements of service performance are formally classified from pages 10 - 90. 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.

3 Critical accounting estimates and assumptions (continued)

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 Kaikoura District Council against the targeted levels of service. The service performance measures were originally adopted in the 2024-2034 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 2024-2034 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 (2024).

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 or through automated telemetry alarm systems, by Council staff and those received by the Council's contractor, Innovative Kaikoura 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.

4 Summary revenue and expense for group of activities

	Actual 2026 $'000	Budget 2026 $'000	Actual 2025 $'000
Revenue			
Roading	**3,703**	**14,423**	4,749
Water supplies	**3,471**	**1,973**	1,792
Sewerage	**134**	**1,452**	1,652
Stormwater	**120**	**120**	120
Refuse & recycling	**512**	**504**	438
Community facilities	**5,027**	**5,001**	6,496
Leadership & governance	**166**	**63**	70
Regulatory services	**605**	**1,056**	949
Community services	**287**	**167**	376
District development	**492**	**428**	601
	14,517	**25,187**	17,243
Expense			
Roading	**(4,374)**	**(5,114)**	(4,488)
Water supplies	**(2,976)**	**(2,850)**	(2,713)
Sewerage	**(2,309)**	**(2,162)**	(2,132)
Stormwater	**(303)**	**(258)**	(293)
Refuse & recycling	**(698)**	**(682)**	(601)
Community facilities	**(3,477)**	**(3,129)**	(4,956)
Leadership & governance	**(1,797)**	**(1,891)**	(1,455)
Regulatory services	**(1,532)**	**(1,712)**	(1,711)
Community services	**(1,209)**	**(1,376)**	(1,456)
District development	**(1,440)**	**(962)**	(838)
	(20,115)	**(20,136)**	(20,643)
Non-activity			
General rates	**6,031**	**4,938**	4,445
Interest received	**44**	**45**	242
Forestry asset revaluation gains	**191**	**-**	-
Landfill provision changed in estimate	**289**	**65**	189
Gain(losses) on disposal of fixed assets	**-**	**-**	(3,222)
Gains from vested assets	**-**	**813**	590
Net gain/(loss) on Investment Property	**(3,935)**	**-**	-
ECAN share of MRF surplus/(deficit)	**(9)**	**-**	(38)
Bad debt movement in provision	**366**	**-**	346
Forestry revaluation losses	**(289)**	**-**	(441)
Bad debt expenses (net of bad debts recovered)	**-**	**-**	(9)
Share of MRF Carbon Credit	**42**	**-**	-
	2,730	**5,861**	2,102
Net surplus/(deficit) per Statement of Comprehensive Revenue	**(2,868)**	**10,912**	(1,298)

5 Rates

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
General rates	**3,005**	2,330	**3,005**	2,330
Uniform annual general charge	**1,938**	2,049	**1,938**	2,049
Earthquake levy	**112**	110	**112**	110
Roading rate	**1,757**	1,504	**1,757**	1,504
District planning rate	**107**	267	**107**	267
Kaikoura water annual charge	**1,229**	1,074	**1,229**	1,074
East Coast water unit charge	**72**	73	**72**	73
Kincaid water unit charge	**120**	105	**120**	105
Fernleigh water unit charge	**197**	170	**197**	170
Stormwater rate	**115**	112	**115**	112
Sewerage charges	**1,395**	1,232	**1,395**	1,232
Commercial rate	**345**	439	**345**	439
Accommodation sector charge	**140**	135	**140**	135
Registered premises charge	**82**	68	**82**	68
Footpath & streetlight rate	**242**	224	**242**	224
Harbour rate	**98**	150	**98**	150
Town centre rate	**97**	99	**97**	99
Kerbside recycling charge	**273**	214	**273**	214
Civic centre rate	**341**	372	**341**	372
Rate penalties	**134**	132	**134**	132
Rates remissions, rebates & write offs	**(97)**	(124)	**(97)**	(124)
Water meter charges	**254**	223	**254**	223
Total rates, excluding targeted water supply rates	**11,956**	10,958	**11,956**	10,958

The Local Government (Rating of Whenua Maori) Amendment Act of 2021, which amended the Local Government Rating Act (2002). The new amendment requires that all rates on unused Maori Freehold land be written off and the land be classified as non-rateable effective from 1 July 2021. For most Maori 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.

For the purpose of the New Zealand Local Government Funding Agency Limited (NZLGFA) Guarantee and Indemnity Deed disclosure, the Council's annual rates for the year ended 30 June 2026 is $11.9 million (2025:$10.9 million). Refer to Note 33 for further information on the NZLGFA guarantees and indemnities.

6 Fees and charges

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Buildings & resource consents fees	**835**	509	**835**	509
Lease & rental revenue	**371**	408	**371**	408
License fees	**196**	163	**196**	163
Parking & slipway fees	**164**	163	**164**	163
Other fees & charges	**516**	572	**1,525**	1,552
Total fees and charges	**2,082**	1,815	**3,091**	2,795

Building & resource consent revenue are above forecasts. Lease rental revenue (including cemetery and septic tank disposals) were higher than budgeted. Licence fees, parking cost recoveries of which some were unbudgeted.

7 Grants & subsidies

Grant and subsidies continue to support the Council activities at significant levels. However, delays in major projects meant actuals grants received is $11M lower than expected.

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Waka Kotahi (NZTA)	**1,370**	2,441	**1,370**	2,441
Ministry of Business, Innovation & Employment (PGF & TIF)	**3,984**	3,037	**3,984**	3,037
Ministry of social development (MSD)	**52**	288	**52**	288
Kainga Ora (Infrastructure Acceleration) (NIFFCO)	**247**	399	**247**	399
Department of Internal Affairs (DIA)	**82**	542	**82**	542
Developer (Infrastructure Acceleration)	**108**	608	**108**	608
NZ lottery grants	**52**	157	**52**	157
Other grants, subsidies & donations	**251**	308	**251**	308
Total grants & subsidies	**6,146**	7,780	**6,146**	7,780

8 Interest revenue & finance costs

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Interest revenue				
Interest on term deposits	**44**	245	**38**	244
Total financing revenue	**44**	245	**38**	244
Financing expenses				
Interest on borrowings	**(345)**	(411)	**(347)**	(416)
Total financing expense	**(345)**	(411)	**(347)**	(416)
Net finance costs	**(301)**	(166)	**(309)**	(172)

As projects have been completed, Council had less funds on term deposit as the previous year, however borrowings have remained $1M lower than anticipated reducing the overall interest on borrowings.

9 Other revenue

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Share of Marlborough Regional Forestry joint operation	**42**	847	**42**	847
Petrol tax	**35**	44	**35**	44
Waste minimisation levies	**92**	81	**92**	81
Proceeds from land sale	**103**	4	**103**	4
Infringement fees & other revenue	**3**	33	**4**	35
Total other revenue	**275**	1,009	**276**	1,011

10 Fair value gains and losses

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Gains				
Forestry asset revaluation gains	**191**	-	**191**	-
Gain/(loss) on sale of forestry assets	**-**	61	**-**	61
Landfill provision change in estimate	**289**	189	**289**	189
Gain on changes in fair value of investment property	**-**	590	**-**	590
Gain on sale of Property, Plant and Equipment **Total gains**	**-**	-	**-**	18
	480	840	**480**	858
Losses				
Loss on sale/disposal of asset	**-**	(5,106)	**-**	(5,111)
Investment Property revaluation losses	**(3,935)**	(441)	**(3,935)**	(441)
Forestry revaluation losses	**(289)**	-	**(289)**	-
Total losses	**(4,224)**	(5,547)	**(4,224)**	(5,552)
Gains/(losses) through other comprehensive income expense				
Gain on asset revaluations - refer note 15	**13,928**	42,537	**13,928**	42,537
Total gains/(losses) through other comprehensive expense	**13,928**	42,537	**13,928**	42,537
Net gains	**10,184**	37,830	**10,184**	37,843

11 Personnel expense

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Salaries, wages, and honorarium	**3,968**	3,905	**5,174**	5,170
Employer contributions to defined contribution plan	**130**	112	**130**	112
Increase/(decrease) in employee entitlements	**17**	(45)	**17**	(45)
Direct personnel overheads	**-**	(172)	**-**	(172)
Total personnel expense	**4,115**	3,800	**5,321**	5,065

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.

12 Depreciation & amortisation by group of activity

	Council	
	Actual 2026 $'000	**Actual 2025 $'000**
Roading	**2,481**	2,363
Water Supplies	**1,079**	1,099
Wastewater	**1,053**	1,044
Stormwater	**168**	171
Refuse & recycling	**10**	12
Facilities	**899**	855
Leadership & governance	**68**	121
Building & regulatory	**3**	3
Community services	**3**	39
Total depreciation and amortisation expense	**5,764**	5,707

Depreciation overall is in line with the forecasted budget.

13 Other expenses

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
ACC partnership programme	**-**	-	**-**	-
Audit fees to principal auditor:				
- Audit for the Council	**212**	201	**262**	246
Contractors	**3,929**	3,340	**3,929**	3,340
Donations and grants paid out	**838**	840	**838**	840
Insurance premiums	**856**	882	**908**	942
Legal fees	**261**	107	**261**	107
Receivables written off	**-**	9	**-**	9
Provision for impairment and expected credit losses	**(366)**	(345)	**(365)**	(345)
Operating lease expense	**17**	16	**17**	16
Share of MRF joint operation expenses	**267**	78	**267**	78
Personnel related expenses	**432**	362	**432**	362
Other operating expenses	**3,082**	3,072	**2,567**	2,574
Freedom camping project	**-**	3	**-**	3
Total other expenses	**9,528**	8,565	**9,116**	8,172

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.

Legal fees are over budget with contractual advice for the harbour sought working towards resolution of a dispute and legal advice on the Resource Management Plan approval, along with defending a defamation case.

“Other operating expenses” 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. Software implementation was lower than anticipated due to the contractual milestone being established before the Long Term Plan was set resulting in a timing issue which accounts for the significant variance from budget.

The share of MRF joint operations expenses are higher than the budget as there was no logging activity in 2026.

Personnel related expenses include expenses directly related to employees such as FBT, medical insurance, ACC, training and recruitment expenses. The variance of $89,000 increased training, recruitment for newly elected Councillors.

Auditors' fees

During the year the following fees were paid or payable for services provided by the auditor of the Entity, its related practices and non-related audit firms:

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
(a) Assurance services				
Audit services				
The Audit Office				
Audit and review of financial reports	**206**	197	**256**	239
Audit of the 2024-2034 Long Term Plan Recoveries	**-**	-	**-**	18
Assurance Engagement in Relation to the Debenture Trust Deed	**6**	4	**6**	6
Total remuneration for audit services	**212**	201	**262**	263

14 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 15), 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	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Marlborough Regional Forestry joint operation surplus/(deficit)	**64**	287	**64**	287
Environment Canterbury share @ 13.37%	**(9)**	(38)	**(9)**	(38)

15 Gains/(losses) on asset revaluation

Gains and losses have been recorded on Stormwater, Water and Sewerage, while roading, land and building were not required to be valued this year.The result is a $14 million gain in the value of 3W assets.

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Land	**-**	3,990	**-**	3,990
Buildings	**-**	1,260	**-**	1,260
Roading	**-**	37,287	**-**	37,287
Stormwater	**5,382**	-	**5,382**	-
Water	**5,841**	-	**5,841**	-
Sewerage	**3,123**	-	**3,123**	-
Marlborough Regional Forestry land	**(360)**	-	**(360)**	-
Environment Canterbury share of MRF revaluation (13.37%)	**(58)**	-	**(58)**	-
	13,928	**42,537**	**13,928**	42,537

16 Cash & cash equivalents

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Cash at bank and in hand	**1,633**	3,556	**1,942**	3,914
Total cash and cash equivalents	**1,633**	3,556	**1,942**	3,914

Financial assets recognised in 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.

17 Trade & other receivables

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Rates receivables	**1,024**	595	**1,024**	595
Debtor receivables	**1,001**	1,600	**1,120**	1,682
Debtor accruals	**179**	842	**179**	842
GST receivable	**145**	-	**145**	-
Receivables prior to impairment	**2,349**	3,037	**2,468**	3,119
Less expected credit losses for other receivables	**(202)**	(567)	**(202)**	(567)
Total debtors and other receivables	**2,147**	**2,470**	**2,266**	**2,552**

Total receivables comprise:

Receivables from exchange transactions- including fees and charges, lease revenue and consent fees	**960**	1,838	**1,079**	1,920
Receivables from non-exchange transactions- including rates, grants & subsidies, and development contributions	**1,187**	632	**1,187**	632
	2,147	2,470	**2,266**	2,552
Current portion	**2,147**	2,470	**2,266**	2,552
Non-current portion	**-**	-	**-**	-

Debtor receivables includes significant invoices for subsidies from NZTA, these are down compared to last year cost recoveries from Datacom, due to no balance owing from Kainga Ora and developer.

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 Chief Executive approved the write-off of rates receivable during the year under the LG(R)A as follows:
- Section 90A: $Nil (2025: Nil)
- Section 90B: $Nil (2025: Nil)

18 Other financial assets

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Current portion				
Loan to subsidiaries	**25**	39	**-**	-
Borrowers Notes	**50**	50	**50**	50
Total current portion	**75**	89	**50**	50
Non-current portion				
Unlisted shares in Civic Financial Services Ltd	**9**	9	**9**	9
Borrower Notes	**333**	183	**333**	183
Loans to Subsidiaries	**84**	108	**-**	-
Total non-current portion	**426**	**300**	**342**	**192**
Total other financial assets	**501**	**389**	**392**	**242**

Unlisted shares – valuation

The Council holds 9,000 shares in Civic Financial Services Ltd (2025: 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.

Carbon Credits which were previously included as other financial assets at 30 June 2025 have been moved to Intangible Assets for comparative purposes.

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 Kaikoura 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 fully repaid in 2026, with earlier repayment allowed. In June 2025, the Council provided a loan of $132,000 to IWK for the purchase of an excavator. The interest rate applicable is 4.58% and annual principal repayments of $23.5k and remaining balance of $108.5k are spread over a 5-year term.

19 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 2026 year. The joint operation has now completed all its available logging and is entering a phase of limited revenues, expected to last at least three years, until the next blocks reach suitable height for logging to recommence.

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Opening balance at 1 July	**2,326**	2,728	**2,326**	2,728
Increase due to addition	**109**	56	**109**	56
Gains from harvesting	**-**	61	**-**	61
Decrease due to harvest	**-**	(164)	**-**	(164)
Gains/(losses) arising from changes in fair value attributable to physical changes	**202**	341	**202**	341
Gains/(losses) arising from changes in fair value attributable to price changes	**(11)**	(696)	**(11)**	(696)
	300		**300**	(402)
Balance at 30 June 2026	**2,626**	2,326	**2,626**	2,326

Valuation Assumptions

Forme Consulting Group valued the Marlborough Regional Forestry assets on 30 June 2026 and 2025, using the estate based crop expectation 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% (2025: 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 (todays) 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 log prices are based on historical data. The Council is not expecting timber prices to decline significantly in the foreseeable future and that the outlook for timber prices is reviewed regularly.

19 Forestry assets (continued)

Sensitivity analysis

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

		On 30 June 2026	
Discount rate:	6%	6.5% (as used)	7%
The Council's 11.5% share of MRF tree crop value ($000's)	**2,824**	**2,626**	2,448

20 Investment property

The movement of investment property is as follows:

Breakdown of investment property and further information

	Council		**Group**	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Land	**3,590**	3,000	**3,590**	3,000
Fair value gains/(losses) on valuation	**160**	590	**160**	590
Balance at 30 June	**3,750**	3,590	**3,750**	3,590

	Council		**Group**	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Building				
Opening Balance at 1 July	**2,889**	775	**2,889**	775
Addition	**1,881**	2,114	**1,881**	2,114
	4,770	2,889	**4,770**	2,889
Fair value gains/(losses) on valuation at completion	**(4,095)**	-	**(4,095)**	-
Balance at 30 June	**675**	2,889	**675**	2,889
Total fair value	**4,425**	6,479	**4,425**	6,479

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.

Investment property under construction is measured at cost until fair value can be reliably determined or when construction is complete.

Building under construction are initially valued at cost due to the inability to determine fair value reliably. Construction of the building was completed in October 2025 and subsequently measured at fair value.

Investment properties are valued annually at fair market value by Carl Graham (Registered Valuer) of CBRE Limited. CBRE Limited are experienced valuers with extensive knowledge in the types and location of investment property owner by the Council.

The fair value of investment property has been determined using the capitalisation of net income and discounted cash flow methods (the Income Approach). These methods are base on assumptions including future rental revenue, anticipated operating costs, and appropriate capitalisation and discount rates.

The property is currently vacant and for the purposes of the valuation a hypothetical underlying lease has been adopted at market rates and terms. Average gross market rental is assumed of $131,000 per annum. Operating costs have been estimated at $22,050 per annum resulting in potential net income of $109,000. Capitalisation rate is 5%, the DCF discount rate (target IRR) is 6.50% and the terminal yield is 5.25%.

20 Investment property (continued)

The fair value of vacant land (2,212 sqm) has been determined using comparable transactions (the Market Approach).

(a) Contractual obligations

Refer to Note 34 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

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

21 Property, plant & equipment

Land and buildings were valued at fair value on 30 June 2025, by Andrew Parkyn of Quotable Values.

Water supplies, sewerage and stormwater systems were valued at 30 June 2026 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 Land 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 2026, this land has a carrying value of $10,414,700 (2025: $10,316,600). Building values include restricted buildings, playgrounds, and other structures, that on 30 June 2026 have a carrying value of $4,099,800 (2025: $4,246,800).

Roading assets were revalued at 30 June 2025 by inhouse engineers and peer reviewed by WSP Ltd. Land under roads of $18,237,242 (2025: $18,237,242) is included under Roading 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.

21 Property, plant & equipment (continued)

2026	Cost / revaluation 1 Jul 2025 $'000	Accumulated depreciation 1 Jul 2025 $'000	Carrying amount 1 Jul 2025 $'000	Current year additions $'000	Current year disposals/write-offs $'000	Current year transfers $'000	Current year depreciation $'000	Disposal depreciation $'000	Revaluation depreciation adjustment $'000	Current year revaluations $'000	Cost / revaluation 30 Jun 2026 $'000	Accumulated depreciation 30 Jun 2026 $'000	Carrying amount 30 Jun 2026 $'000
Land	22,510	-	22,510	99	-	19	-	-	-	-	22,629	-	22,629
Buildings	21,272	-	21,272	171	-	2	(683)	-	-	-	21,445	(684)	20,761
Landfill Provision	871	(871)	-	-	-	-	-	-	-	-	871	(871)	-
Office equipment	662	(573)	89	30	-	-	(20)	-	-	-	692	(593)	99
Vehicles & plant	767	(594)	173	29	-	-	(22)	-	-	-	796	(617)	179
Park furniture & other	2,334	(259)	2,075	92	-	-	(43)	-	-	-	2,426	(303)	2,123
Library books	793	(793)	-	35	-	-	(2)	-	-	-	829	(795)	34
Artwork	89	-	89	-	-	-	-	-	-	-	89	-	89
Harbour	10,523	(1,607)	8,916	6	-	-	(183)	-	-	-	10,529	(1,789)	8,740
Roading	206,207	-	206,207	1,861	-	331	(2,481)	-	-	-	208,399	(2,481)	205,918
Stormwater	8,478	(171)	8,307	-	-	-	(168)	-	339	5,042	13,520	-	13,520
Water supply	32,292	(1,099)	31,193	272	-	342	(1,079)	-	2,173	3,667	36,573	(5)	36,568
Sewerage	37,199	(1,044)	36,155	571	-	342	(1,053)	-	2,090	1,033	39,144	(6)	39,138
MRF PPE	3,159	(539)	2,620	54	-	-	(30)	-	-	(705)	2,508	(569)	1,939
Work in progress	3,232	-	3,232	1,116	-	(1,036)	-	-	-	-	3,312	-	3,312
Council total	**350,388**	**(7,550)**	**342,838**	**4,336**	**-**	**-**	**(5,764)**	**-**	**4,602**	**9,037**	**363,762**	**(8,713)**	**355,049**
Subsidiary buildings	415	(143)	272	-	-	-	(10)	-	-	-	415	(152)	263
Subsidiary plant & equip	1,510	(986)	524	73	(34)	-	(94)	-	-	-	1,549	(1,047)	502
Group total	**1,925**	**(1,129)**	**796**	**73**	**(34)**	**-**	**(104)**	**-**	**-**	**-**	**1,964**	**(1,199)**	**765**
Group total	**352,313**	**(8,679)**	**343,634**	**4,409**	**(34)**	**-**	**(5,868)**	**-**	**4,602**	**9,037**	**365,726**	**(9,912)**	**355,814**

21 Property, plant & equipment (continued)

2025	Cost / revaluation 1 Jul 2024 $'000	Accumulated depreciation 1 Jul 2024 $'000	Carrying amount 1 Jul 2024 $'000	Current year additions $'000	Current year disposals/write-offs $'000	Current year transfers $'000	Current year depreciation $'000	Disposal depreciation $'000	Revaluation depreciation adjustment $'000	Current year revaluations $'000	Cost / revaluation 30 Jun 2025 $'000	Accumulated depreciation 30 Jun 2025 $'000	Carrying amount 30 Jun 2025 $'000
Land	18,089	-	18,089	-	-	432	-	-	-	3,990	22,510	-	22,510
Buildings	21,037	(1,110)	19,927	26	(1,610)	1,002	(568)	-	1,678	817	21,272	-	21,272
Landfill Provision	871	(871)	-	-	-	-	-	-	-	-	871	(871)	-
Office Equipment	642	(518)	124	20	-	-	(55)	-	-	-	662	(573)	89
Vehicles & plant	750	(549)	201	17	-	-	(45)	-	-	-	767	(594)	173
Park Furniture & other	1,796	(207)	1,589	498	-	40	(52)	-	-	-	2,334	(259)	2,075
Library books	757	(757)	-	36	-	-	(36)	-	-	-	793	(793)	-
Artwork	89	-	89	-	-	-	-	-	-	-	89	-	89
Harbour	10,492	(1,387)	9,105	31	-	-	(220)	-	-	-	10,523	(1,607)	8,916
Roading	173,191	(3,841)	169,350	1,482	(315)	707	(2,363)	59	6,145	31,142	206,207	-	206,207
Stormwater	8,477	-	8,477	1	-	-	(171)	-	-	-	8,478	(171)	8,307
Water supply	31,932	-	31,932	360	-	-	(1,099)	-	-	-	32,292	(1,099)	31,193
Sewerage	36,536	-	36,536	663	-	-	(1,044)	-	-	-	37,199	(1,044)	36,155
MRF PPE	2,815	(517)	2,298	-	-	-	(22)	-	-	344	3,159	(539)	2,620
Work in progress	3,969	-	3,969	3,557	(3,283)	(1,011)	-	-	-	-	3,232	-	3,232
Council total	**311,443**	**(9,757)**	**301,686**	**6,691**	**(5,208)**	**1,170**	**(5,675)**	**59**	**7,823**	**36,293**	**350,388**	**(7,550)**	**342,838**
Subsidiary buildings	411	(146)	265	21	(5)	-	(9)	-	-	-	415	(143)	272
Subsidiary plant & equip	1,503	(996)	507	164	(49)	-	(98)	-	-	-	1,510	(986)	524
Group total	**1,914**	**(1,142)**	**772**	**185**	**(54)**	**-**	**(107)**	**-**	**-**	**-**	**1,925**	**(1,129)**	**796**
Group total	**313,357**	**(10,899)**	**302,458**	**6,876**	**(5,262)**	**1,170**	**(5,782)**	**59**	**7,823**	**36,293**	**352,313**	**(8,679)**	**343,634**

21 Property, plant & equipment (continued)

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
2026				
Water supply:				
- treatment plants & facilities	**9,138**	44	**-**	13,921
- other assets	**27,430**	570	**-**	59,155
Sewerage:				
- treatment plants & facilities	**16,002**	342	**-**	24,337
- other assets	**23,136**	569	**-**	38,259
Stormwater drainage	**13,520**	-	**-**	21,976
Roads and footpaths	**205,918**	2,192	**-**	240,084
2025				
Water supply:				
- treatment plants & facilities	6,886	83	**-**	6,986
- other assets	24,307	277	**-**	24,679
Sewerage:				
- treatment plants & facilities	14,556	662	**-**	14,271
- other assets	21,600	-	**-**	22,179
Stormwater drainage	8,306	1	**-**	8,530
Roads and footpaths	206,207	1,482	**-**	240,084

Replacement cost differs to the closing book value (carrying amounts) because the closing book values are determined using depreciated replacement cost. Roading valuations were completed for 30 June 2025 and valuations on Water supply, Sewerage and Stormwater were undertaken at 30 June 2026.

22 Payables and deferred revenue

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Current portion				
Payables and deferred revenue under exchange transactions:				
Trade payables and accrued expenses	**1,891**	2,867	**1,971**	3,125
Deferred revenue	**31**	-	**31**	-
Marlborough Regional Forestry creditors	**10**	10	**10**	10
Total	**1,932**	2,877	**2,012**	3,135
Payables and deferred revenue under non-exchange transactions:				
Rates paid in advance	**180**	287	**180**	287
Goods & services tax	**-**	220	**33**	243
Deposits and bonds held	**75**	69	**75**	69
Environmental Canterbury liability	**58**	93	**58**	93
Grant liabilities	**124**	3,581	**154**	3,581
Fringe benefits tax	**23**	-	**23**	-
Total	**460**	4,250	**523**	4,273
Total current portion	**2,392**	7,127	**2,535**	7,408

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 benefits liabilities

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Accrued salaries & wages, PAYE and FBT	**105**	89	**140**	139
Annual leave	**172**	163	**265**	241
Sick leave	**15**	6	**15**	6
Long service leave	**8**	9	**8**	9
Total employee benefits liabilities	**300**	267	**428**	395

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	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Current				
Secured loans	**2,000**	2,000	**2,000**	2,003
Short term loan	**-**	-	**54**	14
Total current borrowings	**2,000**	2,000	**2,054**	2,017
Non-current				
Secured loans	**7,300**	5,300	**7,300**	5,300
Total non-current borrowings	**7,300**	5,300	**7,300**	5,300
Total borrowings	**9,300**	7,300	**9,354**	7,317

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, $9,300,000 in borrowings has been drawn with LGFA (2025: $7,300,000). As at 30 June 2026, Council had a $2 million CARL facility with BNZ, which was undrawn at balance date (2025: Nil).

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 have occurred in 2026, 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 2.97% to 5.85% (2025: 3.14% to 5.99%), and a multi-factored inflation rate ranging from 1.96% to 2.70% (2025: 1.98% to 2.10%).

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Current				
Landfill aftercare costs	**86**	382	**86**	382
Non-current				
Landfill aftercare costs	**207**	200	**207**	200
Total provisions	**293**	582	**293**	582
Movements in provisions:				
Opening balance 1 July	582	771	582	771
Reduction in provision	(289)	(189)	(289)	(189)
Closing balance	293	582	293	582

26 Other term liabilities

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Non-current				
Share of interest in MRF held on behalf of ECAN	**592**	584	**592**	584
Total other term liabilities	**592**	**584**	**592**	**584**

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.

	2026 $'000	**Share**	2026 $'000
Marlborough District Council loan - KDC share at 11.5%	**6,668**	**11.5 %**	767
Kaikoura District Council loan - KDC's claim from MDC's share	**867**	**88.5 %**	(767)
Total liability			-

27 Equity

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Asset revaluation reserves	**233,259**	219,331	**233,259**	219,331
Public equity	**116,817**	119,640	**117,587**	120,340
Special reserves & special funds	**3,957**	4,001	**3,957**	4,001
Total equity	**354,033**	342,972	**354,803**	343,672

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Special reserves	**2,536**	1,843	**2,536**	1,843
Special funds	**1,421**	2,158	**1,421**	2,158
Total reserves	**3,957**	4,001	**3,957**	4,001

Public equity

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Opening balance 1 July	**119,640**	119,940	**120,340**	120,625
Asset revaluation reserve derecognition	**-**	1,192	**-**	1,192
Net surplus/(deficit)	**(2,868)**	(1,298)	**(2,798)**	(1,283)
Transfers (to)/from special reserves	**(692)**	(911)	**(692)**	(911)
Transfers (to)/from special funds	**737**	717	**737**	717
Balance at 30 June	**116,817**	119,640	**117,587**	120,340

27 Equity (continued)

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 $'000	Transfers in $'000	Transfers out $'000	Closing balance $'000
2026					
Kaikoura water	All costs for the Kaikoura, Ocean Ridge, Suburban, Oaro, and Peketa water supplies	1,072	1,242	(1,248)	1,066
East Coast water	Maintenance, administration, upgrading and loan costs	(81)	72	(200)	(209)
Kincaid water	Maintenance, administration, and upgrading costs	145	119	(161)	103
Fernleigh water	Maintenance, administration, and upgrading costs	32	196	(119)	109
Roading	Maintenance and upgrading of local roads and bridges	802	3,399	(2,157)	2,044
Roading events	Responding to flooding and other events, and repairing damage to roads and bridges	175	44	(46)	173
Footpaths & streetlights	Maintenance, administration, upgrading and loan costs	(161)	243	(157)	(75)
Recycling	Recycling collection and sorting, and recycling stations	196	271	(183)	284
District Plan	All costs in relation to the District Plan	(13)	106	(221)	(128)
Stormwater	Maintenance, administration, upgrading and loan costs	94	119	(250)	(37)
Sewerage	Maintenance, administration, upgrading and loan costs	152	1,389	(1,449)	92
Tourism & Marketing	Support for the i-Site and Destination Kaikoura	6	25	(264)	(233)
Commercial Rate	A portion of the cost of providing traffic control, public toilets, public rubbish bins	(262)	137	(131)	(256)
Harbour	South Bay & North Wharf maintenance, administration, upgrading and loan costs	(229)	150	(266)	(345)
West End town centre	Car park, village green, public toilets and town centre maintenance, administration, upgrading and loan costs	239	98	(69)	268
Civic centre	Maintenance, administration, upgrading and loan costs	(340)	410	(408)	(338)
Stock control	All costs including enforcement and control	16	-	2	18
Total restricted reserves - 2026		**1,843**	**8,020**	**(7,327)**	**2,536**

27 Equity (continued)

	Purpose	Opening balance $'000	Transfers in $'000	Transfers out $'000	Closing balance $'000
2025					
Kaikoura water	All costs for the Kaikoura, Ocean Ridge, Suburban, Oaro, and Peketa water supplies	808	1,366	(1,102)	1,072
East Coast water	Maintenance, administration, upgrading and loan costs	(88)	73	(66)	(81)
Kincaid water	Maintenance, administration, and upgrading costs	115	104	(74)	145
Fernleigh water	Maintenance, administration, and upgrading costs	(11)	168	(125)	32
Roading	Maintenance and upgrading of local roads and bridges	126	3,245	(2,569)	802
Roading events	Responding to flooding and other events, and repairing damage to roads and bridges	187	47	(59)	175
Footpaths & streetlights	Maintenance, administration, upgrading and loan costs	79	290	(530)	(161)
Recycling	Recycling collection and sorting, and recycling stations	204	209	(217)	196
District Plan	All costs in relation to the District Plan	6	271	(290)	(13)
Stormwater	Maintenance, administration, upgrading and loan costs	45	120	(71)	94
Sewerage	Maintenance, administration, upgrading and loan costs	(176)	1,587	(1,259)	152
Tourism & Marketing	Support for the i-Site and Destination Kaikoura	(37)	298	(255)	6
Commercial Rate	A portion of the cost of providing traffic control, public toilets, public rubbish bins	(71)	117	(308)	(262)
Harbour	South Bay & North Wharf maintenance, administration, upgrading and loan costs	(126)	406	(509)	(229)
West End town centre	Car park, village green, public toilets and town centre maintenance, administration, upgrading and loan costs	143	233	(137)	239
Civic centre	Maintenance, administration, upgrading and loan costs	(294)	427	(473)	(340)
Stock control	All costs including enforcement and control	18	-	(2)	16
Total restricted reserves - 2025		**928**	**8,961**	**(8,046)**	**1,843**

27 Equity (continued)

	Purpose	Opening balance $'000	Transfers in $'000	Transfers out $'000	Closing balance $'000
2026 Special reserves					
Social Services	Social projects and Commitment costs	5	-	-	5
Tourism Strategy	Tourism strategy costs	35	-	-	35
Creative community	Arts funding available by application	8	-	-	8
George Low	Sports & recreation funding available by application	61	-	-	61
Economic development	Economic development projects	(31)	57	(62)	(36)
Forestry	Net costs of forestry and surpluses for strategic investment	866	86	(152)	800
Significant natural area	Biodiversity projects	21	-	-	21
Parks and reserves	Upgrade and new parks and reserves	221	77	-	298
Pensioner flats	Maintenance, upgrade, administration and loan costs	(70)	144	(96)	(22)
Community facilities	Maintenance, upgrade, administration and loan costs	983	41	(1)	1,023
Waste minimisation levy	Waste minimisation project	266	92	-	358
Library grants	Library resources	2	-	-	2
Family violence	Service coordination	25	32	(16)	41
Mayoral fund Airport	Discretionary funds	25	-	-	25
Responsible camping	Debt repayment and capital projects	(16)	135	(134)	(15)
Financial sustainability Legal challenges Building accreditation	Grant funding for by-law and enforcement	82	-	(12)	70
	Financial and Corporate Sustainability (FCS) DIA funded review	(68)	-	(28)	(96)
	Court costs and legal advice	100	-	-	100
Wakatu Quay South Bay feasibility	Building control authority accreditation	78	-	(32)	46
Environmental	PGF funded Wakatu Quay project	(501)	1,787	(2,659)	(1,373)
	PGF funded South Bay project	26	-	-	26
planning	Environmental projects and grants	14	-	-	14
Fords (Hapuku Puhi Kahutara)		26	9	(5)	30
Total Special reserves 2026		**2,158**	**2,460**	**(3,197)**	**1,421**

27 Equity (continued)

	Purpose	Opening balance $'000	Transfers in $'000	Transfers out $'000	Closing balance $'000
2025 Special reserves					
Social Services	Social projects and Commitment costs	5	-	-	5
Tourism Strategy	Tourism strategy costs	35	-	-	35
Creative community	Arts funding available by application	8	18	(18)	8
George Low	Sports & recreation funding available by application	61	5	(5)	61
Economic development	Economic development projects	11	33	(75)	(31)
Forestry	Net costs of forestry and surpluses for strategic investment	920	22	(76)	866
Significant natural area	Biodiversity projects	22	-	(1)	21
Parks and reserves	Upgrade and new parks and reserves	152	69	-	221
Pensioner flats	Maintenance, upgrade, administration and loan costs	23	117	(210)	(70)
Community facilities	Maintenance, upgrade, administration and loan costs	983	395	(395)	983
Waste minimisation levy	Waste minimisation project	185	81	-	266
Library grants	Library resources	2	-	-	2
Family violence	Service coordination	25	28	(28)	25
Mayoral fund Airport	Discretionary funds	25	-	-	25
Responsible camping	Debt repayment and capital projects	(2)	149	(163)	(16)
Financial sustainability Legal challenges Building	Grant funding for by-law and enforcement	169	11	(98)	82
accreditation	Financial and Corporate Sustainability (FCS) DIA funded review	52	-	(120)	(68)
Wakatu Quay South Bay feasibility	Court costs and legal advice	100	-	-	100
Environmental	Building control authority accreditation	59	24	(5)	78
	PGF funded Wakatu Quay project	(24)	2,353	(2,830)	(501)
	PGF funded South Bay project	26	70	(70)	26
planning	Environmental projects and grants	16	-	(2)	14
Fords (Hapuku Puhi Kahutara)		22	9	(5)	26
Total Special reserves 2025		**2,875**	**3,384**	**(4,101)**	**2,158**

27 Equity (continued)

Asset revaluation reserves

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Opening balance 1 July	**219,331**	176,794	**219,331**	176,794
Revaluation gains/(losses)	**13,928**	42,537	**13,928**	42,537
Closing balance 30 June	**233,259**	219,331	**233,259**	219,331

The Asset revaluation reserves consist of:

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Land	**14,252**	14,252	**14,252**	14,252
Buildings	**10,442**	10,442	**10,442**	10,442
MRF Forestry Land	**-**	416	**-**	416
Library Books	**65**	65	**65**	65
Roading	**145,420**	145,420	**145,420**	145,420
Stormwater	**11,477**	6,097	**11,477**	6,097
Water Supply	**28,877**	23,036	**28,877**	23,036
Sewerage	**22,328**	19,205	**22,328**	19,205
Other Assets (including Harbour)	**398**	398	**398**	398
	233,259	219,331	**233,259**	219,331

28 Remuneration

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was $287,861 (2025: $265,081).

Elected representatives

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

	Council	
	Actual 2026 $	Actual 2025 $
Mayor Craig Mackle	**100**	89
Deputy-Mayor Vicki Gulleford	**37**	33
Councillor Julie Howden	**14**	42
Councillor Lisa Bond	**9**	28
Councillor Anthony Blunt	**29**	29
Councillor Kevin Heays	**29**	26
Councillor Robby Roche	**9**	28
Councillor John Diver	**29**	29
Councillor Mark Redwood	**20**	-
Councillor Corrina Smith	**20**	-
Councillor Joshua McInnes	**20**	-
Total elected representatives	**316**	304

28 Remuneration (continued)

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

	Council	
	Actual 2026 $	Actual 2025 $
Councillors		
Full time equivalent members	**8**	8
Remuneration	**316**	304
Senior Management team, including the Chief Executive		
Full time equivalent members	**2**	3
Remuneration	**509**	599
Total full-time equivalent personnel	**10**	11
Total key management personnel remuneration	**825**	903

Due to difficulty in determining the full-time equivalent for Councillors, the full-time equivalent is taken as the number of Councillors.

Council employees

At balance date, the Council employed 29 full-time employees based on 35 working hours (2025: 29), with the balance of staff representing 6 full-time equivalent employees (2025: 8). A full-time equivalent employee is determined based on a 35-hour working week.

	Council	
	2026	**2025**
Total annual remuneration by band for employees on 30 June:		
< $60,000	**10**	14
$60,000 – $79,999	**11**	11
$80,000 – $119,999	**8**	7
$120,000 – $219,999	**8**	8
$220,000 - $299,999	**2**	1
Total employees	**39**	41

During the year, the Council made no severance payment in 2026 (2025:$12,000).

29 Financial instruments

Financial instrument classification

		Council		Group	
	Level	**2026 $'000**	2025 $'000	**2026 $'000**	2025 $'000
FINANCIAL ASSETS:					
Amortised cost					
Cash and cash equivalents		**1,633**	3,556	**1,942**	3,914
Trade and other receivables		**2,147**	2,470	**2,266**	2,552
Loans to subsidiaries		**109**	147	**-**	-
Carbon credit		**-**	9	**-**	9
Civic Financial Services Ltd		**9**	9	**9**	9
Unlisted borrower notes LGFA		**383**	233	**383**	233
		4,281	6,424	**4,600**	6,717

29 Financial instruments (continued)

	Council		Group	
	2026	2025	**2026**	2025
	$'000	$'000	**$'000**	$'000
FINANCIAL LIABILITIES				
Amortised cost				
Trade & other payables	**2,034**	3,029	**2,114**	3,287
Borrowings	**9,300**	7,300	**9,354**	7,317
Share of MRF held on behalf of ECAN	**592**	584	**592**	584
	11,926	10,913	**12,060**	11,188

30 Taxation

	Council		Group	
	Actual 2026	Actual 2025	**Actual 2026**	Actual 2025
	$'000	$'000	**$'000**	$'000
Components of tax expense recognised in statement of comprehensive revenue and expense				
Current Taxation	**-**	-	**-**	-
Deferred Taxation	**-**	-	**(34)**	(5)
Income tax expense	**-**	-	**(34)**	(5)
Components of deferred tax recognised directly in equity:	**-**	-	**-**	-
Tax expense	**-**	-	**(34)**	(5)
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	**(2,868)**	(1,298)	**(2,764)**	(1,288)
(Non-taxable income)	**-**	-	**-**	1
Tax loss not recognised	**-**	-	**-**	(1)
Deferred Taxation	**-**	-	**5**	(8)

	Property plant and equipment $'000	**Employee benefits $'000**	**Accrued expenses $'000**	**Losses to carry forward $'000**	**Total $'000**
Entity					
Balance at 1 July 2024	(101)	21	-	74	(6)
Recognised in income	14	1	-	(10)	5
Balance at 1 July 2025	(87)	22	-	64	(1)
Recognised in income	(6)	4	-	(32)	(34)
Balance at 30 June 2026	(93)	26	-	32	(35)

Innovative Waste Kaikoura Limited recognises its tax obligations.

31 Joint 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 arrangement is accounted for as a jointly controlled operation, and are as follows:

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Current assets	**44**	123	**44**	123
Non-current assets	**4,565**	4,945	**4,565**	4,945
Total assets	**4,609**	5,068	**4,609**	5,068
Current liabilities	**20**	10	**20**	10
Non-current liabilities	**867**	694	**867**	694
Total liabilities	**887**	704	**887**	704
	3,722	4,364	**3,722**	4,364
Revenue	**192**	829	**192**	829
Expenses	**(128)**	(542)	**(128)**	(542)
Share of net revenue/(expenses)	**64**	287	**64**	287

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

32 Related party transactions

Intergroup

Innovative Waste Kaikoura Ltd (IWK)

During the year, through the ordinary course of business, the Council has paid $1,838,458 in fees and grants to Innovative Waste Kaikoura Ltd (2025: $2,112,154) and received $142,913 from Innovative Waste Kaikoura Ltd (2025: $152,462). 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 $190,139 including GST (2025: $20,637) payable by the Council to Innovative Waste Kaikoura Ltd and $9,818 including GST (2025: NIL) receivable by the Council from Innovative Waste Kaikoura 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, this loan has been paid off per the terms above.

On 30 June 2025, the Council provided a loan to IWK of $132,000. The loan term is 5 years. The interest rate has a margin of 0.25% above Kaikoura District Council's Weighted Average Fixed Cost (WAFC), the starting interest rate is 4.58%. Principal and interest payments are received quarterly with the first repayment starting on 20 July 2025.

IWK repaid $38,543 on their term loan from the Council during the year (2025: $20,000).

33 Commitments as lessee, and Contingent Liabilities

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Non-cancellable operating leases as lessee				
Not later than one year	**15**	17	**15**	17
Later than one year and not later than five years	**7**	25	**7**	25
Later than five years	**-**	-	**-**	-
	22	42	**22**	42

Capital commitments

	Council & Group			
	Contract value 2026 $'000	Spent at 30 June 2026 $'000	Committed value 2026 $'000	Contracted or committed 2025 $'000
Wakatu Quay	**-**	-	**-**	2,304
IAF - Kaikoura Western Developments	**639**	498	**141**	85
Kaikoura Urban Water facilities	**68**	46	**22**	-
Footpath Renewal	**172**	-	**172**	24
Bridge Repairs	**83**	38	**45**	-
WWTP - Old Beach Rd	**-**	-	**-**	14
	962	582	**380**	2,427

Housing NZ Corporation funding

Housing New Zealand Corporation (now Kainga Ora - Homes and Communities) has provided $497,776 (2025: $497,776) towards the construction of social housing. This funding related to the development of four new pension houses and modernisation of existing pensioner housing. This advance will cease to be repayable after 20 years. The funding would be payable if the Council were to withdraw its investment in that housing or make a decision to alter the long-term plan relating to the provision of social housing. The advance was recognised as grant revenue in the 2009 financial year and contingency related to the repayment of this funding expires in 2029..

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 2026, the scheme had a past service deficit of $0.243 million excluding Employer Super annuation Contribution Tax (2025: $0.504 million deficit). This deficit 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 2026, the Actuary recommended an employer contribution rate of between four-times contributors' contributions was maintained. Following the actuarial review completed as at 31 March 2026, effective from 1 July 2026, the employer contribution rate of four times contributors contributions has been maintained. The rate will be reviewed again at 31 March 2027 and any change would be implemented from 1 April 2027.

33 Commitments as lessee, and Contingent Liabilities (continued)

33.1 Contingent liabilities

Contingent liabilities
Contingent liabilities include those items where a liability may be incurred if certain events or outcomes occur, or where a present obligation exists but the extent of the liability cannot be measured reliably for recognition in the financial statements.

Management consider the likelihood of a particular event or outcome occurring to determine whether a contingent liability should be disclosed. No disclosure is made when the possibility of an outflow of resources is considered to be remote. Where amounts are disclosed the amount shown is the maximum potential cost.

Quantifiable contingent liabilities

	Council		Group	
	Actual 2026 $'000	Actual 2025 $'000	**Actual 2026 $'000**	Actual 2025 $'000
Building Act claims	**-**	70	**-**	70
Other legal proceedings	**310**	340	**310**	150
Total contingent liabilities	**310**	410	**310**	220

Building Act claims
The Building Act 2004 imposes certain obligations and liabilities on local authorities relating to the issue of building consents and inspection of work done. In prior periods, Council disclosed a contingent liability in relation to a Building Act claim. This matter has now been resolved and there is no remaining contingent liability to disclose as at 30 June 2026.

Legal proceedings
Complexities remain around judicial review proceedings in respect to challenging the special operators rate for South Bay. Negotiations are ongoing with Whale Watch and the Council and Whale Watch agreed to go to mediation.

Council and a former employee are defendants in defamation proceedings. The matter remains ongoing.

New Zealand Local Government Funding Agency Limited (NZLGFA)
Kaikoura District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 for the purpose of providing debt funding to New Zealand local authorities and council-controlled organisations.

NZLGFA's credit ratings at 30 June 2026 were:

- Fitch Ratings: AA+ (local currency) and AA+ (foreign currency)
- S&P Global Ratings: AAA (local currency) and AA+ (foreign currency)

As at 30 June 2026, the Council was one of 74 local authority guarantors of NZLGFA (2025: 72 guarantors). The Council is not a shareholder of NZLGFA.

The Council, together with other guarantors, has provided a joint and several guarantee of NZLGFA's obligations. Any call on the guarantee will be made on a pro-rata basis according to each guarantors' prior-year annual rates revenue. If a guarantor fails to pay its pro-rata share, the other guarantors will be called on for the payment on pro-rata basis. At 30 June 2026, NZLGFA had total borrowings of $26.55 billion (2025: $25.53 billion)

Financial reporting standards require the Council to measure the NZLGFA guarantee liability at the higher of the loss allowance at balance date determined using the expected credit loss model and the amount initially recognised. At 30 June 2026, the Council assessed the 12-month expected credit losses of the guarantee liability. The estimated 12-month expected credit losses are immaterial due to extremely low probability of default in the next 12 months. Therefore, the Council has not recognised a liability.

At 30 June 2026, Council has $9.3 million (2025:$7.3 million) outstanding NZLGFA loan liability in the Council and group financial statements.

33 Commitments as lessee, and Contingent Liabilities (continued)

The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Riskpool Scheme
Kaikoura District Council previously obtained public liability and professional indemnity insurance cover as a member of the New Zealand Mutual Liability Riskpool scheme. Riskpool operated as a mutual fund where each member made an annual contribution to obtain cover, however should claims exceed contributions then calls can be made on the members of that fund year, for the shortfall amount. The scheme is in wind-down. Kaikoura District Council has an on-going obligation to contribute to the scheme should a funding call be made in respect of historical claims (to the extent those claims are not covered by reinsurance or where reinsurance recovery is delayed), and to fund the on-going operations of the scheme. Ongoing litigation involving other Council members of Riskpool has introduced a high level of uncertainty about both the level of Kaikoura District Council's potential financial exposure and its timing. At this stage, Riskpool cannot quantify the total potential liability associated with these matters.

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 2026, either on its own account or as a joint venture operation partner in MRF (2025: Nil).

34 Commitments as lessor, and contingent assets

Non-cancellable operating leases as lessor

The Council leases various properties and land to third parties under operating lease arrangements. These arrangements include sports fields, office spaces, campground land, and airport facilities. Lease terms and renewal dates vary across the arrangements with final expiry dates extending over a number of years.

The Council has no contingent asset as at 30 June 2026 (2025: nil).

35 Insurance on assets

Buildings and building contents

The assets covered by the Council's material damage policy a total depreciated value on 30 June 2026 of $62,880,067 (2025: $54,108,308), and have a total sum insured of $87,120,067 (2025: $79,084,237). 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 2025, 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 2026 of $140,609 (2025: $131,548), with insurance cover for replacement value of $250,000 (2025: $286,000). Insured cover includes windscreen replacement for all vehicles.

Water, sewerage, and stormwater assets

These activities have a total asset value for insurance purposes of $90,072,378 (2025: $87,875,490), with protection under the NZ Local Authority Protection Programme (LAPP) for up to two events up to an amount of $400 million (2025:$300 million) for each event at 40% for any one event in total. The remaining 60% of a loss would be covered by central government.

The Council's threshold to make a claim is $150,000 and 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 2026 of $52,248,803 (2025: $52,307,397).

Roads, bridges, and footpaths

These assets have a total carrying value on 30 June 2026 of $196,201,749 excluding land under roads. Council considers roads, bridges and footpaths be self insured (2025: $177,999,694). For normal maintenance work, the Council receives 51% subsidy from the NZTA (2025: 51%). Emergency work is subject to a higher subsidy rate from NZTA dependent on the severity of the damage. On 30 June 2026, the Council roading special reserve has $2,044k of funds. (2025: $802k).

There is $9,538,632 of assets that the Council considers to be uninsured within this group of activities (2025: $9,969,831). These include sea walls and footpaths.

The following information relates to the insurance of Council assets at 30 June

	Council	
	Actual 2026	**Actual 2025**
	$'000	**$'000**
The total value of all Council assets covered by insurance contracts	**63,021**	59,552
The maximum amount to which insured assets are insured	**87,370**	88,161
The total value of all Council assets covered under financial risk sharing arrangements	**90,072**	87,875
Maximum amount available to the Council under financial risk-sharing arrangements	**400,000**	300,000
Total value of assets that are self-insured	**196,202**	178,000
Value of funds maintained for self-insurance	**2,044**	802

In the event of natural disaster, central government may provide a subsidy towards the restoration of roads. Under financial risk arrangements, assets and value protected of $90,072,378 (2025:$87,875.490) with limit of two covers of up to $400m (2025:$300m) for each event with 40% any one event in total, subject to self-funding requirements.

36 Joint Venture

Investment in Kaikoura Hurunui Water Services Limited

Kaikoura District Council holds a 49.5% interest in Kaikoura Hurunui Water Services Limited (KHWSL). KHWSL is domiciled and operates in New Zealand. KHWSL is a jointly controlled water services organisation established with Hurunui District Council. The Council's interest in KHWSL is measured at cost in the Council's financial statements and using the equity method of accounting in the group's financial statements.

At 30 June 2026, KHWSL had not yet assumed responsibility for the delivery of Council's drinking water, wastewater and stormwater services. Accordingly, those activities and their associated infrastructure assets continued to be recognised by Council at 30 June 2026.

At the date of inception of KHWSL, Council's had an initial investment (at cost) of $100 representing a 49.5% interest in KHWSL. For the year ended 30 June 2026, KHWSL incurred operating expenses of $98,631 and reported a deficit of $98,631. Council's 49.5% share of the deficit was $48,822. This resulted in Council's initial investment reduced to Nil and the remaining deficit not recognised was $48,722. At 30 June 2026, KHWSL had total assets of $234,000, total liabilities of $333,000, and net liabilities of $99,000.

On 1 July 2026, responsibility for Council's drinking water, wastewater and stormwater services transferred to KHWSL. Immediately prior to transfer, the carrying value of the principal infrastructure assets associated with those activities was $89.22 million, comprising water supply assets of $36.56 million, wastewater assets of $39.14 million and stormwater assets of $13.52 million.

As the transfer occurred on 1 July 2026, the infrastructure assets remained recognised by Council at 30 June 2026. The transfer is therefore accounted for as a non-adjusting event after the reporting date, with the investment arising from the transfer recognised from 1 July 2026. The value of that investment is determined with reference to the assets and liabilities transferred under the agreed Net Asset Value methodology, subject to the agreed subsequent wash-up process.

At 30 June 2026, Council's share of KHWSL's contingent liabilities incurred jointly with other investor is $nil. There are no contingent liabilities that arise of several liabilities at 30 June 2026.

37 Explanation of major variance against budget

The significant variances to budget are detailed below.

Statement of Comprehensive Revenue & Expense

Grants and Subsidies

Actual grants and subsidies revenue was $6M compared with a budget of $16M, resulting in an unfavourable variance of $10M. The variance was primarily due to delays in capital projects specifically the Infrastructure Acceleration Fund projects, which resulted in associated grant funding not being recognised during the year.

Rates Revenue

Rates revenue was in line with budget.

Fees and Charges

Fees and charges revenue exceeded budget by $0.2M. The variance was mainly driven by higher building and resource consent activity, increased lease and rental income, and stronger recoveries from other fees and charges.

Fair Value Losses and Revaluation Movements

Council recorded net fair value and revaluation losses of $4.2M. This was largely attributable to::
(i) A $0.3M reduction in the revaluation of Council's share of forestry assets.
(ii) A $3.9M reduction in the value of Wakatu Quay investment property.

Personnel Costs

Personnel costs were $4.1M compared with a budget of $4.5M, resulting in a favourable variance of $0.4M. The savings arose primarily from staff vacancies and recruitment timing during the year.

37 Explanation of major variance against budget (continued)

Other expenses

Other operating expenses were $9.5M compared with a budget of $9.5M. While overall spending remained below budget, increases in legal costs and Marlborough Regional Forestry expenses were offset by lower software implementation expenditure and timing differences in several operational projects.

Operating Result

Council recorded an operating deficit of $2.8M, compared with a budgeted surplus of $10.1M. The primary driver of the adverse variance was the lower-than-budgeted grant funding recognition resulting from project delivery delays.

Other Comprehensive Revenue and Expense

A revaluation gain of $14M was recognised during the year following the revaluation of water, wastewater and stormwater infrastructure assets. This increased Council's asset revaluation reserves and net assets at 30 June 2026.

Statement of Financial Positions

Cash and Cash Equivalent

Cash balances at year end were $1.6 million compared with a budget of $1M. The higher balance largely reflects delays in capital expenditure and grant-funded projects that remained unspent at year end.

Property, Plant and Equipment

Property, plant and equipment totalled $355M compared with a budget of $319M, a favourable variance of $36M million. The increase was primarily due to the revaluation of water, wastewater and stormwater assets during the year.

Borrowings

Total borrowings were $9M compared with a budget of $10M. Borrowings remained below budget due to capital programme delays and lower funding requirements than originally forecast.

Net Assets and Equity

Total equity was $354 compared with a budget of $323M, largely due to infrastructure revaluation gains recognised during the year.

38 Post balance date events

July 2026 Weather Event

At the date of signing these financial statements, the full financial impact of the event is still being assessed. Preliminary estimates indicate the recovery costs could range from approximately $8.2 million to $29.6 million, depending on the recovery approach ultimately adopted. The final scope and cost of the recovery work will be confirmed pending government agency funding.

Water Entity

During the year, Kaikoura District Council and Hurunui District Council progressed the implementation of their Water Services Delivery Plan under the Local Water Done Well framework. Following consultation with their respective communities, both councils committed to the establishment of a joint water services entity, Kaikoura Hurunui Water Services Ltd, to provide water, wastewater and stormwater services across the two districts.

The company was incorporated in March 2026. As at 30 June 2026, the entity had undertaken only limited establishment activities and had not yet assumed responsibility for the delivery of water services. Accordingly, the entity held minimal assets and liabilities at balance date.

Kaikoura District Council holds a 49.5% ownership interest in the entity, with Hurunui District Council holding the remaining 50.5%. The Council has accounted for its interest in accordance with the applicable accounting standards for jointly controlled arrangements.

38 Post balance date events (continued)

On 1 July 2026, ownership and responsibility for the water, wastewater and stormwater assets and associated operations transferred from the councils to the new entity as part of the transition to the new delivery model. The transfer of these assets represents a significant post balance date event for the Council.

On 1 July 2026, responsibility for Council's drinking water, wastewater and stormwater services transferred to KHWSL. Immediately prior to transfer, the carrying value of the principal infrastructure assets associated with those activities was $89.22 million, comprising water supply assets of $36.56 million, wastewater assets of $39.14 million and stormwater assets of $13.52 million.

The 2026/27 financial year is a transitional year for the entity. Under transitional arrangements, Kaikoura District Council continues to set and collect water-related rates on behalf of the entity, with water rates revenue remitted to Kaikoura Hurunui Water Services Ltd. Responsibility for the ongoing delivery and management of water services rests with the entity from 1 July 2026.

As part of the transfer of water services on 1 July 2026, the Council's water engineering function and associated employee transferred to KHWSL. No material restructuring or termination costs arose for Council as a result of the transfer.

Local Government Reform

The Government's local government reform programme may result in significant changes to the structure and governance of local authorities throughout New Zealand. The nature, timing and outcome of these reforms remain uncertain at the date of adoption of these financial statements. The Government has indicated that decisions on the next steps for local government reorganisation will be considered following the 2026 General Election, with any resulting structural changes not expected to take effect before the 2028 local government elections.

Kaikoura District Council participated in the Government's voluntary Head Start pathway and, together with Marlborough District Council, submitted an outline proposal for a future unitary authority arrangement. The proposal sought to create a single unitary authority covering the Marlborough and Kaikoura districts, combining regional and territorial authority functions within one organisation. The proposal was intended to simplify local governance arrangements, support implementation of the new planning system, achieve operational efficiencies and maintain effective local representation for communities within both districts.

In September 2026, the Government advised that no decisions would be made on individual Head Start proposals at that time and that further consideration of local government reorganisation would occur following the General Election. As a result, the outcome of the Head Start proposal and any future local government reorganisation remains uncertain.

Council has considered the potential implications of the reform programme in preparing these financial statements. At the date of adoption, no decisions have been made that would alter Council's current responsibilities, governance arrangements, assets, liabilities or service delivery obligations. Accordingly, these financial statements have been prepared on a going concern basis. Council will continue to monitor developments and assess any future implications as more information becomes available.

Management has considered the Government's Simplifying Local Government reform programme, including the Head Start proposal jointly submitted with Marlborough District Council. While the Council has participated in the voluntary reform process, no Government decision has been made regarding the proposal and there remains uncertainty regarding the eventual structure, timing and implementation of any local government reorganisation. Management notes that:

•Council continues to operate under its existing legislative framework and retains responsibility for all assets, liabilities and service delivery obligations.
•No legislation has been enacted requiring structural change affecting Council prior to the 2028 local government elections.
•The Government has deferred consideration of the Head Start proposals until 2027, with Cabinet consideration expected in early 2027 and final approval later in the year.
•Council maintains approved Long Term Plan and Annual Plan processes, appropriate liquidity, access to borrowing facilities and the ability to continue meeting its obligations as they fall due.

Funding Impact Statement - Whole of Council

	Annual Plan 2025 $'000	Actual 2025 $'000	**Annual Plan 2026 $'000**	**Actual 2026 $'000**
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	4,351	4,445	**4,884**	**5,072**
Targeted rates	6,417	6,512	**6,846**	**6,885**
Subsidies and grants for operating purposes	992	1,682	**1,028**	**1,431**
Fees and charges	1,923	1,816	**1,882**	**2,082**
Interest & Dividend from Investments	57	245	**45**	**44**
Fuel tax, fines, infringement fees, and other receipts	685	1,010	**337**	**275**
Total sources of operating funding (A)	14,425	15,710	**15,022**	**15,789**
Application of operating funding				
Payments to staff and suppliers	(13,074)	(12,701)	**(14,022)**	**(14,007)**
Finance costs	(392)	(411)	**(432)**	**(345)**
Other operating funding applications	-	(1,823)	**-**	**-**
Total application of operating funding (B)	(13,466)	(14,935)	**(14,454)**	**(14,352)**
Surplus / (deficit) of operating funding (A-B)	959	775	**568**	**1,437**
Sources of capital funding				
Subsidies and grants for capital expenditure	14,047	6,099	**15,052**	**4,714**
Development and financial contributions	62	123	**96**	**134**
Increase / (decrease) in debt	1,816	-	**2,806**	**2,000**
Gross proceeds from sale of assets	-	-	**-**	**-**
Lump sum contributions	-	-	**-**	**-**
Other dedicated capital funding	-	-	**-**	**-**
Total sources of capital funding (C)	15,925	6,222	**17,954**	**6,848**
Application of capital funding				
Capital expenditure:				
- To meet additional demand	(10,330)	(4,378)	**(14,910)**	**-**
- To improve the level of service	(1,664)	(568)	**(886)**	**(3,426)**
- To replace existing assets	(4,906)	(1,789)	**(2,726)**	**(2,716)**
Increase / (decrease) in reserves	16	1,852	**-**	**(262)**
Increase / (decrease) of investments	-	(2,114)	**-**	**(1,881)**
Total application of capital funding (D)	(16,884)	(6,997)	**(18,522)**	**(8,285)**
Surplus / (deficit) of capital funding (C-D)	(959)	(775)	**(568)**	**(1,437)**
Funding balance ((A-B) + (C-D))	0	0	**0**	**0**

Other information

Kaikoura Enhancement Trust

Kaikoura Enhancement Trust is a charitable trust established in 2000, for the purposes of progressing environmental projects, and is not intended to generate a profit.

The Kaikoura Enhancement Trust was dissolved in March 2024.

Innovative Waste Kaikoura Ltd

Innovative Waste (IWK) is owned by the Kaikoura District Council and is responsible for the day-to-day management of the District landfill and recycling facility. 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 Kaikoura 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 Kaikoura.
- Parks and reserves.

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

Activity	Measure	2025/2026 Actual
Client satisfaction	98% of all urgent or non-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 the site.	100% - Water, 100% - Wastewater
	98% of all non-urgent call outs, applicable to the contract are responded to within 48 hours from the time the notification to the time that service personnel attend site.	99.60%
Client satisfaction	The number of service requests received about recycling collections is less than 20% per year	0 received
	Compliance with and provision of all KPI information as per contracts.	100%
	Obtaining an unqualified audit opinion	Yes
Service performance	Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions.	Achieved - no notices or infringements received
	The number of complaints received per year being due to a service request not being actioned appropriately is less than 10	Achieved - 1
Health & Safety	5% reduction in TRIF (Total Recordable Incident Frequency) accident rates	TRIF rate for 2025/26 was 48.18 (7TRI x 200,000/29.055 (hours worked)
	LTIFR (LTI per 200,000 hours worked) < 6	LTIFR rate for 2025/26 was 6.88 (1 LTI x 200,000/29.055 (hours worked)
Staff engagement	Staff engagement score of 4.0 or better	Achieved - 4.5
Waste diversion	55 % or higher diversion of waste from landfill per Ministry for the Environment methodology	Not Achieved - 49.09%

Maori Participation in Decision Making

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

These committees are supported by Iwi representation.

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

Annual Report Disclosure Statement

For the year ending 30 June 2026

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

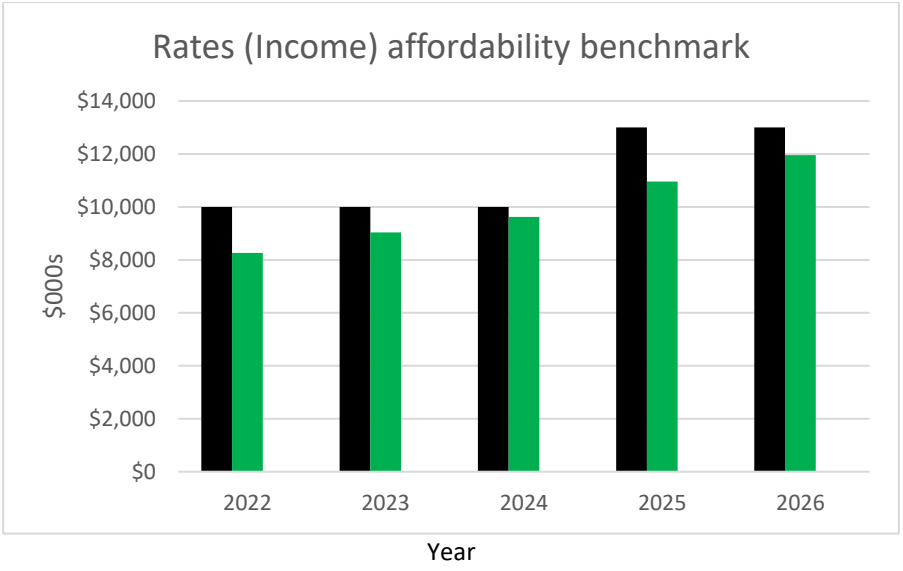
The Council meets the rates affordability benchmark if –

- 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. The quantified limit is $10 million for years 2022 – 2024 and $13 million for years 2025 – 2026.

Rates (income) affordability benchmark



Quantified limit on rates income

Actual rates income (at or within limit)

Actual rates income (exceeds limit)

Comment

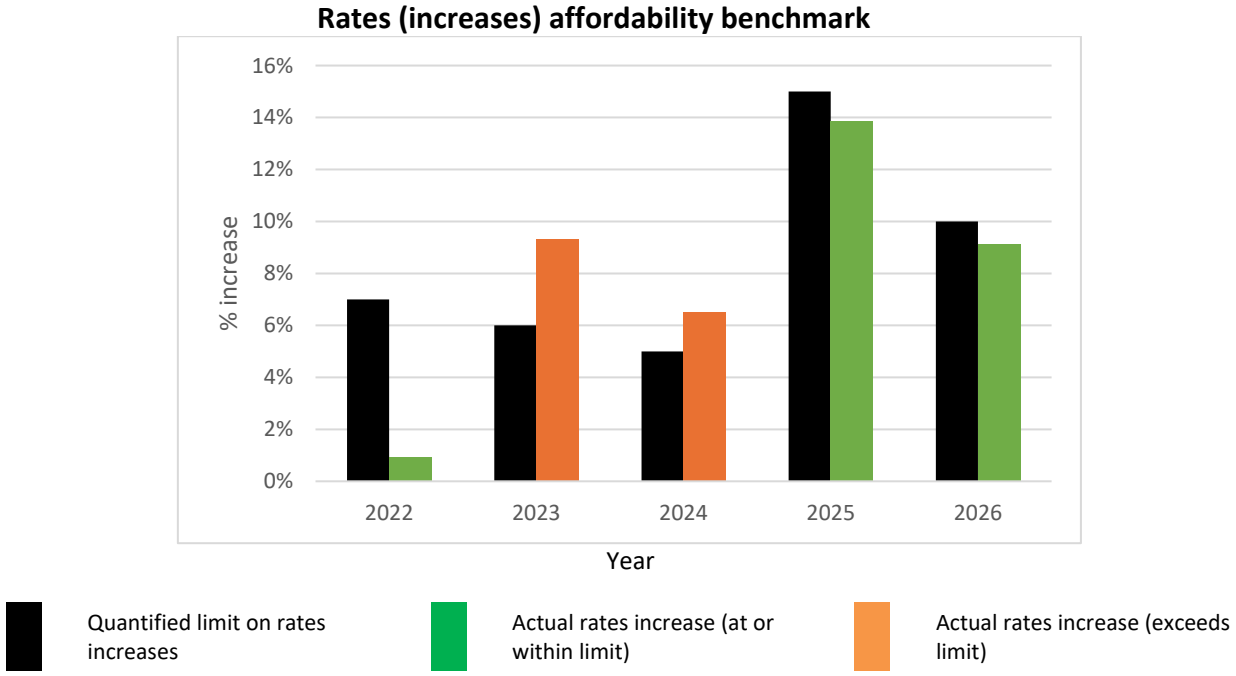
The Council's actual rates for the 2026 financial year were $11,956,840, which is within the $13 million limit. Although the Council continued it's no-frills approach, we have been realistic with the rates rise given the current economic climate. The removal of three waters in 2027 will impact the rates revenue going forward along with the introduction of rates capping and the funding of depreciation.

The rates income affordability benchmark has been restated for comparative years. The benchmark was previously presented using recalculated percentage-based limits rather than the quantified dollar limits

specified in the relevant Long-Term Plans. Comparative figures have been updated to reflect the correct quantified limits. The benchmark outcome is unchanged for all years.

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 as detailed in the Councils Long Term Plan. The quantified limit was 7% for 2022, 6% for 2023, 5% for 2024, 15% for 2025, 10% for 2026 and the actual increase was 0.93% for 2022, 9.34% for 2023, 6.54% for 2024, 13.82% for 2025 and 9.12% for 2026.



Comment

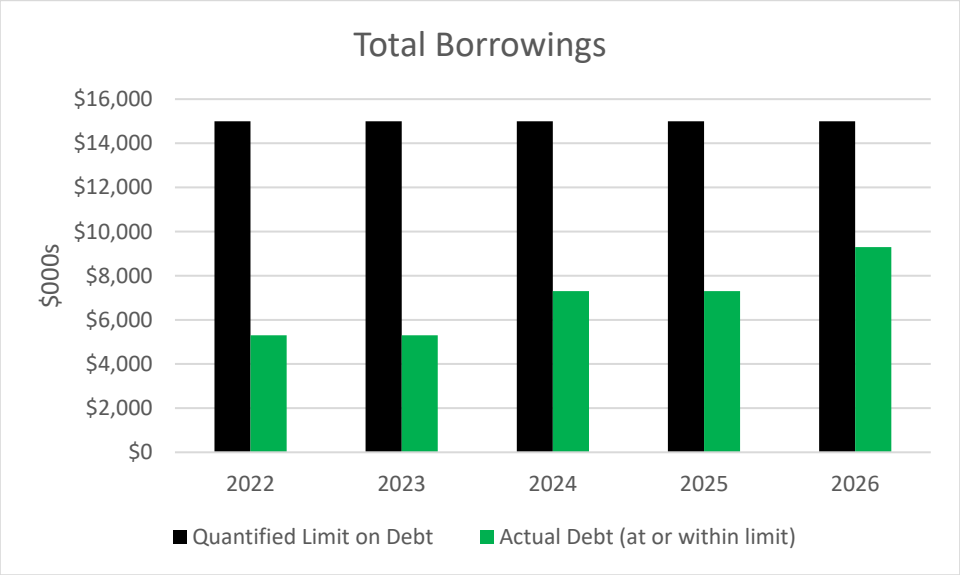
As for the Rates (Income) Affordability measure on the previous page, the 2026 rates increase stayed within the 10% rates increase limit – and reflects the overall cost increases with the current economic climate.

Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowings is within each quantified limit on borrowing.

The following graph compares the Council's actual borrowing with the quantified limit on borrowing stated in the financial strategy included in the Long-Term Plan. The quantified limit is $15 million for the years 2022-2026.

Total borrowings



Comment

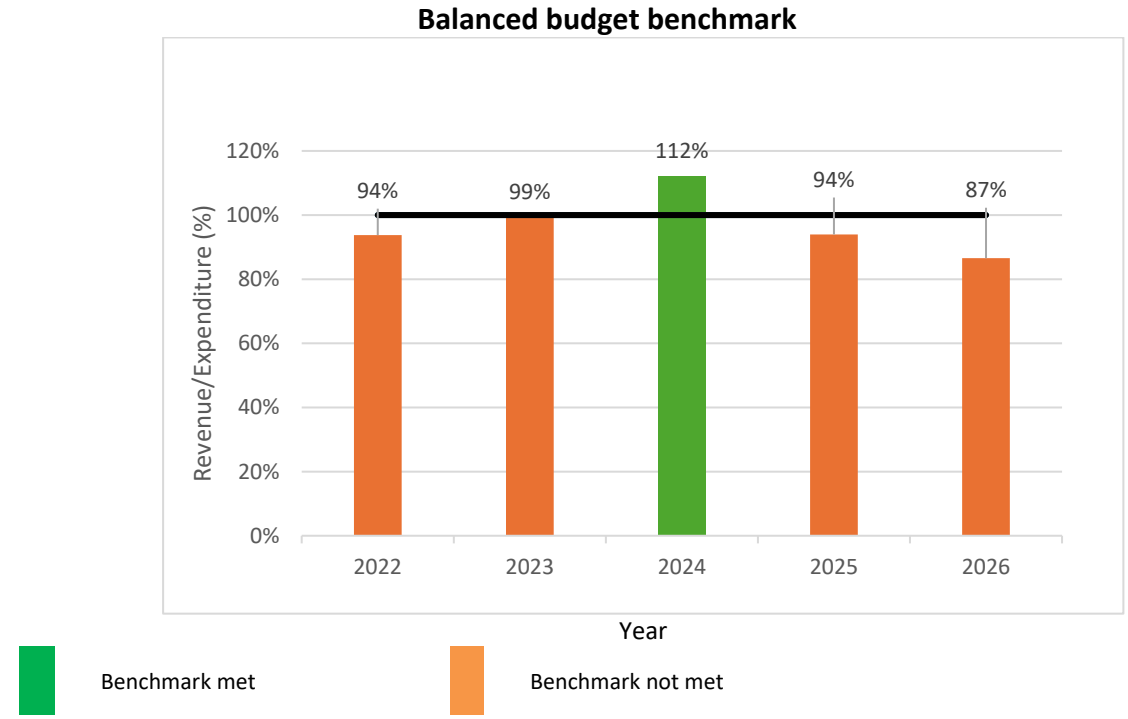
The Council has set a limit on borrowings, of no more than $15 million. Actual borrowings on 30 June 2026 were $9.3 million.

The rates income affordability benchmark has been restated for comparative years. The benchmark was previously presented using recalculated percentage-based limits rather than the quantified dollar limits specified in the relevant Long-Term Plans. Comparative figures have been updated to reflect the correct quantified limits. The benchmark outcome is unchanged for all years.

Balanced budget benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, 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

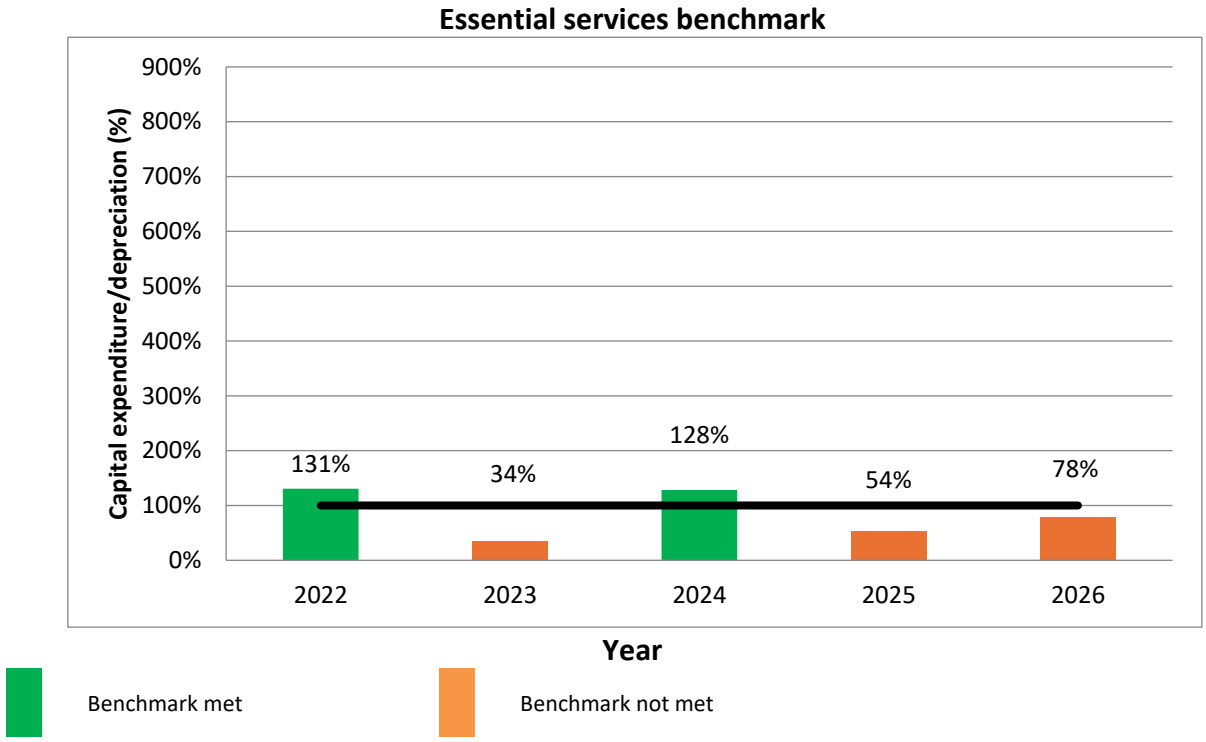
The Council receives substantial grants and subsidies to complete various projects such as the Link Pathway, Wakatu Quay project and Infrastructure Acceleration Fund. Those grants and subsidies are stated as operating revenue in the Council's financial statements, but the projects are capital expenditure rather than operating, and so the expenditure is not included in the above equation.

In the 2022, 2025 and the 2026 financial year, operating expenses exceeded operating revenue, and therefore the benchmark was not met. In 2022 operating expenses included one-off items such as the demolition and write-off of the former Council offices, and significant grants paid to the community swimming pool. Both items were funded from reserves or special funds, rather than from operating revenues. Similarly in 2025, the expenditure over the previous years had been accumulating as Work in Progress and reported on the balance sheet, however with the project not progressing the expenditure has been classified as operating, this expenditure was 95% funded by NZTA. In 2026 grants and subsidies were well below budget reducing the overall operating revenue. Council has also made the decision to not fund depreciation, driven by the significant renewal of our infrastructure post the 2016 earthquake, and this in turn has a large impact on the 'balanced budget'.

The rates income affordability benchmark has been restated for comparative years. The benchmark was previously presented using recalculated percentage-based limits rather than the quantified dollar limits specified in the relevant Long-Term Plans. Comparative figures have been updated to reflect the correct quantified limits. The benchmark outcome is unchanged for all years.

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 2024 year in the above graph highlights the extent to which the earthquake rebuilds 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.

In 2023 very little capital work was required, as signalled in the Long-Term Plan 2021-2031, because the Council's renewal profile for all its asset categories is extremely low for the next 50 years largely due to the oldest and most vulnerable infrastructure having been fully renewed by the earthquake rebuild work.

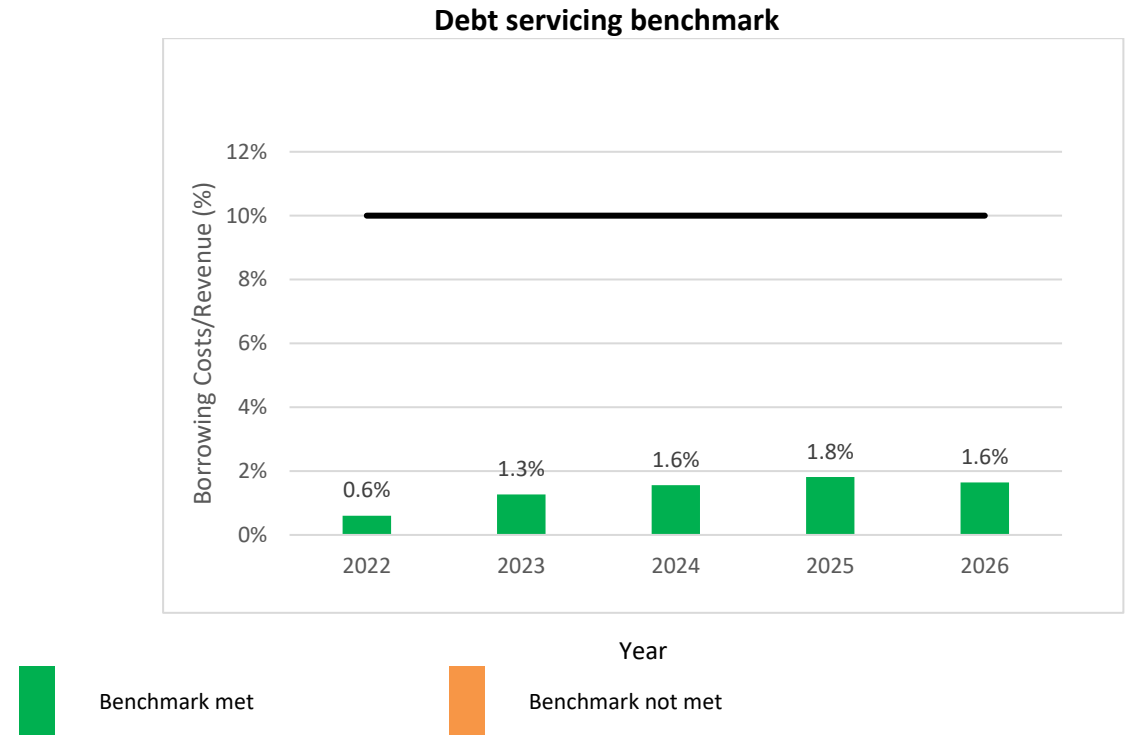
The 2024 year saw a boost to capital expenditure, with government funding for the IAF project enabling significant roading works to link the Ocean Ridge area to the township via Green Lane and Ludstone Rd. The Council also committed to dealing with a backlog of roading work and substantially ramped up its capital programme for reseals, road subsurface rehabilitation, drainage, unsealed road metalling, and footpath upgrades.

The 2025 year is below the benchmark as the Glen Alton Bridge is not progressing, and an adjustment has been made to classify the expenditure as operating therefore reducing the roading capital expenditure significantly, 2026 is very similar to the previous year with a slightly higher percentage but still below the benchmark.

The essential services benchmark has been restated for comparative years. The benchmark calculations previously included capital expenditure amounts that were not consistent with the requirements of the Regulations, including the treatment of vested assets and the source data used for capital expenditure and depreciation. Comparative benchmark percentages have been recalculated. The benchmark outcome remains unchanged.

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 2026 financial year, the Council's borrowing costs are 1.8% of revenue.



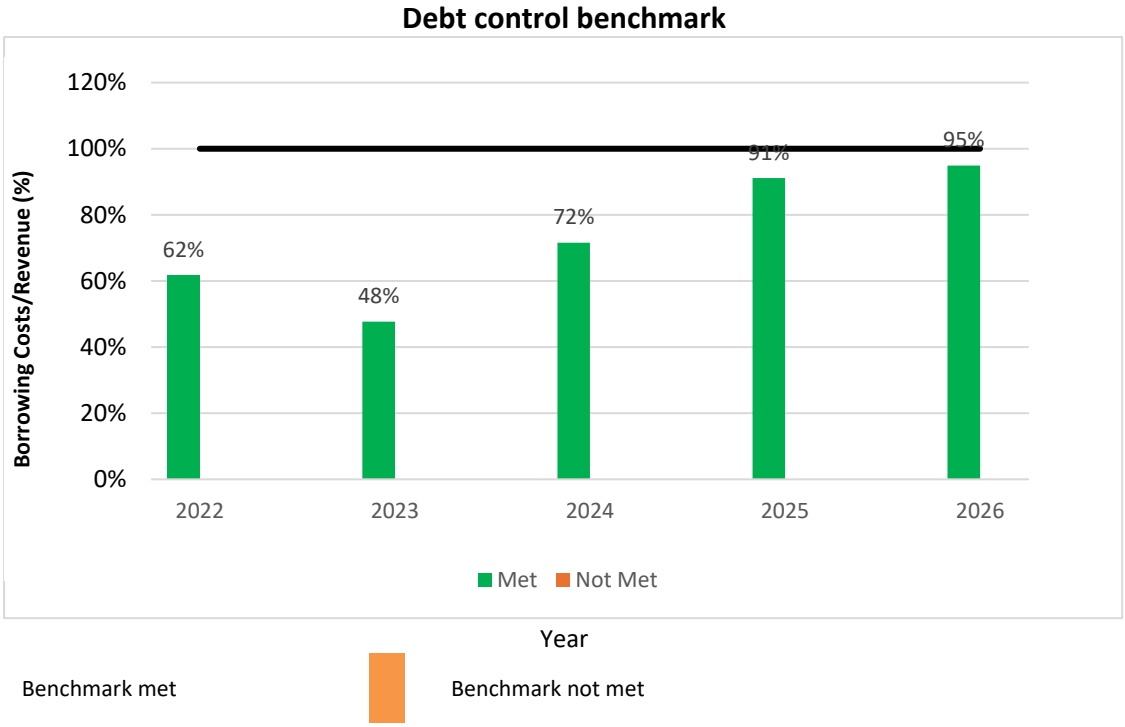
Comment

The Council has maintained extremely low levels of debt and is well within its debt servicing benchmark.

The debt servicing benchmark has been restated for comparative years. Revenue used in the benchmark calculation was not previously adjusted for all prescribed exclusions under the Regulations. Comparative benchmark percentages have been recalculated using the correct methodology. The benchmark outcome remains unchanged.

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; less financial assets 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.



Comment

The council meets the debt control benchmark for a year if its actual net debt at the end of the year is less than or equal to the net debt planned for the end of the year in its LTP.

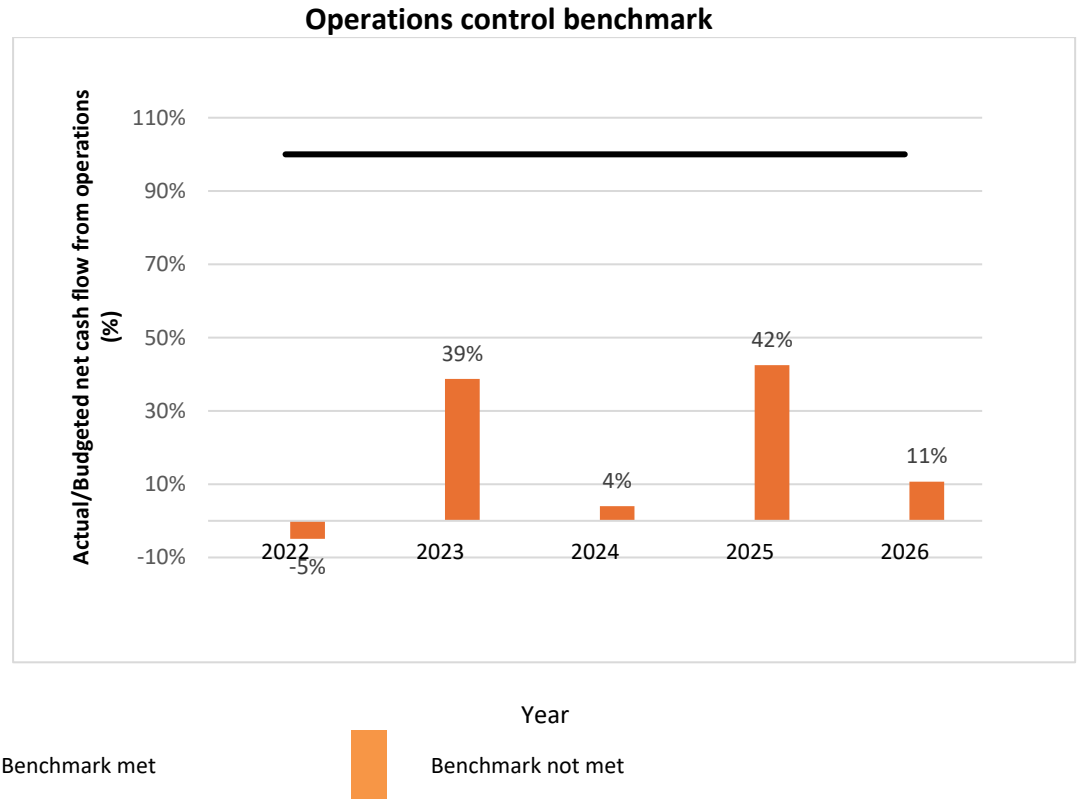
The debt control benchmark has been restated for comparative years. The benchmark was previously calculated using liabilities that did not meet the definition of financial liabilities under the Local Government (Financial Reporting and Prudence) Regulations 2014, and the calculation methodology was not applied consistently across reporting periods. Comparative benchmark results have been recalculated using the prescribed definition of net debt and the planned net debt disclosed in the relevant Long-Term Plans. This restatement changes the benchmark outcome for FY2024, FY2025 and FY2026 from Not Met to Met.

The previous results reported are below showing the benchmark not met for periods 2024 – 2026.

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 Reports and dividing it by the planned cashflow from operations in the Council's Annual Plans. It should be noted that the main reason for the variance is that the planned cashflow from operations, as published in the Council's Long-Term Plan, includes grants and subsidies for capital work. Grants of $16 m were budgeted compared to actual grants received of $5m.

The operations control benchmark has been restated for comparative years. The FY2025 benchmark calculation was based on operating cash flow figures that did not agree to the final audited financial statements. Comparative benchmark percentages have been recalculated using the final audited amounts. The benchmark outcome remains unchanged.

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of the annual report of Kaikōura District Council for the year ended 30 June 2026

The Auditor-General is the auditor of Kaikōura District Council (the Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Jenna Hills, using the staff and resources of The Audit Office, to carry out the audit on his behalf.

We have audited the information in the annual report of the Council and the Group that we are required to audit in accordance with 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 Council has complied with the requirements of Schedule 10 of the Act (Schedule 10) that apply to the annual report; and
- the completeness and accuracy of the Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations).

We refer to this information as "the disclosure requirements" in our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 91 to 144 present fairly, in all material respects, the Council and Group's financial position as at 30 June 2026, and the results of the operations and cash flows for the year ended on that date, in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the statement of service provision (referred to as the council activities) for the year ended 30 June 2026 on pages 10 to 89:
    - is appropriate and meaningful and prepared in accordance with the Council's measurement bases or evaluation methods and the Public Benefit Entity Standards Reduced Disclosure Regime; and

- presents fairly, in all material respects, the Council's actual levels of service for each group of activities, including the levels of service achieved compared with the intended levels of service, 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

- the funding impact statement for the year ended 30 June 2026 on page 145 has been prepared, in all material respects, in accordance with clause 30 of Schedule 10;

- the funding impact statements for each group of activities for the year ended 30 June 2026 on pages 18 to 90 have been prepared, in all material respects, in accordance with clause 26 of Schedule 10; and

- the statements comparing actual capital expenditure to budgeted capital expenditure for each group of activities for the year ended 30 June 2026 on pages 18 to 90 have been prepared, in all material respects, in accordance with clause 24 of Schedule 10.

Report on the disclosure requirements

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 for the year ended 30 June 2026; and

- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2026 are complete and accurate.

Emphasis of matters

Without modifying our opinion, we draw attention to the following disclosures.

Simplifying local government reform

The Government has announced it wants to simplify local government, including reducing the number of local authorities by amalgamations within regions. As described in note 38 on page 144, Kaikōura District Council and Marlborough District Council have submitted a joint Head Start proposal to form a single unitary council, which would replace the two existing councils and combine relevant regional and territorial authority responsibilities. The eventual outcome for the Council is dependent on future Cabinet decisions and enactment of enabling legislation. Because of the significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis.

Future of water delivery

Note 38 on page 143 to 144 of the financial statements outlines how future changes in the delivery of water services will affect the Council.

Basis for our opinion on the audited information and the disclosure requirements

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the audited information and the disclosure requirements* section of our 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 and our report on the disclosure requirements.

Responsibilities of the Council for the audited information and the disclosure requirements

The Council is responsible for preparing the audited information and the disclosure requirements in accordance with the Act. The Council's responsibilities include the preparation and fair presentation of the financial statements and council activities in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of council activities that is appropriate and meaningful; and
- the preparation of council activities, in accordance with the Council's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the audited information and the disclosure requirements that are free from misstatement, whether due to fraud or error.

In preparing the audited information and the disclosure requirements, the Council is responsible for assessing the Council and the Group's 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 Council and the Group or there is no realistic alternative but to do so.

The Council's responsibilities arise under the Act and the Regulations.

Responsibilities of the auditor

Responsibilities 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 a 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 Council's annual plan or long-term plan as applicable.

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 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 evaluate whether the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the Council's service performance.

- We evaluate whether the council activities are prepared in accordance with the Council's measurement bases or evaluation methods, and present fairly, in all material respects, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, the actual service performance achieved compared with the intended levels of service.

- 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 significant doubt on the ability of the Council and the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are

required to draw attention in our auditor's report to the related disclosures in the information we audited 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 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 plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group audited information. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

Responsibilities for the disclosure requirements

Our objective is to provide reasonable assurance about whether the Council has complied with the disclosure requirements. To assess whether the Council has met the disclosure requirements we undertake work to confirm that:

- the Council has made all of the disclosures required by Part 3 of Schedule 10 to the Act and Part 2 of the Regulations; and

- the disclosures required by Part 2 of the Regulations accurately reflect information drawn from the audited information and, where applicable, the Council's long-term plan and annual plans.

Our responsibilities for the audited information and for the disclosure requirements arise from the Act and the Public Audit Act 2001.

Other information

The Council is responsible for the other information included in the annual report. The other information comprises all the information included in the annual report other than the audited information and 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.

In connection with our audit of the audited information and our report on the disclosure requirements, 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 Council and the Group in accordance with 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),* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out a limited assurance engagement related to the Council's Debenture Trust Deed, which is compatible with the independence requirements.

Other than the audit, our report on the disclosure requirements, and these engagements, we have no relationship with, or interests in, the Council or the Group.



Jenna Hills
The Audit Office
On behalf of the Auditor-General
Dunedin, New Zealand
28 October 2026