

# KAIKŌURA DISTRICT COUNCIL MEETING

<b>Date:</b>	Wednesday 24 April 2024
<b>Time</b>	9.00am
<b>Location</b>	Totara, Council Chambers

## AGENDA

### 1. Open with a Karakia

*Kia wātea te Wairua, Kia wātea te tinana, Kia wātea te hinengaro, Kia wātea ai te mauri, Tuturu ōwhiti whakamaua kia tina, TINA!, Haumi e, Hui e, TAIKI E!*

### 2. Apologies

### 3. Declarations of Interest

### 4. Public Forum

9.05am Steph Lange

*Public forums provide opportunity for members of the public to bring matters, not necessarily on the meeting's agenda, to the attention of the Council.*

### 5. Formal Deputations

*The purpose of a deputation is to enable a person, group or organisation to make a presentation to a meeting on a matter or matters covered by that meeting's Agenda.*

### 6. Adjourn to Works & Services Committee meeting (9.30am)

**Reconvene to the Council Meeting**

### 7. Confirmation of Minutes:

7.1 Council meeting minutes dated 27 March 2024 page 3

### 8. Review of Action List page 10

### 9. Matters of Importance to be raised as Urgent Business

### 10. Report from the Chair of the Finance, Audit & Risk Committee

10.1 Transfer Station and Landfill Closure Construction Costs page 11  
10.2 Finance Report to 31 March 2024 page 16  
10.3 Quarterly Reports to 31 March 2024 page 29  
10.4 Reserves and Special Funds as at 31 December 2023 page 46  
10.5 Risk Management Report page 49

### 11. Matters for Decision:

11.1 Innovative Waste Kaikōura Ltd. Letter of Expectation and draft Statement of Intent 2024/2025-2026/27 page 59  
11.2 Delegations Manual - Resource Management Act page 89  
11.3 Proposed New Toilet Facilities page 110  
11.4 Discretionary Grants Applications 2024/2025 page 115

### 12. Matters for Information:

12.1 Mayoral Verbal Update  
12.2 Elected Member Verbal Updates page 120

<b>12.3</b>	CEO Monthly Report	page 128
<b>12.4</b>	Audit Report to the Council for year ending 30 June 2023	page 132
<b>12.5</b>	Community Services Team Update Report	page 173
<b>12.6</b>	Planning Update Report	page 181
<b>12.7</b>	Building and Regulatory Update Report	page 187
<b>12.8</b>	Destination Kaikōura Quarterly Report	page 190
<b>12.9</b>	Wakatu Quay Quarterly Report	page 196
<b>12.10</b>	Discretionary Grants Progress/Completion Reports	page 201

### 13. Public Excluded Session

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely

- a) Public excluded council meeting minutes dated 27 March 2024
- b) Harbour Financial Matters – verbal update
- c) Report from the Chair of the Finance, Audit & Risk Committee Public Excluded Session

The general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1), 6 and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
Public excluded council meeting minutes dated 27 March 2024	The minutes are being tabled for confirmation. They include commercially sensitive information relating to harbour financial matters, private information relating to the appointment of a commissioner on the District Licensing Committee and legal information on the status of the hot pools current lease.	Section (7)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) Section 7(2)(a) protect the privacy of natural persons. Section (7)(2)(g) maintain legal professional privilege.
Harbour Financial Matters – verbal update	Verbal update on subject previously brought to Council around ongoing negotiations which is commercially sensitive	Section (7)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
Report from the Chair of the Finance, Audit & Risk Committee Public Excluded Session	The report contains commercially sensitive information on harbour financial matters.	Section (7)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

\*This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

We do not want to reveal the details of those negotiations. Information will be made publicly available in due course.

### 14. Close meeting with a Karakia

#### AUDIO RECORDINGS:

"Audio recordings will be made of this meeting for the purpose of assisting the minute taker to create accurate minutes. Audio recordings should not be taken of any confidential, public excluded or otherwise sensitive matters. The Chair of the meeting is responsible for indicating if/when recording should be stopped and restarted. While held, the audio recordings are subject to LGOIMA, they may be released in line with Councils LGOIMA processes and/or at the discretion of the meeting Chair. A copy of the guidelines and principals for the use of recordings is available on request"

**MINUTES OF THE KAIKŌURA DISTRICT COUNCIL MEETING HELD AT ON  
WEDNESDAY 27 MARCH 2024 AT 1.00 PM, TOTARA, COUNCIL CHAMBERS,  
96 WEST END, KAIKŌURA**

**PRESENT:** Mayor C Mackle (Chair), Deputy Mayor J Howden, Councillor T Blunt, Councillor V Gulleford, Councillor K Heays, Councillor J Diver, Councillor L Bond and Councillor R Roche

**IN ATTENDANCE:** W Doughty (Chief Executive Officer), P Kearney (Senior Manager Corporate Services), D Clibbery (Senior Manager Operations), S Poulsen (Finance Manager), B Makin (Executive Officer-Minutes)

**1. KARAKIA**

**2. APOLOGIES** Nil

**3. DECLARATIONS OF INTEREST** Nil

**4. PUBLIC FORUM** Nil

**5. FORMAL DEPUTATIONS** Nil

**6. ADJOURN TO WORKS & SERVICES COMMITTEE MEETING**

The meeting adjourned to the Works & Services Committee meeting at 1.01pm.

The meeting was reconvened at 1.23pm.

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**7. MINUTES TO BE CONFIRMED**

**7.1 Council extraordinary meeting minutes dated 14 February 2024**

**RESOLUTION**

*THAT the Council:*

- *Confirms as a true and correct record, the circulated minutes of a Council extraordinary meeting held on 14 February 2024.*

Moved: Councillor L Bond

Seconded: Deputy Mayor J Howden

**CARRIED UNANIMOUSLY**

**7.2 Council meeting minutes dated 28 February 2024**

**RESOLUTION**

*THAT the Council:*

- *Confirms as a true and correct record, the circulated minutes of a Council meeting held on 28 February 2024.*

Moved: Councillor V Gulleford

Seconded: Councillor K Heays

**CARRIED UNANIMOUSLY**

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**8. REVIEW OF ACTION LIST**

The Action List was reviewed and noted by the Council.

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## 9. MATTERS OF IMPORTANCE TO BE RAISED AS URGENT BUSINESS Nil

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### 10. MATTERS FOR DECISION

#### 10.1 Long Term Plan 2024-2034 Public Consultation Document

P Kearney and S Poulsen joined the table to talk through the report and answer any questions from elected members. A paper on the changes to the consultation document and supporting documents was tabled at the meeting. The hearings and deliberations are scheduled for 15<sup>th</sup> and 16<sup>th</sup> May.

An amendment to page 19 was highlighted to Item c) where '10% in year two' should be '10% in year two to year four'.

It was agreed that a high-level summary/infographic would be produced on the effects of the rates on properties and include a reasoning for the deduction in the rural differential (**ACTION**).

It was clarified that the West End support development is not a specific key funding item and Better Off Funding was received for the West End toilets.

The Council acknowledged the staff and the wider team noting that between 40-50% of staff at Council have been involved in the LTP process.

#### RESOLUTION

- a) *Adopts the Consultation Document supporting the 2024-2034 Long-Term Plan for distribution to the community*
- b) *Approves the following documents for release to the public as part of the supporting information to the Long-Term Plan 2024-2034 Consultation Document:*
  - a) *Draft Infrastructure Strategy 2024-2054*
  - b) *Draft Financial Strategy*
  - c) *Draft Liability Management Policy (Incorporating the Liability Management Policy and Investment Policy)*
  - d) *Revenue and Financing Policy*
    - i. *Policy*
    - ii. *Step One Analysis*
    - iii. *Step Two Analysis*
  - e) *Draft Investment Policy*
  - f) *Draft Development Contributions Policy*
  - g) *Draft Rates Remissions and Postponement Policy*
  - h) *Draft Accounting Policy*
  - i) *Draft Forecasting Assumptions*
  - j) *Draft Significance and Engagement Policy*
  - k) *Performance Management Framework and Key Performance Indicators*
- c) *Notes that the Revenue and Financing Policy has already been adopted post the Rates Review completed in late 2023*
- d) *Notes that Audit will provide a final audit opinion following their final LTP review in late May/early June which will be presented to Council as part of the LTP 2024/2034 adoption*
- e) *Delegates to the Council's Chief Executive the authority and responsibility for agreeing minor editorial changes to the Consultation Document and supporting information prior to the documents being released for public consultation. A summary of any significant changes will be provided to Council*

Moved: Deputy Mayor J Howden

Seconded: Councillor R Roche

**CARRIED UNANIMOUSLY**

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## 10.2 Marlborough Regional Forestry Sale of Carbon Credits

A financial provision has been included in the draft LTP for the replacement strategy of the Norfolk Pines as they are reaching the end of their life, this is not a commitment to undertake work. A report detailing the replacement strategy would need to come to the Council for approval when required. It was clarified that Council will receive \$345,000 and \$172,500 from the share of the sale of carbon credits.

### RESOLUTION

*That the Council:*

- a) *Receive this report, and*
- b) *agree to sell \$345,000 worth of carbon credits (alongside the Marlborough District Council's sale of \$3.0 million worth of carbon credits), and*
- c) *agree to enter into a forward sales agreement for \$172,500 of carbon credits (alongside the Marlborough District Council's sale of \$1.5 million worth of carbon credits).*

Moved: Councillor L Bond

Seconded: Deputy Mayor J Howden

**CARRIED UNANIMOUSLY**

The meeting moved to item 11.8 Kaikoura Youth Council Update Report.

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## 11.8 Kaikōura Youth Council Update Report

The elected members were invited to attend the Event Planning training with Chris Martin on 3<sup>rd</sup> April. Kaikōura Youth Council members won scholarships to Auckland, this will focus on the National Youth Declaration that will go to local councils, Parliament and the United Nations. The Kaikoura Youth Council were thanked for their support with Sea Week.

### RESOLUTION

*THAT the Council receives this report for information.*

Moved: Councillor T Blunt

Seconded: Councillor R Roche

**CARRIED UNANIMOUSLY**

The meeting then moved back to Item 10.3 Proposed Management Approach – Private Building on Roads.

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## 10.3 Proposed Management Approach – Private Building on Roads

D Clibbery explained that local authorities have powers under the Local Government Act and need guidance on how to use these powers/to manage issues of private buildings on road reserve. The 5 key principles were highlighted on page 105 and the proposed categories on page 106.

An error was highlighted on page 107 item b) where the date '1 April 2024' should be '26 March 2024'.

### RESOLUTION

- a) *That Council adopts the approaches to the encroachment or occupation of road reserve by private buildings that are contained in section 4 of this report.*
- b) *That Council staff prepare a more comprehensive guideline or policy document on the management of unformed legal roads in draft form for future consideration by Council.*

Moved: Councillor T Blunt

Seconded: Councillor L Bond

**CARRIED UNANIMOUSLY**

## 11. MATTERS FOR INFORMATION

### 11.1 Mayoral Verbal Update

Mayor C Mackle, Deputy Mayor J Howden, Councillor V Gulleford and the Chief Executive Officer attended the Zones 5 & 6 Conference this month. Some of the speakers were Act representatives, National, New Zealand First, Dr Oliver Hartwich and Malcolm Alexander

Mayor C Mackle attended the North Canterbury Mayors Meeting. He thanked all those involved with the ECAN and KDC Councillors BBQ evening.

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### 11.2 Elected Member Verbal Updates

#### Councillor V Gulleford

The District Licensing Committee issued 4 new manager's licenses and 4 new special licenses over the month. Councillor V Gulleford attended a webinar on alcohol's impact on amenity in neighbourhoods. Councillor V Gulleford was on the hearings panel for the Plan Change 4 business park hearings held on 25<sup>th</sup> and 26<sup>th</sup> March.

#### Councillor R Roche

Councillor R Roche attended the networker's meeting this month, the memorial seat unveiling for David Bedford held the morning of 27<sup>th</sup> March and Treaty Training, he also attended Waitangi this year.

#### Councillor L Bond

Councillor L Bond advised that the Opshop is celebrating its 10<sup>th</sup> year anniversary in October, the Mayfair is celebrating its 90<sup>th</sup> year starting this week, and Destination Kaikoura is celebrating its 10<sup>th</sup> year anniversary on 9<sup>th</sup> April. The Opshop are supporting four projects totalling approx. \$400,000.

Councillor L Bond attended the George Low Trust and Sport NZ Rural Travel Fund meetings this month and will be attending the Community Initiatives meeting next week.

#### Councillor J Diver

Councillor J Diver was also on the hearings panel for the Plan Change 4 business park hearings held on 25<sup>th</sup> and 26<sup>th</sup> March. The Sports Hub complex held its second meeting this month and will elect 7 board members, 2 board members must be from a sports club. It could take up to 2 years to get the Sports Hub operational.

The Pool Trust have advertised for 2-3 new board members.

#### Deputy Mayor J Howden

Deputy Mayor J Howden attended the Destination Kaikoura/KITI business plan meeting held this month.

#### Councillor K Heays

Councillor K Heays was involved with the quiz for Sea Week. He attended the Wakatu Quay Steering Group meeting, Canterbury Biodiversity Champions, and Climate Action Planning Reference Group meetings this month.

#### Councillor T Blunt

Councillor T Blunt joined ECAN Councillors on their field trip yesterday and the memorial seat unveiling for David Bedford this morning. He commented that David Bedford instigated changes relating to the way zone committees are funded and helped get Kaikoura a lot of funding. Councillor T Blunt thanked the Doughty family for hosting the KDC and ECAN Councillors BBQ evening. Good feedback was received from the ECAN Councillors.

## RESOLUTION

*That the verbal updates be received for information.*

Moved: Councillor R Roche

Seconded: Councillor L Bond

**CARRIED UNANIMOUSLY**

The meeting adjourned at 2.35pm and reconvened at 2.55pm.

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### **11.3 CEO Monthly Report**

It was noted that once the remaining budget for the link pathway project is finalised there will be an opportunity to discuss with the community and stakeholders around add ons to the pathway. This could include collaborations around cultural narrative as well as other opportunities. An error was highlighted on page 109 where 'submissions closing on 19<sup>th</sup> April 2025', should be 'submissions closing on 19<sup>th</sup> April 2024'.

It was reported at the Chief Executive's Canterbury Forum that councils are seeing a rise in antisocial behaviour towards staff. Elected Members have been invited to an online session in April through Akona. Alison Moore has been appointed as the Emergency Management Officer and starts in April 2024. LGNZ fees are increasing this year and will include membership to the Akona learning platform.

#### **RESOLUTION**

*THAT the Council receives this report for information.*

Moved: Deputy Mayor J Howden

Seconded: Councillor K Heays

**CARRIED UNANIMOUSLY**

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### **11.4 Half-yearly Report to 31 December 2023**

Of note Community Services are achieving 100% of their performance targets. Good results were noted on roading, and good process is being made with the water performance measures.

#### **RESOLUTION**

*THAT the Council receives this report for information.*

Moved: Deputy Mayor J Howden

Seconded: Councillor V Gulleford

**CARRIED UNANIMOUSLY**

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### **11.5 Community Services Team Update Report**

J Brown and S Haberstock joined the table. J Brown highlighted the process being made in the library with future growth and taking advantage of funding. The Library will be joining OverDrive in the next month. From 1<sup>st</sup> July 2024 most of the library collection is free, other than brand new books and toys.

S Haberstock is working with Te Whare Putea regarding the 7 units on Beach Road. A workshop will be held with the Council in April (*post meeting update now confirmed for June*) once Te Whare Putea have prepared a needs analysis report.

#### **RESOLUTION**

*THAT the Council receives this report for information.*

Moved: Councillor V Gulleford

Seconded: Councillor L Bond

**CARRIED UNANIMOUSLY**

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### **11.6 Planning Update Report**

M Hoggard advised that a number of developers are suggesting that the Council allow other telecommunications services into the District other than fiber, such as Starlink.

## RESOLUTION

THAT the Council receives this report for information.

Moved: Councillor T Blunt  
Seconded: Councillor V Gulleford

**CARRIED UNANIMOUSLY**

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### 11.7 Building and Regulatory Update Report

J York highlighted the visitor accommodation details on page 149 and noted that if one building accommodates 5+ more people it would require a code of compliance and commercial rating. Funding has been received to continue covering the Freedom Camping Ambassador contract.

## RESOLUTION

THAT the Council receives this report for information.

Moved: Deputy Mayor J Howden  
Seconded: Councillor V Gulleford

**CARRIED UNANIMOUSLY**

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## 12. RESOLUTION TO MOVE INTO COUNCIL PUBLIC EXCLUDED SESSION

Moved, seconded that the public be excluded from the following parts of the proceedings of this meeting, namely

- a) Public excluded council meeting minutes dated 28 February 2024
- b) Appointment of District Licensing Commissioner
- c) Hot Pools Lease Report
- d) Harbour Financial Matters – verbal update

The general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1), 6 and 7 of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each to be considered	Reason for excluding the public	Grounds of the Act under which this resolution is made
Public excluded council meeting minutes dated 28 February 2024	The minutes are being tabled for confirmation and include commercially sensitive information around harbour financial matters and solid waste contract variation	Section (7)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
Appointment of District Licensing Commissioner	To receive CV and discuss recommended candidate – the public are excluded for privacy reasons.	Section 7(2)(a) protect the privacy of natural persons.
Hot Pools Lease Report	To receive a report on the status of the current lease.	Section (7)(2)(g) maintain legal professional privilege.
Harbour Financial Matters – verbal update	Verbal update on subject previously brought to Council around ongoing negotiations which is commercially sensitive	Section (7)(b)(ii) would be likely unreasonable to prejudice the commercial position of the person who supplied or who is subject of the information Section (7)(2)(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities Section (7)(2)(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)



\*This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

*We do not wish to disclose communications with our solicitor at this stage.*

Moved: Deputy Mayor J Howden  
Seconded: Councillor V Gulleford

**CARRIED UNANIMOUSLY**

The meeting moved into the Public Excluded Session at 3.37pm.  
The meeting moved out of the Public Excluded Session at 4.07pm.

**13. CLOSED OF MEETING**

There being no further business, the meeting was declared closed at 4.07pm.

CONFIRMED \_\_\_\_\_ Chairperson  
Date

*THIS RECORD WILL BE HELD IN ELECTRONIC FORM ONLY*

UNCONFIRMED MINUTE

**ACTIONS FROM COUNCIL MEETINGS  
AS AT 18 APRIL 2024**

**OPEN ACTION ITEMS**

	<b>ACTION ITEMS</b>	<b>ASSIGNED TO</b>	<b>DUE</b>	<b>STATUS</b>
1	<b><i>Carried Forward from previous Council:</i></b> KORI, Kaikōura Cycling Club, Kaikōura Red Cross Branch		April 2024 July 2024	Tabled to April Council meeting. Not received an update from Kaikoura Cycling Club.
2	<b><i>Quarterly Progress Reports from 1-Jul</i></b> Sports Tasman, Kaikōura Squash Club, A&P Association, Dark Sky Trust, Youth Council, Kaikōura Red Cross Branch		April 2024 July 2024	Tabled to April Council meeting
3	Arrange meeting with Local MP Office once New Government established – discuss Māori Wards, Freedom Camping funding, Audit costs	W Doughty / B Makin	Ongoing	Next meetings scheduled for 29 <sup>th</sup> April and 17 <sup>th</sup> June (in person).
4	Celebration with Governance Group when the detailed design is approved	W Doughty / B Makin	-	On hold – pending approval of detailed design.
5	Include monthly report on Better Off Funding	W Doughty	May 2024	To be provided in May Agenda

**CLOSED ACTION ITEMS**

	<b>ACTION ITEMS</b>	<b>ASSIGNED TO</b>	<b>DUE</b>	<b>STATUS</b>
	Report on water quality from Food & Health	J York/ B Apperley	March 2024	See update in works and services monthly report.
	Include high level summary/infographic – rate effects on properties/ with reasoning for the deduction in rural rate	W Doughty/ P Kearney	Asap	This has been completed.
	Clarify total amount of IAF funding spent/left to drawdown	P Kearney	April 2024	Included in CEO report – April 2024.
	Ongoing report on total spend of the transfer station	P Kearney	April 2024	Summary report provided to FARC 23 April 2024.

<b>Report to:</b>	<b>Finance, Audit and Risk Committee</b>	
<b>Date:</b>	24 April 2024	
<b>Subject:</b>	Transfer Station and Landfill Closure Construction Costs	
<b>Prepared by:</b>	D Clibbery – Senior Manager Operations	
<b>Input sought from:</b>		
<b>Authorised by:</b>	Will Doughty – Chief Executive Officer	

### 1. SUMMARY

Costs to date and estimated final costs for the construction of the refuse transfer station and final closure of the Kaikōura landfill are presented.

### 2. RECOMMENDATION

It is recommended that this report is received for information.

### 3. BACKGROUND

For many years there was discussion of forthcoming closure of the Kaikōura landfill in response to perceptions that the available landfilling space was close to being fully utilised.

In the early 2010s there was apparently a belief that the landfill only had 2 to 3 years operating life remaining for this reason, but such estimates continued to be revised and even by 2018 a survey was suggesting that in the order of 20,000 cubic metres of fillable space remained, which might be sufficient for as much as a further 8 years of operation.

That estimate does however appear to have been based upon creating a significant surcharge of refuse above the surrounding ground level, which would have some adverse visual impact and for that reason more detailed consideration began to be given to other options, with preliminary cost estimates in the following table prepared in mid-2019 with the assistance of Beca consultants:

Option	Capital Cost	Annual Operating	30yr \$NPV
Do Nothing	\$ -	\$ 455,000	N/A
Extend Existing Landfill	\$ 2,315,716	\$ 455,000	N/A - 3 to 4 extra yrs only
New Landfill	\$ 6,020,890	\$ 455,000	\$13,700,000
New Transfer Existing Site	\$ 831,469	\$ 386,953	\$7,700,000
New Transfer New Site	\$ 2,005,205	\$ 386,953	\$8,800,000
New Transfer New Resource Recovery Centre	\$ 3,283,105	\$ 386,953	\$12,700,000
Close existing landfill	\$ 1,207,063	\$ 10,000	\$1,400,000
Close landfill extension	\$ 366,389	\$ 3,000	\$400,000

These estimates were however developed without preparation of detailed designs (or in the case of a new landfill, even a suggested location) but the differentials of costs between the options were considered to be sufficiently large to demonstrate that closure of the Kaikōura landfill and the construction of a transfer station on that site should be the preferred option.

At that time it was initially intended that the landfill would continue to operate until June 2023, but during 2021 Council became concerned regarding the increasing visual impact the landfill was having on surrounding properties and resolved that landfill operations should cease in mid-2022.

In the 2021-31 Long Term Plan it was proposed that the transfer station would be constructed on the Resource Recovery Centre (RRC) site in the 2021/22 year at a cost of \$800,000 and that the landfill would be closed in the 2023/2024 year at a cost of \$1.357 million, with this latter figure being an inflation of the mid 2019 estimate.

Tender processes conducted for solid waste services in early 2021 indicated that the most cost effective means of refuse disposal from a transfer station would be transport of compacted containerised waste to the Kate Valley Landfill.

Work towards preparation of a revised design for the RRC with a refuse transfer station on it had been awarded to Tonkin and Taylor (T&T) consultants in 2020, but this did not yield a satisfactory outcome, as the initial concept plan prepared by T&T had a what was considered by both KDC staff and the IWK General Manager to be an excessively complex layout, that would be both expensive to construct and difficult to operationally manage.

Because of this it was agreed that a concept plan for the redevelopment of the site to include a refuse transfer facility would instead be prepared by Council staff in conjunction with the IWK GM. The process to do so was an iterative one and it was not until the end of February 2022 that a final design was agreed and a tender document for core elements of the project prepared.

This final design made use of specifications used by Hurunui District Council in their development of transfer stations in Amberley and Hanmer Springs but an unexpected difficulty was encountered in respect of obtaining an engineer approved design for the retaining walls needed for the drop-off of refuse into the compactor, because the structure was to be constructed on landfill material rather than a greenfield site.

A long delay occurred due to this and the resultant design proposed by the engineer – using gabion baskets rather than concrete mass blocks – proved slow and expensive to construct.

This contributed to a delay of over 12 months between the cessation of landfilling in Kaikōura and the finished transfer station coming into operation. During this period temporary refuse transfer operations were conducted, using open skips, which incurred additional cost.

#### **4. PROJECT COSTS**

At the time of writing this report total expenditure to date on the closure of the landfill and the construction of the transfer station was \$1,547,044. Of this cost \$1.21 million has been recorded against the transfer station and that remainder against landfill closure, but the works are intertwined and precise separation is not considered possible.

The following works on the transfer station remain to be completed.

Item	Estimated Cost
Preparation and sealing of remaining unsealed areas of approximately 3860m <sup>2</sup> of the RRC around new re-use shop and relocated recycling areas	\$138,000
Relocation of existing minor buildings	\$15,000

In addition to this the following costs are currently estimated for closing the remaining previous landfill area of approximately 1.1Ha:

Item	Current Estimate	Notes
Underlayer	\$26,000	A substantial amount of the required material already placed in conjunction with transfer station development works. Other material being stockpiled on the site from other Council projects at no cost. Assume 2000m <sup>3</sup> required at same \$13 / m <sup>3</sup> cost as capping
Capping	\$130,000	6,600m <sup>3</sup> estimated to be required, at a low unit cost of around \$13 / m <sup>3</sup> as can be sourced from reserve immediately adjacent to site. Assume additional \$30,000 for remediation of adjacent site following extraction
Topsoil	\$53,000	Consultant proposes 150mm thick topsoil layer, requires 1650m <sup>3</sup> . Around 30% this quantity already available on site (assume \$13/m <sup>3</sup> ) remainder assumed at \$40/m <sup>3</sup>
Grassing and fertiliser	\$11,000	11000m <sup>2</sup> @ \$1/m <sup>2</sup>
Leachate recirculation	\$100,000	Leachate recirculation not currently being proposed, but possible need for further upgrade of collection arrangements, so \$100,000 assumed as a provisional sum.
Gas control	\$10,000	Closure plan consultant and more recent specialist landfill gas assessment suggest that venting not required. Original \$100k estimate reduced to provisional \$10k for potential monitoring.
Perimeter landscape plantings	\$15,000	Some tree removal may also be required
Fencing	\$15,000	Slightly increase on previous estimate
Consenting	\$60,000	Increased from originally estimated \$30k in response to vigorous approach being taken by Ecan
<i>Subtotal all above</i>	\$420,000	
Other Professional services	\$20,000	\$20,000 for miscellaneous other services
<i>Subtotal all above</i>	\$440,000	
Contingencies	\$132,000	Contingency kept at 30% in the interests of safety.
<b>Total</b>	<b>\$572,000</b>	

The total of all the preceding items is \$2,272,044, which is somewhat higher than the total budget of \$2,157,828 that had been included in the 2021-31 LTP.

Factors that have contributed to this higher cost have included:

- The 2019 cost estimates had not been based on a comprehensive reconfiguration of the RRC, with the apparent assumption instead made that existing recycling, re-use and recovery facilities would remain unchanged. It was however subsequently agreed that those facilities would be relocated to elsewhere in the site, so that IWK's 3 Waters division could also move onto the site. This created significant additional costs for items such as the construction of a new re-use shop.
- The construction of a more complex form of retaining wall for refuse drop-off than was initially envisaged. It had been expected that a simple wall of stacked concrete mass blocks (as had been successfully used elsewhere on the site) would suffice, but it proved difficult to obtain engineer approval for this because of the potentially unstable nature of the site.

This resulted in delays and more demanding construction that increased costs.

- An unexpected need to upgrade the electrical power supply to the site to support the operation of the compacter unit. An initial enquiry made to Mainpower had indicated that the existing electrical network in the area had sufficient capacity to meet those needs, but it appears that this advice was either incorrect or had been invalidated by other subsequent supply demands. Additional expenditure of approximately \$65,000 was associated with this.
- The original transfer station cost estimate had been made on the basis that the pavement areas would be unsealed. This reflected what had historically been the case at the resource recovery centre and that if any such sealing was to be undertaken it would occur at a much later stage, as had previously occurred when the full sealing of the recycling and reuse area had occurred in 2018/19, many years after that area of the landfill had been closed.

Subsequent discussion with IWK did however indicate that it was very much desirable that the entire new active area of the transfer station and relocated RRC was initially sealed to reduce maintenance requirements and to prevent the need for extensive unsealed pavement repairs prior to delayed sealing. This has added in the order of \$120,000 of cost.

The \$2.272 million figure does however contain some significant provisional amounts or contingencies, but balanced against this is the fact that as yet KDC's submitted proposed closure plan prepared by Earthtech Consultants has not yet been approved by ECan and that a possible further unexpected cost that has very recently also been signalled.

This is a possible requirement for the greenwaste processing area to be engineered so that there is no potential for leachate from greenwaste to discharge to the ground, with all leachate instead being collected and discharged to the community wastewater system.

It had been envisaged that this might be adequately achieved by a simple contouring of the capping, but it now appears that ECan may seek a truly impermeable surface to be formed using synthetic membrane beneath the surface of the greenwaste area, which is relatively large.

This would be a very significant change from a previous greenwaste processing practice that had been operated on the site for many years without apparent problems and which had not been incorporated when previous cost estimates were prepared.

It is not as yet clear exactly what form the required modifications to the site would take, but there is clearly potential for the cost to be very significant and it is believed that KDC should obtain expert advice on the appropriateness of this suggestion from ECan.

## **5. LEARNINGS FROM THE PROJECT**

A key learning is to not to underestimate the complexity of projects and to recognise increasing challenges that exist in regard to obtaining professional and regulatory approvals relative to previous times.

The writer of this report did at an early stage believe that these projects were straightforward and that previous cost estimates made by Beca for the construction of the transfer station and the closure of the landfill were excessive and that delivery should be achievable for significantly less.

This belief in respect of the transfer station proved to be very incorrect and associated delays – in particular with the construction of the retaining walls – also created some additional costs that could have potentially been avoided, though it is now considered that the cost of the transfer station was always going to be substantially higher even than what Beca had estimated.

This initial belief had been based on previous (old) experience of the design, consenting and construction of a similar transfer station on a closed landfill being a simple and straightforward process, which was very different to what occurred in this case.

This difference is thought to reflect both the decreased extent of risk acceptance by engineers and consenting authorities over the last couple of decades and some weakness in the project management capabilities of KDC.

It is however believed that the fact that delays and some potentially avoidable expenditure occurred should not mask the fact that many parties have done good work on the project.

Local contractors such as Bruce Ensor, Nigel Ross, IWK and others, together with Council staff have delivered some excellent infrastructure and it is hoped that they will continue to work effectively with Council to deliver the remaining components.

## **6. FINANCIAL IMPLICATIONS AND RISKS**

As stated previously the current estimate is for the overall project, including both the transfer station construction and final closure of the landfill site to be completed at a cost slightly above what had been previously estimated, but because of the dependence on ECan’s approval of the closure plan, there is a risk that the actual cost could be higher than that.

## **7. RELEVANT LEGISLATION & DELEGATED AUTHORITY**

Part XXXI of the Local Government Act 1974 empowers Councils to provide for the collection and disposal of refuse.

## **8. COMMUNITY OUTCOMES**

The issue discussed in this report relates to the following community outcomes:



### **Services**

Our services and infrastructure are cost effective, efficient and fit-for-purpose

<b>Report to:</b>	<b>Finance, Audit &amp; Risk Committee</b>
<b>Date:</b>	24 April 2024
<b>Subject:</b>	Finance Report to 31 March 2024
<b>Prepared by:</b>	C Kaa - Management Accountant
<b>Input sought from:</b>	
<b>Authorised by:</b>	P Kearney - Senior Manager Corporate Services S Poulsen - Finance Manager

## 1. SUMMARY

The purpose of this report is to provide an update on the financial position of the Council as at 31 March 2024.

The net surplus for the year is \$3.6M. This compares to a budgeted surplus of \$2.5M.

The variances are largely due to the lower than budgeted expenses.

### Attachments:

- a) Finance Agenda Statements
- b) Capital Expenditure Report

## 2. RECOMMENDATION

It is recommended that the Committee receives this report for information.

## 3. YEAR TO DATE FINANCIAL RESULTS - SUMMARY

### Statement of Comprehensive Revenue and Expense (Profit and Loss)

This report has been reconfigured. Changes include:

- Separation of grants & subsidies for capital work, shown below the total operating revenue
- Reclassification of "direct" operating expenses into 15 new categories and with a subtotal of these classifications.
- "Indirect" operating expenses (depreciation, overheads and financing expenses) disclosed and subtotaled separately.

At the end of March 2024, there was a net surplus of \$3.6M which is \$1.1M higher than our budgeted net profit of \$2.5M.

Revenue to date is \$16.7M compared to budgeted revenue of \$17.1M (a variance of \$475K).

Operating Revenue is \$1M above budget due to higher than budgeted grants and subsidies received for 3W (NTU Transition Funding) and Freedom camping – this will be a permanent difference showing for the rest of the year.

Capital Revenue is \$1.5M below budget due to the slower than anticipated work on Waiau Toa Bridge, again this is a permanent difference and will continue to get larger as the year goes on.

Overall expenses for the year are \$1.5M below budget, of which \$493K relates to BAU and \$1M relates to indirect expenses.

The top 3 variances within expenses are depreciation, personnel and grants/donations paid out.



## **YEAR TO DATE**

### **Revenue**

As at March, grants and subsidies made up 48% of our revenue, with rates being 44%, user fees and charges 9% as highlighted in the Revenue YTD by Category graph.

#### *Rates Revenue*

Year to date rates revenue is \$7.1M, this is up \$172K on the year-to-date budget. This includes three rates instalment for the year including all rates rebates, remissions and penalties applied.

#### *Water meter charges*

Water meter readings were carried out in January for the 6 monthly period ending 31 December 23, revenue is on track with budget at \$73K.

#### *User fees & charges*

User fees and charges are up \$26K on budget at \$489K for the nine months – driven by cost recoveries, however building inspections and planning fees are down.

#### *Grants & subsidies*

Operating grants and subsidies are up \$703K for the nine months year to date, largely due to unbudgeted grants received. Capital grants and subsidies are below budget due to the Waiau Toa Bridge not progressing at the rate we expected therefore we are not receiving the 95% subsidy as budgeted.

#### *Interest & other revenue*

Other revenue includes petrol tax, waste minimisation levy, infringement fees and reserve land sales, the latter being an unbudgeted road reserve land sale of \$39K being the variance in budget.

Interest revenue to higher than budgeted due to having surplus funds earning interest, however this is also offset by higher financing costs.

### **Expenses**

#### *Personnel expenses*

Employee costs are below budget at \$2.6M down \$295K on budget of \$2.9M, this is a timing issue around the budget splits and a couple of staff vacancies across the organisation – some of this variance is offset with external contractors.

#### *Financing expenses*

Loan interest costs are \$165K compared to \$245K budgeted, this is a timing issue as interest is calculated semi-annually.

#### 4. VARIANCE REPORT

<b>INCOME MARCH 2024 YEAR TO DATE</b>	<b>Actual</b>	<b>Budget</b>	<b>% Variance</b>	<b>\$ Mar Variance</b>
Roading	\$3,897,857	\$5,841,514	-33.27%	(\$1,943,657)
Water Services	\$1,518,031	\$1,005,969	50.90%	\$512,062
Sewerage	\$566,565	\$556,270	1.85%	\$10,295
Stormwater	\$40,786	\$42,908	-4.94%	(\$2,122)
Refuse & Recycling	\$274,121	\$312,579	-12.30%	(\$38,458)
Community Facilities	\$2,576,090	\$2,063,382	24.85%	\$512,708
Commercial Activities	\$2,752,202	\$2,373,704	15.95%	\$378,498
Leadership & Governance	\$48,292	\$36,060	33.92%	\$12,232
Building and Regulatory	\$882,078	\$833,256	5.86%	\$48,822
Community Services	\$459,219	\$578,412	-20.61%	(\$119,193)
District Development	\$393,395	\$404,518	0.00%	(\$11,123)
Interest	\$67,192	\$2,480	0.00%	\$64,712
General Rates	\$3,218,165	\$3,118,626	0.00%	\$99,539
Other & Civic shares	\$14	\$0	0.00%	\$14
	<b>\$16,694,009</b>	<b>\$17,169,678</b>	<b>-2.77%</b>	<b>(\$475,669)</b>
<b>EXPENDITURE - YEAR TO DATE</b>				
	<b>Actual</b>	<b>Budget</b>	<b>% Variance</b>	<b>\$ Mar Variance</b>
Roading	\$2,697,388	\$3,131,918	-13.87%	(\$434,530)
Water Services	\$1,924,626	\$1,816,449	5.96%	\$108,177
Sewerage	\$1,226,737	\$1,187,594	3.30%	\$39,143
Stormwater	\$191,055	\$179,276	6.57%	\$11,779
Refuse & Recycling	\$456,020	\$523,798	-12.94%	(\$67,778)
Community Facilities	\$2,128,969	\$2,918,267	-27.05%	(\$789,298)
Commercial Activities	\$486,612	\$492,337	-1.16%	(\$5,725)
Leadership & Governance	\$1,093,921	\$1,140,695	-4.10%	(\$46,774)
Building and Regulatory	\$1,214,196	\$1,282,657	-5.34%	(\$68,461)
Community Services	\$1,171,929	\$1,347,237	-13.01%	(\$175,308)
District Development	\$476,921	\$647,884	-26.39%	(\$170,963)
Bad Debt Collection fee & Losses	\$6,402	\$0	0.00%	\$6,402
	<b>\$13,074,775</b>	<b>\$14,668,112</b>	<b>-10.86%</b>	<b>(\$1,593,337)</b>

- Roading – Revenue is \$1.9M under budget due to lower Capex revenue received for Waiiau Toa Bridge. Expenditure is under budget largely due to depreciation.
- Water Services – Revenue is \$512K higher than budget due to 3W Transition and IAF funding received. Expenditure is \$108K above budget due to IAF 3W Network investigation.
- Sewerage – Revenue is \$10K up on budget and expenditure is \$39K above budget largely due to increases in insurance.
- Stormwater – Revenue and expenditure is on track with the budget.
- Refuse & Recycling – Revenue is \$38K below budget – due to no refuse charge received from IWK and expenditure is \$68K above budget due to depreciation.
- Community Facilities – Revenue is up \$512K due to unbudgeted revenue received for multi-use courts (\$142K) and unbudgeted revenue received for Link Pathway. Expenditure is \$789K below budget due to lower than budgeted depreciation.
- Commercial Activities – Revenue is \$378K above budget due to Wakatu Quay revenue being treated as revenue in advance, expenditure is \$5K down on budget due to depreciation on Forestry which is offset against the increase in MRF Contribution.
- Leadership and Governance – Revenue is on track and expenditure is tracking \$47K below budget due to IT and vehicles overhead charges offset being lower than budgeted.
- Building and Regulatory – Revenue is up \$49K due to Freedom Camping grant received, this is offset against building control revenue which is down. Expenditure is down \$68K due to the earlier vacancy in the statutory planning area.
- Community Services – Revenue is up \$119K on budget, due to timing around grants received. Expenditure is down on budget \$175K due to the MTFJ grant being paid out in instalments rather than a lump payment, Emergency Management and customer services staff vacancies.
- District Development – Revenue is \$11K down on budget – due to a district plan grant not received as per budget. Expenditure is \$171K below budget across district development due to consultancy and feasibility studies (District plan review) being lower than budget.

## **5. WORKING CAPITAL & LIQUIDITY**

Working capital (current assets over current liabilities) is positive, with \$3.2M in current assets and \$2.4M in current liabilities. The Working Capital Graph indicates how this fluctuates largely between months.

The Liquidity Ratio is 2.34:1, meaning there is \$2.34 in cash for every \$1 due to be paid.

## **6. STATEMENT OF CASH FLOWS**

The cash position for the period is \$4.6M as at 31 March 2024, cashflow from operations is positive at \$827K. Our capital activity shows grants received of \$3.6M for capital work and \$5.3M paid out.

The level of borrowing has increased to \$7.3M with the drawdown of \$2M in November 2023. with maturity dates ranging from April 2025 through to May 2028.

## **7. STATEMENT OF FINANCIAL POSITION**

Total Assets are \$302M with \$5.6M being current assets and \$296M non-current assets. Trade and Other Receivables are \$507M.

Total liabilities are made up of \$2.4M current and \$8M non-current. Trade Payables are \$1.6M.

## 8. CAPEX REPORT

Please refer to the CAPEX report attached (with A3 version at the end of the agenda pack).

Overall CAPEX expenditure for the year to date is \$5.67M with a forecast spend of \$4.9M in the next three months.

## 9. FINANCIAL IMPLICATIONS AND RISKS

Monthly monitoring and reporting on the Council financials are required as there is a risk that the Council's financial position could deteriorate with an increase in debt levels; lowered credit rating; or that revenue flows are lower than budgeted, and expenditure is higher than projected.

## 10. COMMUNITY OUTCOMES SUPPORTED

The work is in support of all community outcomes.



### Community

We communicate, engage 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

## 11. SIGNIFICANCE OF DECISION

This report is for information only; however, it may form the basis upon which other decisions are made (those which have a financial impact).

## 12. RELEVANT LEGISLATION

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

## KEY INDICATORS

AS AT 31 MARCH 2024

<p><b>OPERATING RESULT</b> <i>operating surplus/(deficit)</i></p> <p><b>\$3.62m</b></p> <p>\$1,118k favourable v/s year to date budget of \$2,502k</p>	<p><b>OPERATING COSTS</b> <i>costs to deliver existing levels of service</i></p> <p><b>\$13.07m</b></p> <p>\$1,593k favourable v/s year to date budget of \$14.67m</p>
<p><b>TOTAL EXTERNAL BORROWING</b> <i>total borrowings from bank</i></p> <p><b>\$7.30m</b></p> <p>\$1,000k favourable v/s full year budget of \$8.3m</p>	<p><b>INTEREST ON DEBT</b> <i>cost to service debt</i></p> <p><b>\$166k</b></p> <p>\$80k favourable v/s year to date budget of \$245k</p>
<p><b>CAPITAL EXPENDITURE</b> <i>cost of new &amp;/or replacement of assets</i></p> <p><b>\$5.67m</b></p> <p>\$5669.1K unfavourable v/s year to date budget of \$0.0K</p>	<p><b>DEVELOPMENT CONTRIBUTIONS</b> <i>received for district growth</i></p> <p><b>\$12.3k</b></p> <p>\$20.6k unfavourable v/s year to date budget of \$33k</p>
<b>LONG TERM PLAN MEASURES</b>	
<p><b>DEBT AFFORDABILITY BENCHMARK</b> <i>financing expenses as a % of rates</i></p> <p><b>2.3%</b></p> <p>7.7% favourable v/s council approved limit of 10.0%</p>	<p><b>EBID</b> <i>earnings before interest and depreciation</i></p> <p><b>\$7.42m</b></p> <p>\$12K unfavourable v/s year to date budget of \$7.43m</p>
<p><b>BALANCED BUDGET BENCHMARK</b> <i>revenue equal or greater than expenses</i></p> <p><b>128%</b></p> <p>28% favourable v/s council benchmark of 100%</p>	<p><b>BORROWINGS TO EQUITY</b> <i>Term loans as a % of equity</i></p> <p><b>2.50%</b></p> <p>0.25% favourable v/s full year budget of 2.75%</p>

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	BUDGET to year end \$	ACTUAL 31/03/2024 \$	ACTUAL 31/03/2023 \$
<b>ASSETS</b>			
<i>Current assets</i>			
Cash & cash equivalents	1,615,432	4,553,176	3,124,584
Trade & other receivables	2,175,197	507,447	391,059
Prepayments & inventory	185,000	212,018	182,009
Current financial Assets	20,000	20,000	20,000
Other Current Assets	-	330,000	330,000
<b>Total current assets</b>	<b>3,995,630</b>	<b>5,622,641</b>	<b>4,047,652</b>
<i>Non-current assets</i>			
Intangible assets	-	41,707	73,611
Forestry assets	2,154,943	2,400,887	2,154,943
Investment property	9,236,133	2,940,000	3,130,000
Financial Assets	176,500	211,500	181,500
Property, plant & equipment	298,293,994	290,797,887	285,411,658
<b>Total non-current assets</b>	<b>309,861,570</b>	<b>296,391,981</b>	<b>290,951,711</b>
<b>TOTAL ASSETS</b>	<b>313,857,200</b>	<b>302,014,621</b>	<b>294,999,364</b>
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
Trade & other payables	1,537,379	1,581,024	1,315,394
Employee liabilities	304,441	237,166	255,666
Landfill Provision - current	-	579,887	-
<b>Total current liabilities</b>	<b>1,841,820</b>	<b>2,398,077</b>	<b>1,571,060</b>
<i>Non-current liabilities</i>			
Provisions	1,444,830	224,575	1,444,830
Borrowings – non current	8,300,000	7,300,000	5,300,000
Other term debt	415,874	482,928	415,874
<b>Total non-current liabilities</b>	<b>10,160,704</b>	<b>8,007,503</b>	<b>7,160,704</b>
<b>EQUITY</b>			
Public equity	130,830,552	118,992,096	114,734,345
Asset revaluation reserve	166,643,731	166,524,581	166,333,312
Special funds & reserves	4,380,393	6,092,364	5,199,942
<b>Total equity</b>	<b>301,854,676</b>	<b>291,609,041</b>	<b>286,267,599</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>313,857,200</b>	<b>302,014,621</b>	<b>294,999,364</b>

# STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

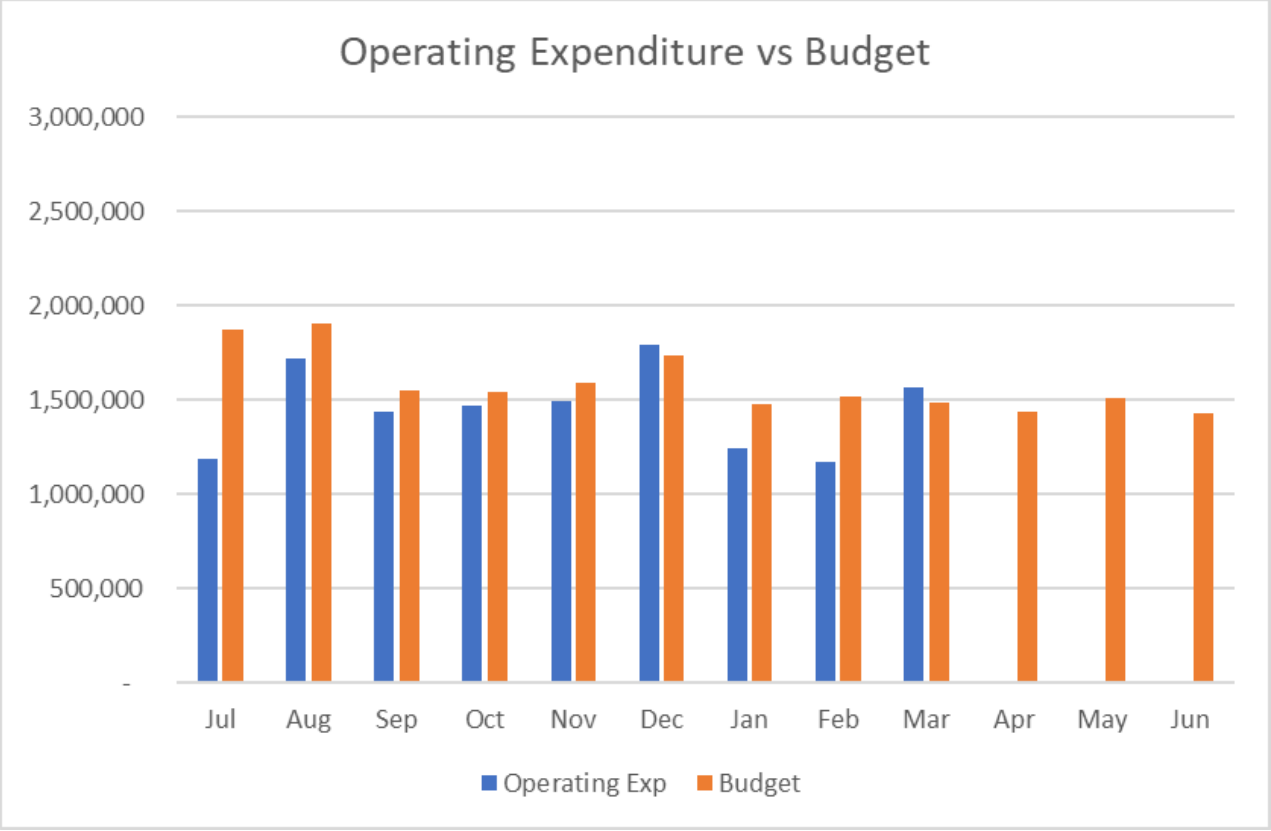
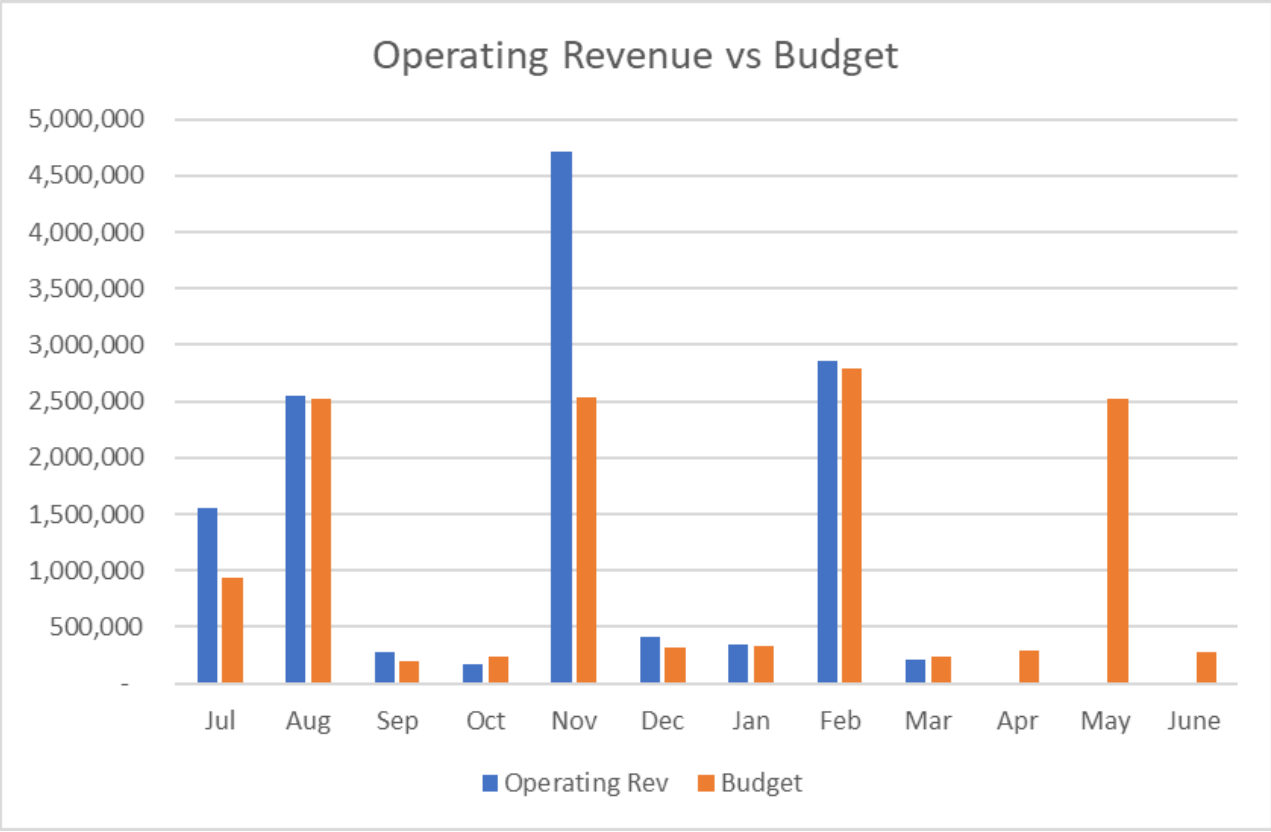
FOR THE PERIOD ENDED 31 MARCH 2024

	BUDGET	ACTUAL	BUDGET YTD	YTD VARIANCE
	2024	YTD	YTD	
		31/03/2024	31/03/2024	31/03/2024
	\$	\$	\$	\$
<b>REVENUE</b>				
Rates revenue	9,242,786	7,104,261	6,932,090	172,171
Water meter charges	140,000	73,103	70,000	3,103
User fees & charges	1,734,774	1,356,882	1,330,935	25,947
Grants & subsidies	1,903,488	4,344,289	3,641,442	702,847
Development contributions	43,942	12,313	32,957	(20,644)
Interest revenue	3,306	69,477	2,480	66,997
Gain	-	435	-	435
Other revenue <sup>[1]</sup>	113,200	126,003	85,200	40,803
<b>Total Operating Revenue</b>	<b>13,181,496</b>	<b>13,086,762</b>	<b>12,095,104</b>	<b>991,658</b>
Grants & Subsidies - Capital	18,579,694	3,607,247	5,074,574	(1,467,327)
<b>Total Revenue</b>	<b>31,761,190</b>	<b>16,694,009</b>	<b>17,169,678</b>	<b>(475,669)</b>
<b>DIRECT OPERATING EXPENSES</b>				
Personnel	3,836,451	2,597,971	2,893,310	(295,339)
Personnel Related Expenses	378,374	221,682	281,952	(60,270)
Admin & Office Expenses	455,556	310,198	352,165	(41,967)
Contractors	533,172	570,993	401,095	169,898
Professional Services	1,694,625	1,421,572	1,408,266	13,306
Grants/Donations	937,084	737,992	860,580	(122,588)
IT & Telecommunications	388,556	237,065	316,707	(79,642)
MRF	136,099	139,725	102,074	37,651
Utilities	661,779	490,928	496,329	(5,401)
Project Expenses	705,516	424,811	535,536	(110,725)
Repairs & Maintenance - Facilities	562,679	286,677	434,507	(147,830)
Repairs & Maintenance - Roading	995,359	771,963	796,916	(24,953)
Repairs & Maintenance - Waste	360,404	253,471	270,304	(16,833)
Repairs & Maintenance - Water	710,571	566,152	532,919	33,233
Other Expenses	113,629	242,869	84,757	158,112
<b>Total Direct Operating Expenses</b>	<b>12,469,854</b>	<b>9,274,072</b>	<b>9,767,417</b>	<b>(493,345)</b>
<b>INDIRECT OPERATING EXPENSES</b>				
Depreciation	6,247,096	3,635,166	4,685,330	(1,050,164)
Financing expenses	327,183	165,537	245,386	(79,849)
Overheads and Internal Charges	0	-	(30,021.00)	30,021
<b>Total Indirect Operating Expenses</b>	<b>6,574,279</b>	<b>3,800,703</b>	<b>4,900,695</b>	<b>(1,099,992)</b>
<b>Total Operating Expenses</b>	<b>19,044,133</b>	<b>13,074,775</b>	<b>14,668,112</b>	<b>(1,593,337)</b>
<b>Operating surplus/(deficit)</b>	<b>(5,862,637)</b>	<b>11,987</b>	<b>(2,573,008)</b>	<b>2,584,995</b>
<b>TOTAL COMPREHENSIVE REVENUE &amp; EXPENSE</b>	<b>12,717,057</b>	<b>3,619,234</b>	<b>2,501,566</b>	<b>1,117,668</b>

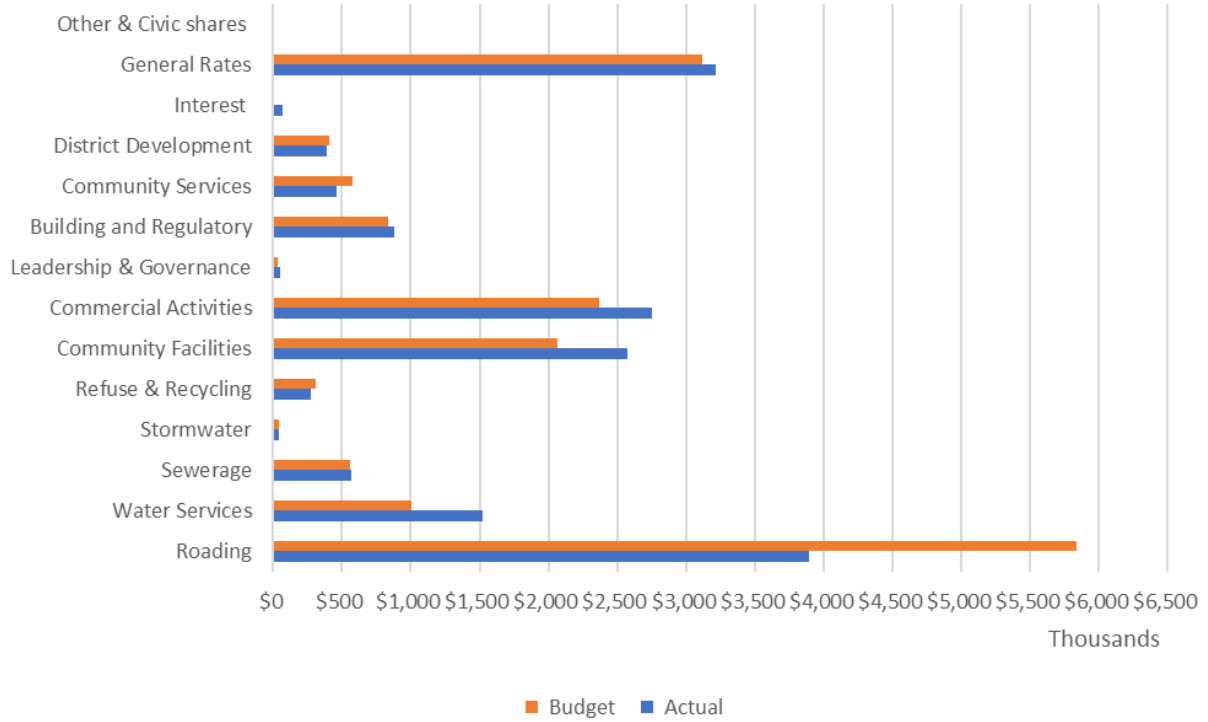
**STATEMENT OF CASH FLOWS**  
FOR THE PERIOD ENDED 31 MARCH 2024

	<b>BUDGET to year end \$</b>	<b>ACTUAL 31/03/2024 \$</b>	<b>ACTUAL 31/03/2023 \$</b>
<b>OPERATING ACTIVITIES</b>			
Receipts from rates	9,242,785	7,104,261	6,670,709
Interest received	3,306	69,477	24,408
Receipts from other revenue	21,609,510	6,445,268	6,303,841
Payments to employees & suppliers	(12,520,284)	(12,309,368)	(10,548,935)
Interest paid	(327,183)	(165,537)	(115,332)
Goods & services tax (net)	-	(317,350)	(164,526)
<b>Net Cash from Operating Activities</b>	<b>18,008,134</b>	<b>826,751</b>	<b>2,170,165</b>
<b>INVESTING ACTIVITIES</b>			
Grants received for capital work	-	3,607,247	771,994
Purchase of investment property	(4,435,838)	-	-
Sale of property, plant & equipment	150,000	-	-
Purchase of property, plant & equipment	(18,446,669)	(5,259,884)	(2,622,261)
Purchase of forestry assets	-	-	-
Purchase of intangible assets	-	(35,000)	15,000
Purchase of non-financial assets	-	-	-
Purchase of current-financial asset	-	-	-
Payment into term deposits	-	-	-
<b>Net Cash from Investing Activities</b>	<b>(22,732,507)</b>	<b>(1,687,638)</b>	<b>(1,850,267)</b>
<b>FINANCING ACTIVITIES</b>			
Movement in borrowings	3,000,000	2,000,000	-
<b>Net Cash from Finance Activities</b>	<b>3,000,000</b>	<b>2,000,000</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(1,724,373)</b>	<b>1,139,113</b>	<b>334,897</b>
<b>OPENING CASH</b>	<b>3,339,805</b>	<b>3,414,063</b>	<b>2,789,686</b>
<b>CLOSING CASH BALANCE</b>	<b>1,615,432</b>	<b>4,553,176</b>	<b>3,124,584</b>

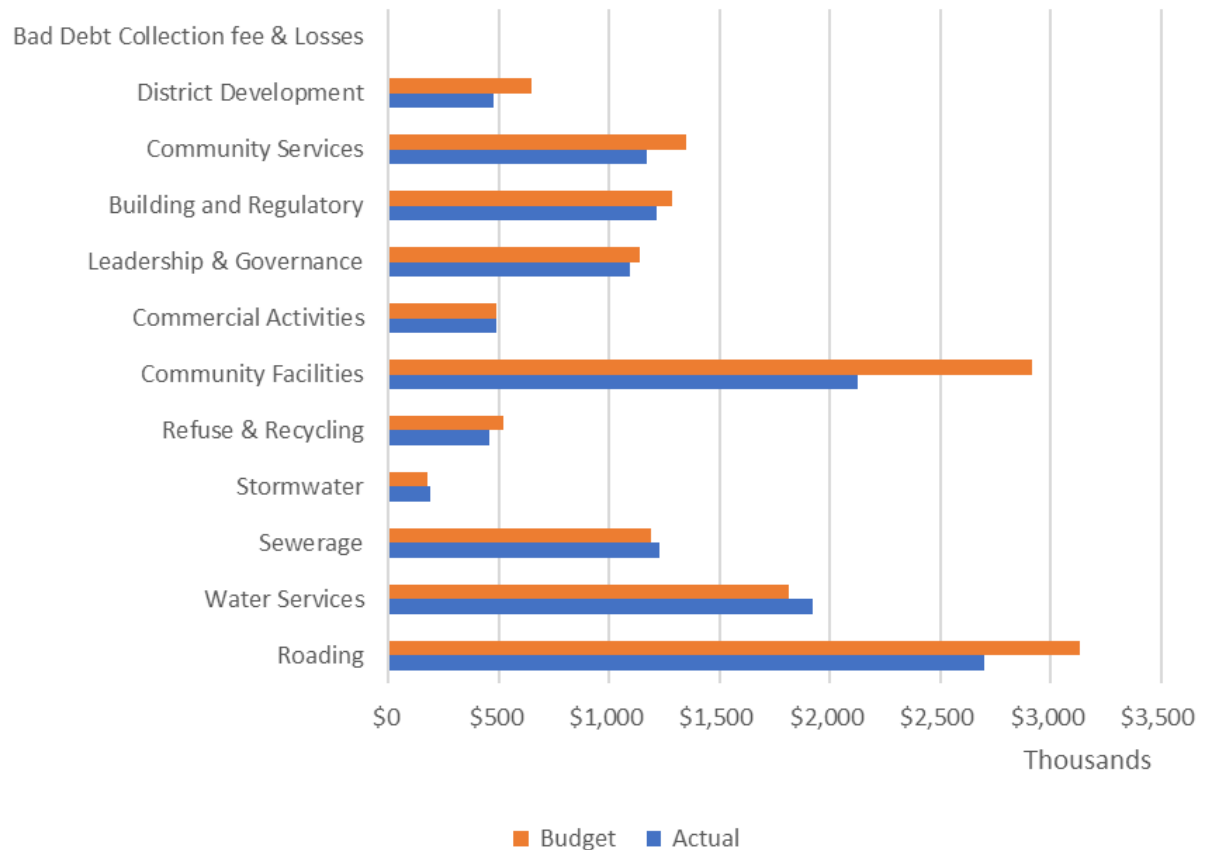




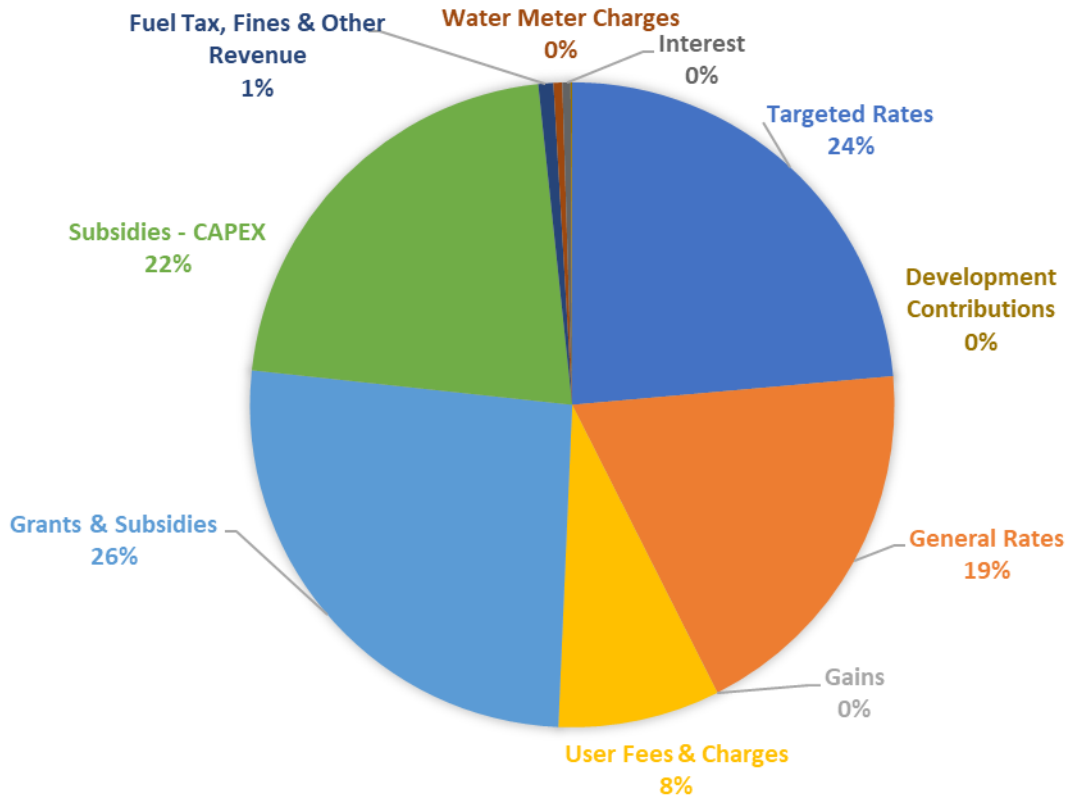
### YTD - Revenue by Activity (excl EQ)



### YTD - Expenditure by Activity (excl EQ)

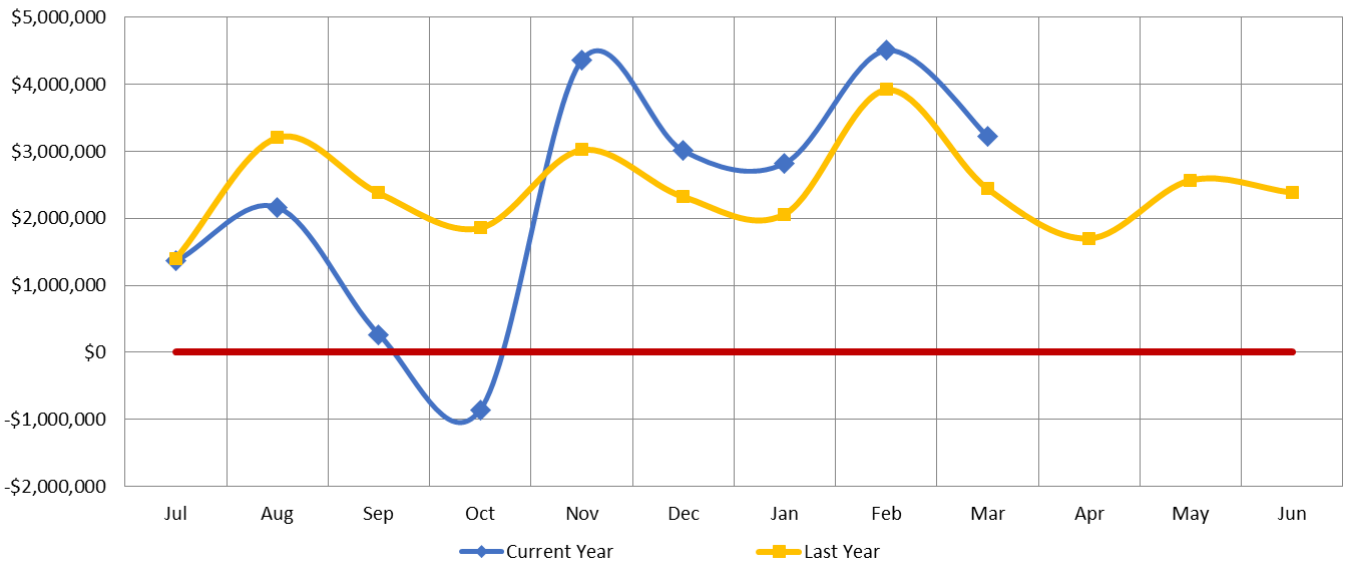


## 2024 REVENUE ANALYSIS



Working capital is calculated by subtracting current liabilities from current assets and is an indicator of our ability to pay our commitments to suppliers when payments fall due. Please refer to the Finance Report narrative for more information.

## Working Capital



**KDC - CAPITAL PROJECTS 2023**  
**Summary March 2024**

				Total Project Budget	Life to Date Costs	Carried Forward from 2022/23	Budget 2024	Actual Cost for Month	Previous Costs	Actual YTD Costs	Actual/Budget	Cost to Complete	Previous Forecast Cost	Revised Forecast Cost	Remaining Budget	Variance from Budget	FFC Movement for Month	April	May	June	Carried Forward	Not Progressing	
Mgr	Job No	Multi Yr	Description	a			b				(d-b)	a	d	(a-b)	(a-d)	(c-d)	2024	2024	2024	2024/25	2024		
MR	J00003	N	Harbour	50,000	34,364	25,899	50,000	0	34,364	34,364	69%	3,710	38,074	38,074	15,636	11,926	0						
SP	J00004	N	Office Furniture & Equipment	15,000	12,583		15,000	0	12,583	12,583	84%	2,417	15,000	15,000	2,417	0	0	2,417	3,710				
OJ	J00005	N	Footpaths	100,000	257,609	66,521	100,000	8,588	249,021	257,609	258%	202,982	452,003	460,591	(157,609)	(360,591)	(8,588)	70,531	132,451				
SP	J00006	N	Computers & Software	46,000	1,513		46,000	0	1,513	1,513	3%	31,487	46,000	33,000	44,487	13,000	13,000	6,487	12,000	13,000		13,000	
DC	J00008	N	Vehicle/Plant and Equipment	28,000	90,166		28,000	0	90,166	90,166	322%	(0)	90,166	90,166	(62,166)	(62,166)	0						
SH	J00010	N	Book Purchases	32,000	23,845		32,000	1,097	22,748	23,845	75%	8,155	32,000	32,000	8,155	0	0	2,903	2,580	2,672			
BA	J00022	N	Stormwater Renewals		42,447			18,598	23,849	42,447		0	42,447	42,447		(42,447)	0						
BA	J00027	N	Urban Water - Reticulation			79,679		11,692	12,528	24,220		56,808	81,028	81,028	(24,220)		0				56,808		
BA	J00028	N	Urban Water - Variable Speed Drives/Structures	95,000	13,285		95,000	0	13,285	13,285	14%	41,830	13,285	55,115	81,715	39,885	(41,830)				41,830	39,885	
BA	J00029	N	Ocean Ridge Water - Steel Plant Pipe Renewals	30,000			30,000	0	0	0	0%	0	0	0	30,000	30,000	0				25,000	5,000	
	J00030	N	Ocean Ridge Facilities					0	4,992	4,992													
BA	J00031	N	East Coast Pipe Renewals	61,274	54,311		61,274	0	54,311	54,311	89%	6,963	61,274	61,274	6,963	0	0		6,963				
	J00032	N	East Coast Facilities					0	11,753	11,753		0	11,753	11,753		(11,753)	0						
BA	J00033	N	Kincaid Treatment Upgrade	80,000			80,000	0	0	0		80,000	80,000	80,000		0	0				80,000		
BA	J00034	N	Kincaid Renewal - Turbidity Meter, Stabilise Intake, reconfigure raw water tanks	64,500	20,178		64,500	0	20,178	20,178		0	75,790	20,178		44,322	55,612				55,612		
BA	J00036	N	Fernleigh Water - Structure Renewals	15,000			15,000	0	0	0	0%	15,000	15,000	15,000	15,000	0	0		15,000				
BA	J00041	N	Sewerage - Structure Renewals	24,000	7,972		24,000	1,579	6,393	7,972	0%	17,607	6,393	25,579	16,028	(1,579)	(19,186)				17,607		
BA	J00042	N	Sewerage - Pump Station Renewals	155,000	136,931		155,000	458	136,473	136,931	88%	8,002	144,933	144,933	18,069	10,067	0	0	8,002				
BA	J00043	N	Stormwater - Reticulation		2,607			0	2,607	2,607		0	2,607	2,607		(2,607)	0						
BA	J00053	N	Oxidation Pond & Consents		41,570			218	41,352	41,570		20,000	80,952	61,570		(61,570)	19,382	15,000		5,000			
MR	J00088	Y	Landfill Site - Capping/Closure	1,357,828	326,389		500,000	0	26,796	26,796	0%	473,204	500,000	500,000	473,204	0	0	150,000	173,204	150,000			
WD	J00089	Y	Wakatu Quay PGF Development	10,680,000	1,251,317	1,908,910	4,435,838	77,647	128,028	205,675	5%	298,750	483,617	504,425	4,230,163	3,931,413	(20,808)	56,839	111,703	130,208	3,931,413		
MR	J00090	N	25 Beach Road (Op Shop)	5,000			5,000	0	0	0		0	5,000	0							5,000		
DC	J00093	Y	Transfer Station Construction/RRC	800,000	1,244,652		250,000	276,950	326,911	603,861	242%	0	326,911	603,861	(353,861)	(353,861)	(276,950)						
OJ	J00141	N	Blue Duck & Puhi Puhi Valley	800,000	246,354		800,000	35,865	210,490	246,354		553,646	800,000	800,000				184,548	184,548	184,550			
OJ	J00211	N	Unsealed Pavement Renewals 211	198,000	162,790	129,845	198,000	3,297	159,493	162,790	82%	115,000	274,493	277,790	35,210	(79,790)	(3,297)		115,000				
OJ	J00212	N	Sealed Pavement Renewals 212	552,200	547,568		552,200	0	547,568	547,568	99%	0	547,568	547,568	4,632	4,632	0						
OJ	J00213	N	Kerb & Channel Renewals 213	71,500	49,390	34,404	71,500	1,612	47,778	49,390	69%	94,888	144,278	144,278	22,110	(72,778)	0		50,500	44,388			
OJ	J00214	N	Pavement Rehabilitation 214	460,000	19,078		460,000	0	19,078	19,078	4%	390,000	379,078	409,078	202,680	50,922	(30,000)			390,000			
OJ	J00222	N	Traffic Service Renewals 222	66,000	1,650		66,000	22	1,629	1,650	3%	25,000	26,629	26,650	64,350	39,350	(21)		25,000				
OJ	J00341	N	Minor Improvements 341	300,000	25,007		300,000	923	24,084	25,007	8%	375,000	354,084	400,007	274,993	(100,007)	(45,923)	191,000	149,000	35,000			
OJ	J00345	Y	NCTIR Haul Routes	2,273,968	2,532,790		443,427	0	570,227	570,227	129%	(0)	570,227	570,227	(126,800)	(126,800)	0						
MR	J00443	N	Airport 157 works	40,000	1,147	29,652	40,000	0	1,147	1,147	3%	10,000	40,000	11,147	38,853	28,853	28,853	5,000	5,000			28,853	
MR	J00446	Y	Link Pathway	2,329,739	1,136,534	833,460	835,624	51,341	849,924	901,265	108%	96,507	997,772	997,772	(65,641)	(162,148)	0	40,000	56,507				
OJ	J00447	Y	IAF Project - Transport	12,371,740	1,596,768		6,995,247	10,477	1,075,850	1,086,326	0%	507,148	1,685,065	1,593,474	5,908,921	5,401,773	91,591	61,359	161,713	284,076	5,401,773		
OJ	J00448	Y	IAF - Kowhai Stopbank	564,200	101,651		0	0	68,800	68,800		466,709	535,509	535,509	(68,800)	(535,509)	0	146,411	146,411	173,887			
MR	J00500	Y	Better Off Projects	1,210,000	216,777		1,075,000	15,604	49,548	65,152	0%	1,009,848	1,075,000	1,075,000		0	0	52,497	33,738	923,613			
OJ	J04351	Y	Waiiau Toa/Clarence Valley Bridge	13,650,000	2,244,174	865,749	4,986,897	3,500	287,592	291,091	6%	(0)	4,986,897	291,091	4,695,806	4,695,806	4,695,806				4,695,806		
MR	J04415	N	Civic Centre	20,000	2,092	5,408	20,000	0	0	0	0%	7,000	20,000	7,000	20,000	13,000	13,000	2,000	5,000			13,000	
MR	J04421	N	CF Amphitheatre & Bridge			75,000	0	0	0	0	#DIV/0!	0	0	0	0	0	0				75,000		
MR	J04423	N	Public Toilet Upgrade			38,500	0	0	0	0	#DIV/0!	0	20,000	0	0	0	20,000				20,000		
MR	J04431	N	CF Pensioner Flats	20,000			20,000	0	0	0	0%	5,000	20,000	5,000	20,000	15,000	15,000	5,000				15,000	
MR	J04433	N	West End Car Park	32,000	16,606		32,000	0	16,606	16,606		0	32,000	16,606		15,394	15,394					15,394	
<b>TOTAL BAU Programme</b>				<b>48,597,949</b>	<b>12,462,114</b>	<b>4,093,027</b>	<b>22,882,507</b>	<b>519,466</b>	<b>5,149,662</b>	<b>5,669,128</b>	<b>#DIV/0!</b>	<b>4,922,662</b>	<b>15,112,833</b>	<b>10,586,798</b>	<b>15,370,295</b>	<b>12,371,737</b>	<b>4,521,035</b>	<b>991,992</b>	<b>1,788,030</b>	<b>2,142,639</b>	<b>14,249,489</b>	<b>90,247</b>	

<b>Report to:</b>	<b>Finance, Audit &amp; Risk Committee</b>
<b>Date:</b>	23 April 2024
<b>Subject:</b>	Quarterly Reports to 31 March 2024
<b>Prepared by:</b>	C Kaa - Management Accountant
<b>Input sought from:</b>	S Poulsen - Finance Manager
<b>Authorised by:</b>	P Kearney - Senior Manager Corporate Services

## 1. PURPOSE

The purpose of this report is to provide the Council with a detailed update on agreed Quarterly Financial Performance measures.

As previously discussed with the Committee, as workload allows, we will be reviewing these Quarterly Report formats and recommending any suggested changes to the Committee, which will include non-financial performance measures.

## 2. RECOMMENDATION

That the cover report and the listed attachments be received for information.

## 3. SUMMARY

Included with this cover report are the following reports for discussion:

### 3.1 Liability Management Policy Compliance Report

Kaikoura District Council is compliant with most of the liability policies. PWC is now engaged as our Treasury Advisors and actively giving us advise.

### 3.2 Investment Quarterly Report

The value of Council investments increased from \$10.3M last year to \$11.7M at 31 March 2024 with the largest increase being bank deposits – now sitting at 38%..

### 3.3 Airport Report

Airport landings are down for the nine months to date in comparison to last year. Currently, for the nine months, the airport has a \$8K shortfall with the main funding source being leases and licences – 45%. There have been issues regarding the internet at the airport resulting in distorted recordings, the system will be upgraded within the next month and will resolve those issues.

### 3.4 Harbour Report

Slipway fees and boat parking revenue are tracking on budget, expenditure is above budget for the nine months. Overall, the harbour is operating with a loss of \$66K for the nine months.

### 3.5 Sundry Rates and Debtors Report

Total rates owing is \$315K, a breakdown on prior year overdue is provided – most Māori Land rates have been written off now. Currently 6 ratepayers are with external debt management.

Total sundry debtors due are relatively consistent at \$1.3M, which remains distorted by one large sundry debtor in the 3+ month overdue category.

## 4. FINANCIAL IMPLICATIONS AND RISKS

Regular monitoring and reporting on the Council financials is required as there is a risk that the Council's financial position could deteriorate with an increase in debt levels; lowered credit rating; revenue flows are lower than budgeted, and expenditure is higher than projected.

## 5. COMMUNITY OUTCOMES SUPPORTED

The work is in support of all community outcomes.



### Community

We communicate, engage 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

## 6. SIGNIFICANCE OF DECISION

This decision is not considered significant in terms of Council's Significance and Engagement Policy.

## 7. RELEVANT LEGISLATION

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

## 8. COMMUNITY VIEWS

No community views were sought in relation to this report.

## LIABILITY MANAGEMENT POLICY COMPLIANCE REPORT TO 31 MARCH 2024

### Objective

All council current and term liabilities are managed prudently and effectively.

### Interest Rate Risk Management (Credit Exposure)

The interest rate risk management table below is the council's guideline for interest rate exposure. This table does not incorporate the liabilities associated with the Marlborough Regional Forestry joint venture, as they are managed separately by that joint venture.

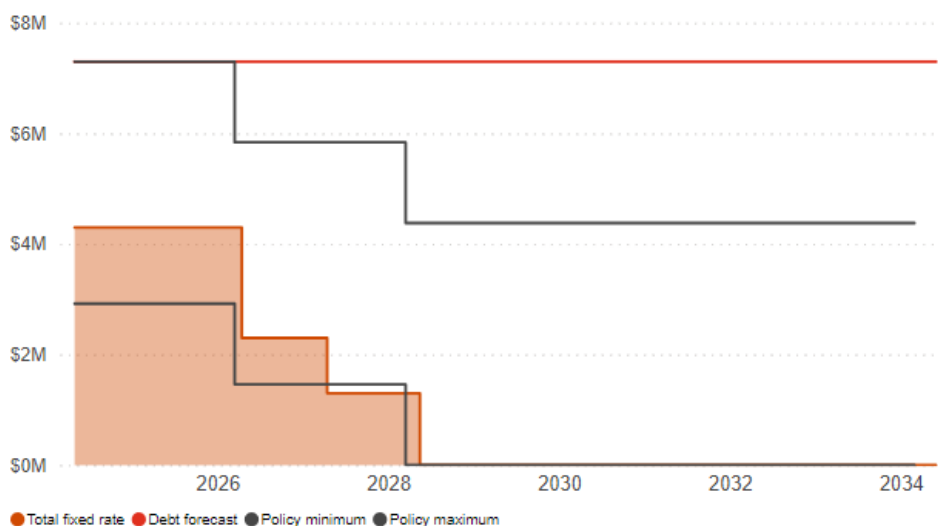
Total borrowings: Term of exposure	Policy levels	Actual Proportion	Compliant
Floating	10% - 25%	41%	<input checked="" type="checkbox"/>
Fixed	75% - 90%	59%	<input checked="" type="checkbox"/>
The following terms of exposure apply to that portion of borrowings that are fixed:			
Term of exposure	Policy levels	Actual Proportion	Compliant
0 - 2 year	40% - 100%	55%	<input checked="" type="checkbox"/>
2-4 years	20% - 80%	45%	<input checked="" type="checkbox"/>
4 years +	0% - 60%	0%	<input checked="" type="checkbox"/>

Our exposure profile policy was reviewed and amended in December 2020 to provide sufficient flexibility whilst still providing limits to Council's interest rate management implementation. In April 2020 we joined LGFA, repaying all our loans with the BNZ, currently we have \$7.3M of LGFA borrowing with \$3M floating and the balance of \$4.3M fixed.

Our weighted average interest rate is 3.94%, with rates ranging from 3.29% to 5.83%.

Current % of Debt Fixed	41%
Current % of Debt Floating	59%
Value of Fixed Rate (M)	\$4.3
Value of Floating Rate (M)	\$3

### Interest rate risk timeline



## Management of Credit Risks

Policy	Compliant
All bank borrowing and interest rate hedging transactions must be undertaken with a New Zealand Registered Bank with a minimum Standard and Poor's Long Term credit rating of at least A+ (or the Moody's or Fitch Ratings equivalents).	☑

Council will satisfy itself in all its borrowing transactions that counterparties are financially adequate, have an appropriate industry standing, and have an appropriate track record to give Council reasonable certainty that obligations under concluded contracts will be performed.

## Liquidity

The liquidity ratio is the total current assets that can quickly be converted to cash (cash, debtors, and bank facilities) divided by the current liabilities that need to be paid. The council's policy is to maintain a liquidity ratio of a minimum of 1.1:1 at all times, (which means \$1.10 is available for every \$1.00 payable), currently we are well above our policy's minimum level at 2.11.

Policy levels	Liquidity Rate	Compliant
Minimum 1.1:1	2.11:1	☑

## Internal Borrowing

The Council used its reserves and external borrowing to internally fund both capital expenditure and working capital. The primary objective in funding internally is to use funds efficiently, by eliminating the margin that would be paid through the Council separately investing and borrowing externally.

Internal borrowing arrangements will not be subject to the Interest Rate exposure clause of this policy.

## Debt Repayment

Policy	Compliant
Reserve funds are set aside to repay the loan on maturity, or when conditions are favourable to do so (whichever is the earliest).	☑

## Borrowing Limits

	Policy Levels	Actual Levels	Compliant
Total term debt	will not exceed \$15 million	\$ 7,300,000	☑
Gross interest expense of all external term borrowings as a percentage of total revenues	will not exceed 10%	1%	☑

The Council is well within each of its borrowing limits as at 31 March 2024.



## Security

The Council will grant a Debenture Trust Deed which includes a charge over Council's rates and rates revenue in favour of a trustee. Council creditors can be conferred the benefit of that charge through the issuance of security stock under the Deed.

Any borrowing from LGFA will have the benefit of security stock (and therefore the charge over rates and rates revenue).

Policy	Compliant
Council will not pledge assets as security, with the exception of the pensioner housing suspensory loans	<input checked="" type="checkbox"/>

## INVESTMENT QUARTERLY REPORT To 31 MARCH 2024

### REPORT ON COMPLIANCE WITH THE POLICY AND ANY CHANGES SINCE THE LAST REPORT

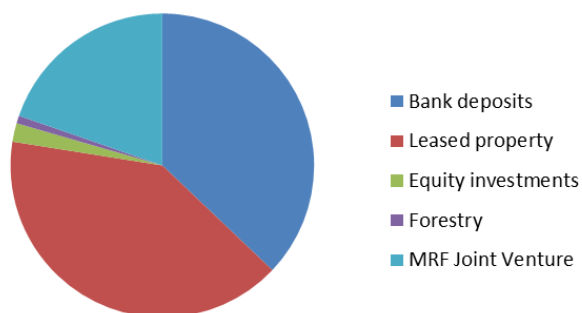
#### *Value and Mix of Council's Investments*

	Qtr Ending 31 Mar 24		Qtr Ending 31 Mar 23	
Bank deposits	4,420,762	38%	2,590,615	29%
Leased property	4,729,761	40%	4,997,000	48%
Equity investments	231,500	2%	201,500	2%
Forestry	96,393	1%	117,646	1%
MRF Joint Venture	2,304,494	20%	2,037,297	20%
	<b>11,702,472</b>	<b>100%</b>	<b>10,304,058</b>	<b>100%</b>

Results for quarter three shows the value of leased property has decreased from the same quarter last year. Revaluations have been completed for June 2023 and are reflected in these figures. Wakatu Quay valuation decreased in value from \$3.13M to \$2.94M. The Airport terminal and hangars were revalued in 2022 and were not revalued this year.

Equity Investments are the borrowing notes attached to borrowings from LGFA and the loan to our subsidiary. The forestry and MRF includes the new valuations. Bank deposits are \$1.7M higher than March 2023 this is due to the unspent funding received for Wakatu Quay.

#### Value & Mix of Investments



#### *Treasury Investments*

	Balance	Rate	Term	Interest
On call account	4,337,159	4.75%	On call	66,134
Special funds on call account	83,602	4.75%	On call	1,057
	<b>4,420,762</b>	<b>4.75%</b>		<b>67,191</b>

### **Forestry Investments**

We have not received any distribution payments from the Marlborough Regional Forestry (MRF) for the third quarter as we are in a period of replanting which includes contributions to the MRF. Within the nine months we have paid \$139,725. The South Bay Forest does not generate any revenue, but has incurred expenses of \$6,621 for rates, and insurance.

### **Net Rental Yields of Property Investments**

The lease of Wakatu Quay was terminated in June 2018, and the tenant has surrendered ownership of the buildings to KDC. Revaluations were completed in June 2023 with the valuation decreasing from \$3.13M to \$2.94M. The Airport terminal and hangars have been included again however these assets are only revalued every 3 years.

	<b>Asset value</b>	<b>EBIT</b>	<b>Interest</b>	<b>Net</b>	<b>Yield</b>
Wakatu Quay	2,940,000	0	0	0	0
Airport terminal & hangars	1,789,761	(16,423)	(8,087)	(24,510)	-1.37%
	<b>4,757,505</b>	<b>(10,521)</b>	<b>(4,820)</b>	<b>(15,341)</b>	<b>-0.84%</b>

*Note EBIT refers to Earnings before Interest and Tax.*

### **Equity investments**

The council purchased 10,000 shares in Civic Assurance in 2012, with a value of \$9,000.

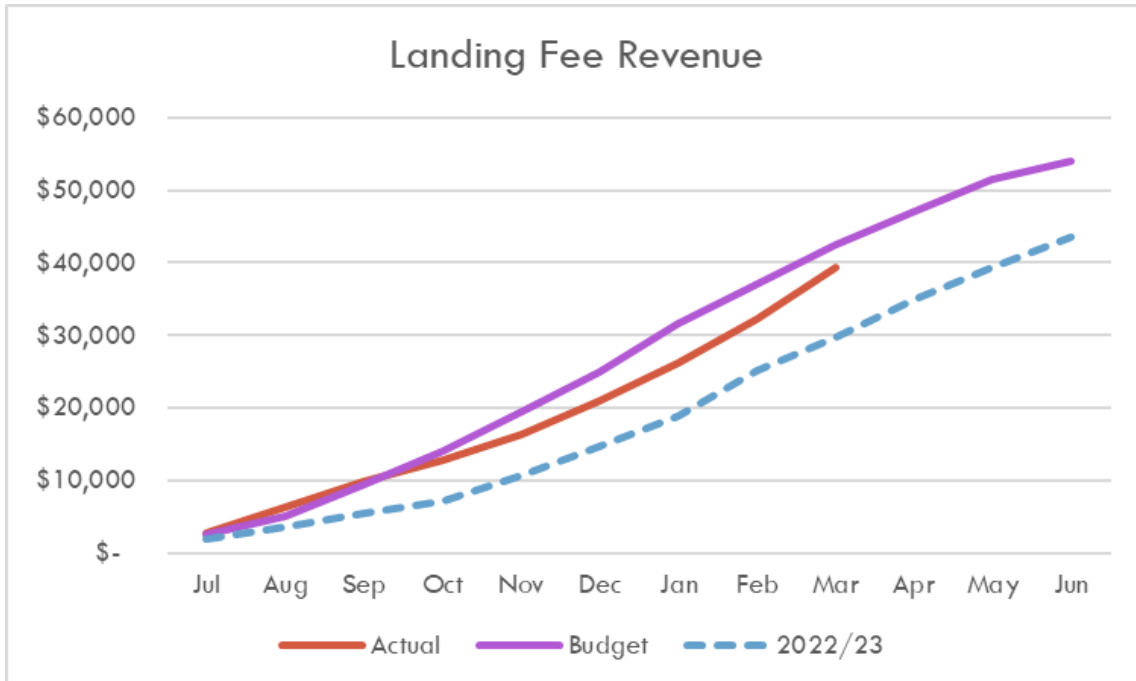
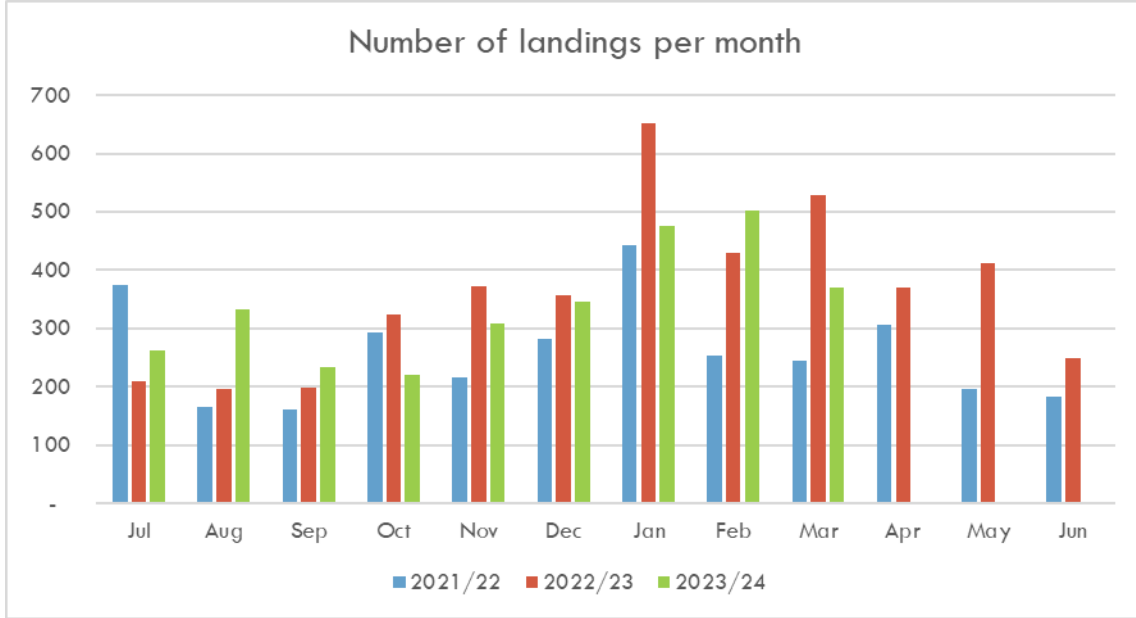
#### **Return on Investments**

	<b>Value</b>	<b>Return</b>	<b>Yield</b>
Bank deposits	4,420,762	67,191	1.52%
Leased property	4,729,761	(24,510)	-0.52%
Non-Financial Assets	231,500	2,285	5.71%
South Bay Forestry	96,373	(6,621)	-6.87%
Marlborough Forestry	2,304,494	(144,667)	-6.28%

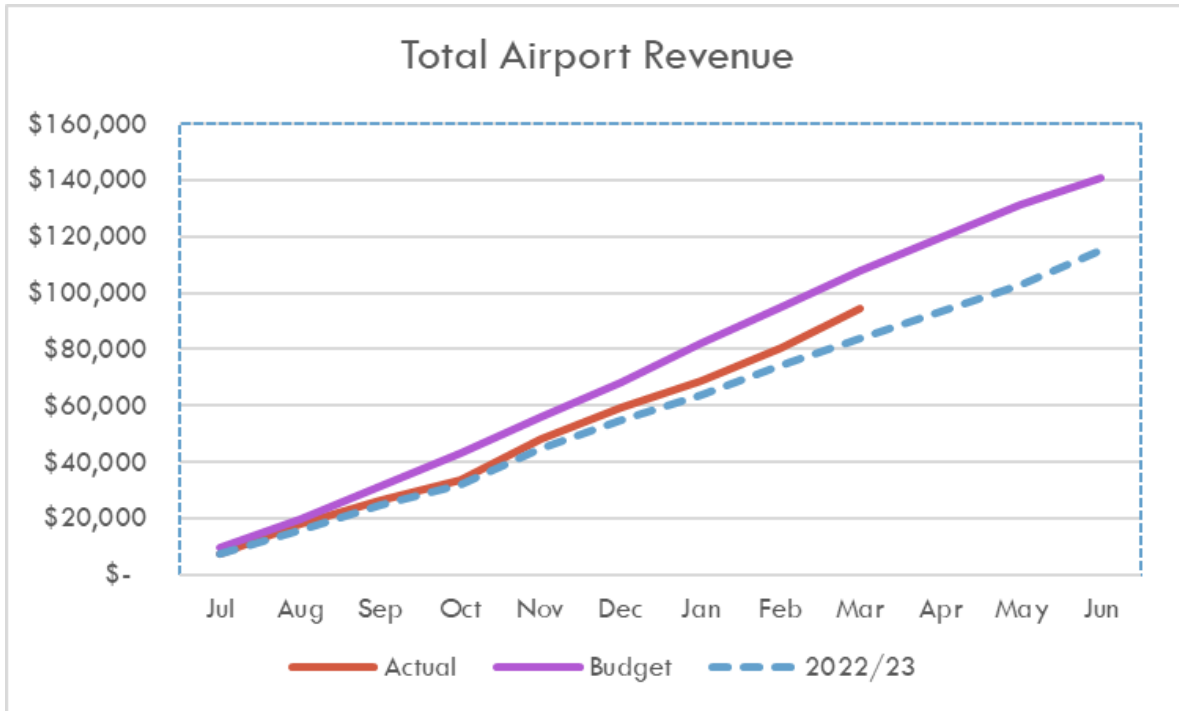
The table above suggests bank deposits have achieved a ROI of 1.52%. This has been calculated as at March 2024. We have removed the targets from this report as the financial strategy in the 2021-2031 long term plan now recognises that none of our current investments are currently making a return on investment with the only investment to make a return in the future being the Marlborough Regional Forestry (anticipated from 2029 onwards).

## AIRPORT QUARTERLY REPORT To 31 MARCH 2024

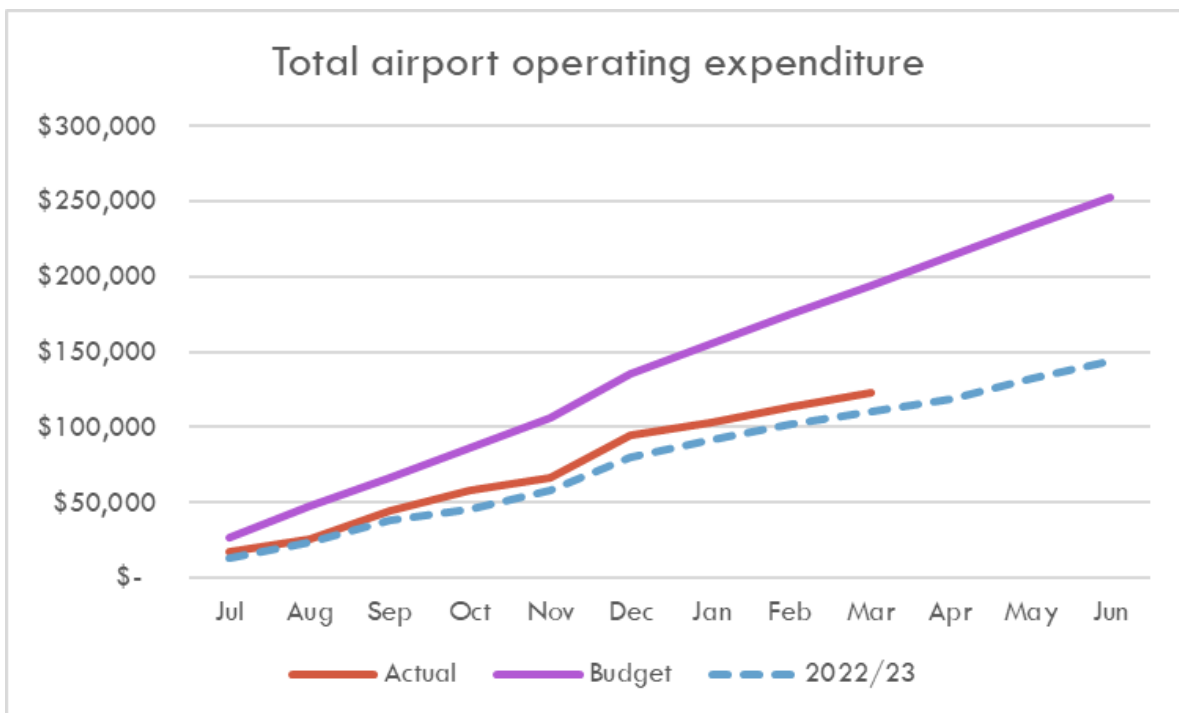
The number of landings at the airport for the nine months to March 2024 was 3,051 this is down on the number of landings for the same period last year of 3,267.



With the number of landings down, landing revenue is also below budget, however is up compared to the previous year.

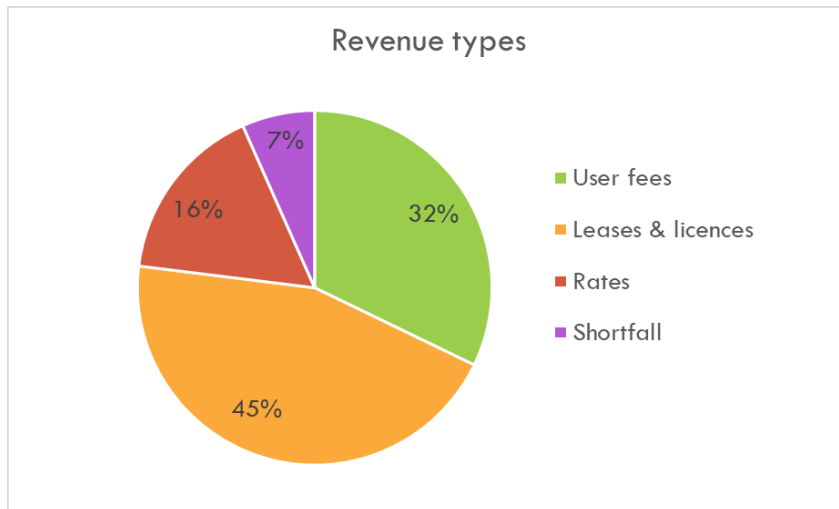


Total airport revenue is below budget for the nine months totalling \$94,651 compared to budget of \$107,750, and up on revenue for the same period last year. The main variance at this stage is in licence to occupy where there has been no revenue received to date.



Operating expenditure is \$122,870 for the nine months which is below the budget expenditure of \$194,412, with the main variance relating to depreciation.

The graph below shows that the airport is funded through user fees 32%, leases and licences 45% and 16% being rate funded – currently there is a \$8,161 shortfall which is reflected as 7% in the graph.

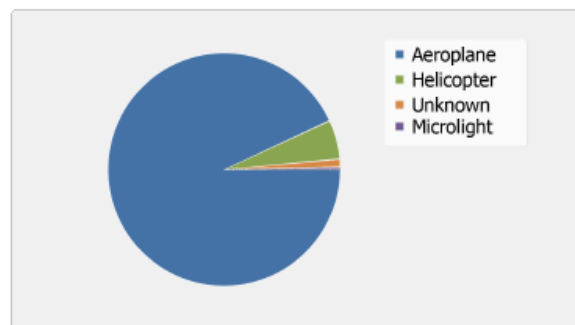


An Airport Information Movement Monitoring (AIMM) system was installed in November 2017, which records all radio calls from aircraft at the Kaikōura Airport, including the aircraft registration number (it is a CAA requirement for pilots to advise their aircraft registration number on landing and take-off, over the radio). There has been issues with the internet over the past months which have distorted the recordings, the internet is currently being upgraded and we will advise when his has been completed.

The following are extracts from the monthly reports we are now receiving from the AIMM system; these examples are from the March 24 monthly report.

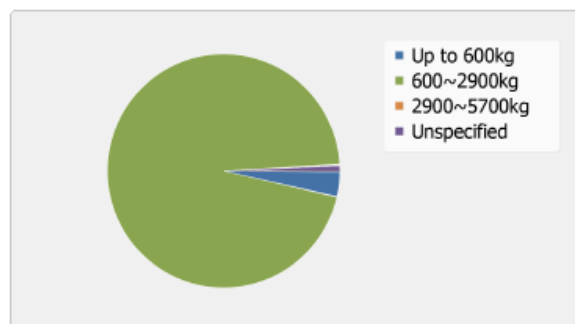
**Aircraft Type Summary**

Type	Movements
Aeroplane	693
Helicopter	40
Unknown	8
Microlight	3



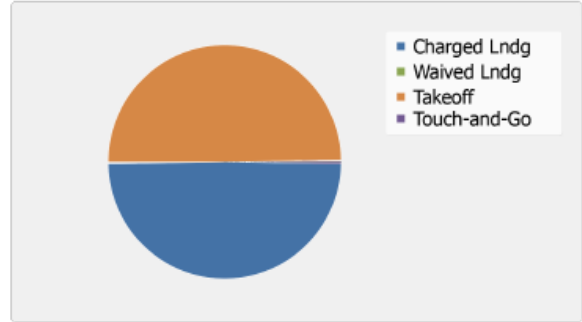
**Aircraft Weight Summary**

Weight	Movements
Up to 600kg	26
600~2900kg	710
2900~5700kg	1
Unspecified	7



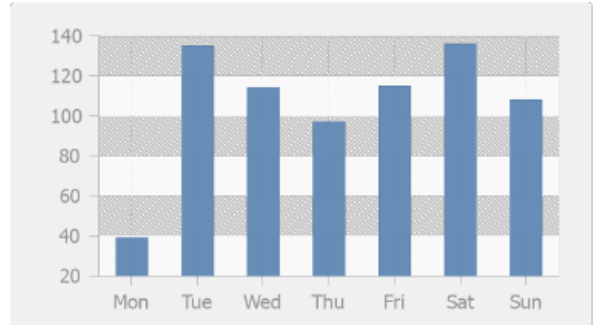
**Charge Summary**

Status	Movements
Charged Lndg	370
Waived Lndg	0
Takeoffs	370
Touch-and-Go	4



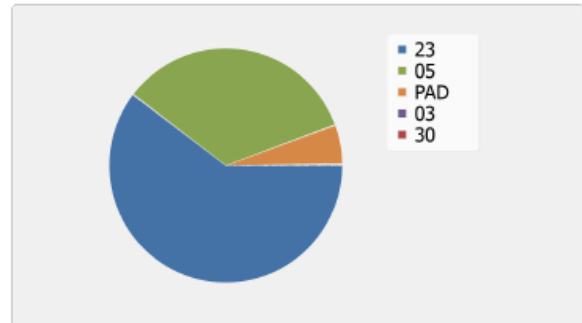
**Movements: Days of Week**

Weekday	Movements
Mon	39
Tue	135
Wed	114
Thu	97
Fri	115
Sat	136
Sun	108



**Runway Usage Summary**

Runway	Movements
23	449
05	253
PAD	40
03	1
30	1



**ACTIVITY LEVEL:** During March 2024, the airport had 744 movements\*\*, an decrease of 31% from 1,076 for the same month last year.

For the last 12 months, there were 7,519 movements, an increase of 14% from 8,699 for the same period in the previous year. A spreadsheet showing all movements for any period is available on the 'movements / archives' page for deeper analysis.

*\*\* The movement counts on some reports may correctly be different from each other... Touch-and-Go movements may be counted as either one movement or two (a Landing followed by an immediate Takeoff), depending on the Aviation Authority and Safety rules that apply, and the Airport's Certificated/non-Certificated status. (Ref B: 0)*

**COMPLIANCE REPORTING**

**Noise Footprint:** The Acoustic LDN counts at NZKI during March 2024 were:

742 during the 'Day', which is set to start at 0700.

2 during the 'Night', set to start at 2200.

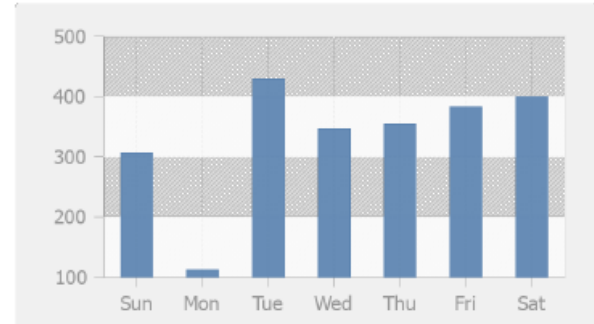
**Civil Aviation:** CAA Rule 139.505 requires Non-Certificated Aerodromes such as Kaikoura (NZKI) to report Movement Data each year.

## LOCAL AIRSPACE Analysis for March (Aircraft using airspace, not necessarily landing. )

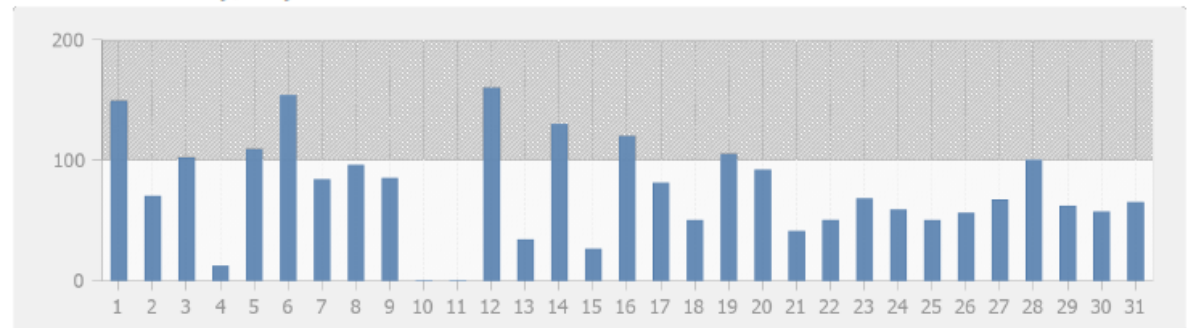
### Summary

2334 radio calls received for the month.  
 0 calls, on the quietest day, 10-Mar  
 160 calls, on the busiest day, 12-Mar  
 75 calls, daily average for March  
 Tuesday is the busiest day of the week.

### Days of Week



### AIRSPACE activity, Days of Month



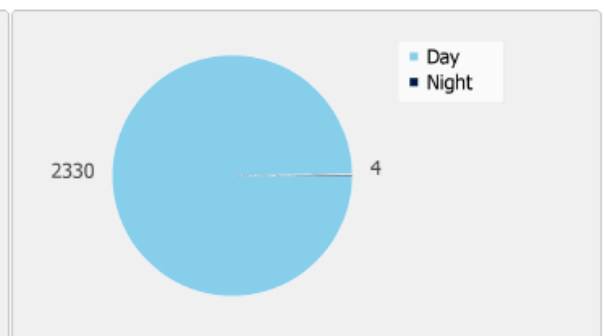
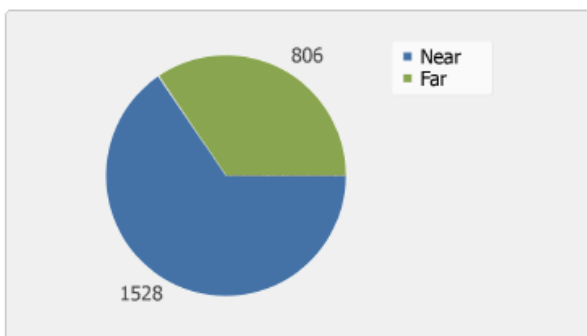
### Classification of Local Airspace activity

During March 2024 there was 76% less airspace activity compared to the same month last year.

'Near' are aircraft close enough to the airport that their radio calls are relevant to the airport operations.

'Far' are those on the same radio frequency but far enough away to be not relevant.

'Day' / 'Night' refer to Morning / Evening Civil Twilight calculated each day at the Lat/Long of the airport.

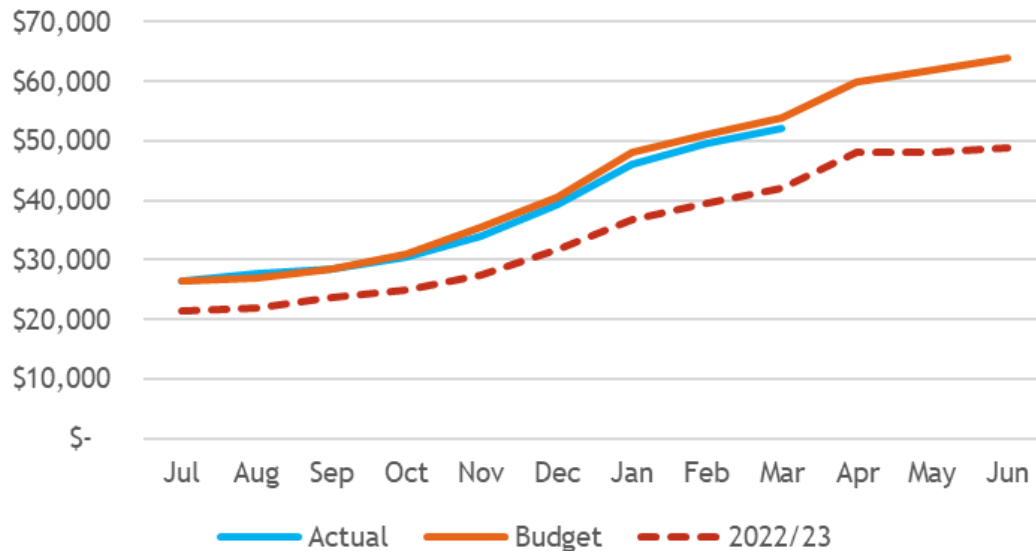




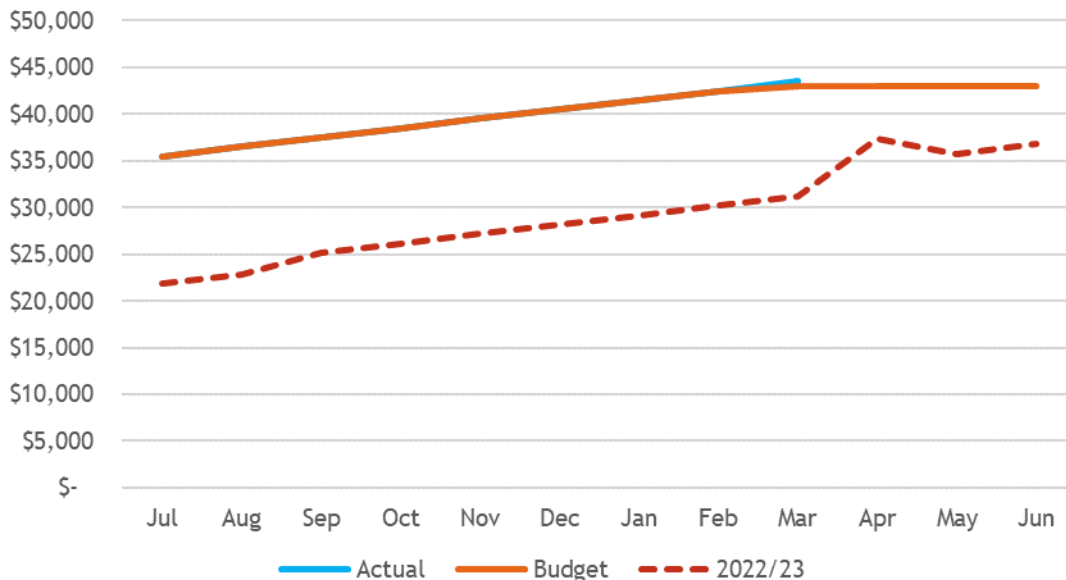
## Harbour Quarterly Report To 31 MARCH 2024

This report serves to highlight harbour operations over the past three months ending 31 March 2024.

### Slipway fee revenue



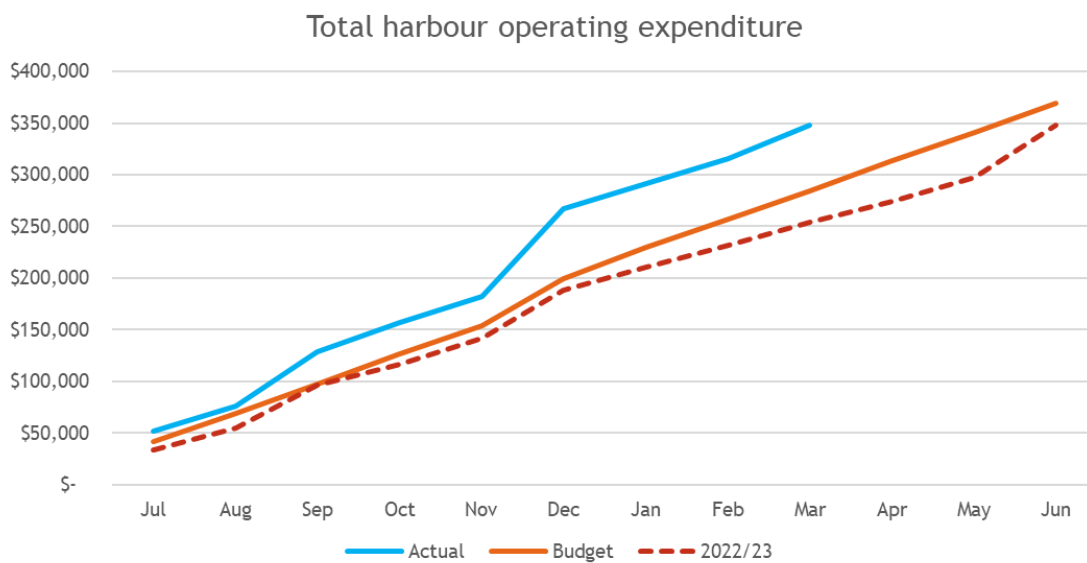
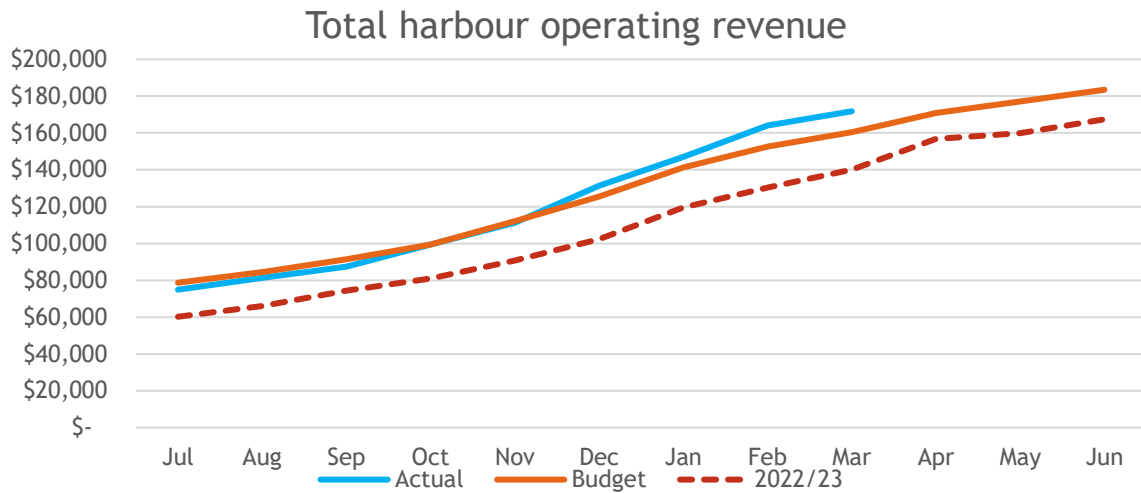
### Boat parking revenue



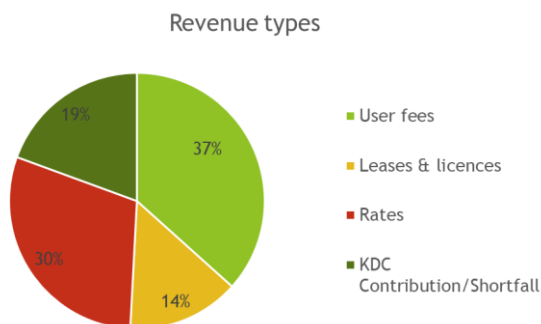
Actual slipway fees received are tracking slightly below budget at \$52,023 (budget \$54,000) and up on the same period last year. Boat parking revenue is on track with budget and up on last year actuals for the nine-month period at \$43,500.

Total harbour operating revenue is \$171,784 for the nine months compared to budget of \$160,495.

Operating Expenditure is \$348K which is \$63K above budget of \$284,619 for the nine months. The main variance in expenditure relates to insurance (budget \$31K, actual \$63K), valuation fees \$15K and an increase in depreciation due to the revaluation which was completed in 2023.



The following graph shows that harbour revenues (user fees and leases and licences) covered about 49% of the actual cost of harbour operations for the year, with the targeted rates (\$100K) covering 29% - currently the harbour is operating with a loss of \$76K.



# DEBTORS QUARTERLY REPORT

## To 31 MARCH 2024

### 1. SUMMARY

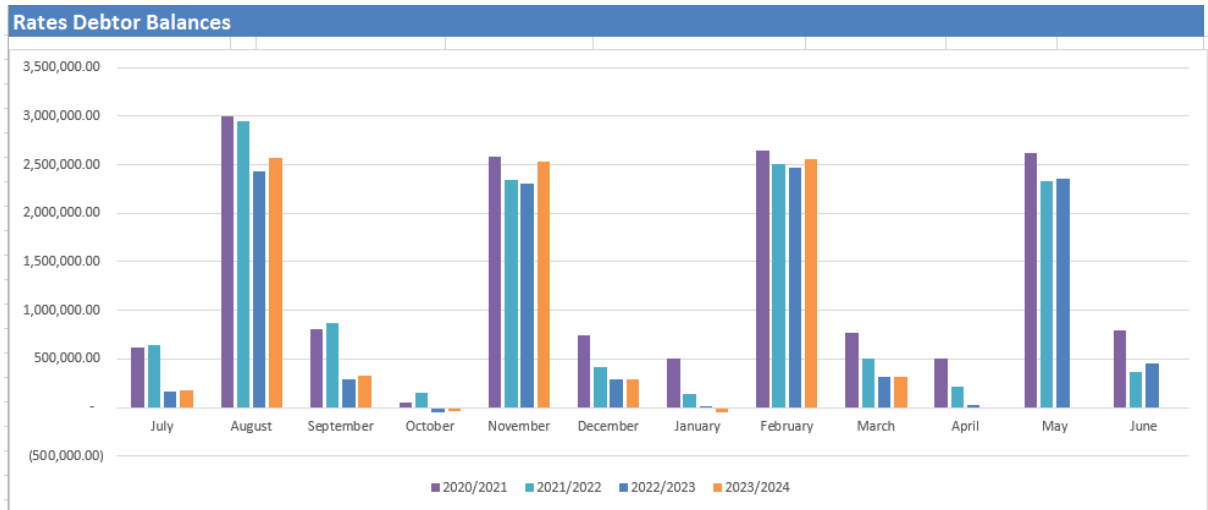
The purpose of this report is to provide an overview of the status of rates and sundry debtor receivables for the quarter ended 31 March 2024.

### 2. DISCUSSION

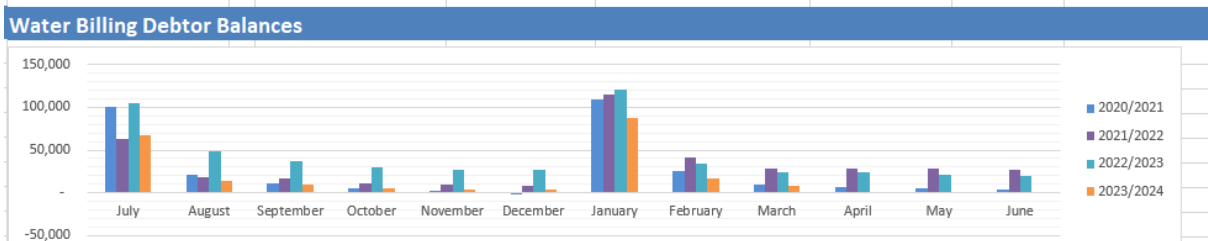
#### 2.1 Analysis of Rates Debtors

At the end of March there was \$315K owing to the Council from rates. As you can see from the below graph the amount outstanding has started to increase slightly each month – but is still tracking close to previous years.

For water billing, 89 debtors have not paid their water meter bill, the first instalment of water meter charges went out in Jan 24 for the six-month period July 23 – Dec 23. The values are low (most are only \$25 for the half-yearly fee), but they are being followed up.



Number of Debtors	Rates revenue by type (year to date)					
<b>Rates Debtors</b> 572	Rates revenue by type (year to date)	Penalties applied	Write offs & adjustments	Remissions	Water billing	Total
	\$ 7,101,113	\$ 94,508	(\$ 71,689)	(\$ 19,671)	73,103	\$7,177,364
<b>Water billing</b> 89	98.9%	1.3%	-1.0%	-0.3%	1.0%	100.0%



## 2.2 Rates debtors overdue

The following table shows the extent of rates outstanding as at 31 March 2024. A total of \$315K in rates is outstanding, but with many properties with rates in credit (paid in advance) there is \$573K worth of rates to follow up. Of that \$573K, \$165K relates to prior years. Whilst we are actively following up with current year rates outstanding, this report focusses on those prior year balances.

There are two properties in the 3-years overdue column are responsible for \$22K of the total prior year balances (1-year overdue +). Most Māori land have been written off reducing the overall overdue amounts previously reported.

There are currently 6 ratepayers that have been forwarded on to the debt management company which account for \$64K of rates outstanding, and we are currently monitoring the ratepayers that are not making sufficient payments.

	3 years overdue	2 years overdue	1 year overdue	Current year	Total
<b>Rates debtors</b>					
Value	5,738	14,801	144,066	409,192	573,842
Property count	2	9	56	572	639
<b>Paid in advance</b>					
Value				(259,150)	(259,150)
Property count				547	547
<b>Total</b>					
Value	5,738	14,801	144,066	150,042	314,692
Property count	2	9	56	1,119	1,186

## 2.3 Analysis of Sundry Debtors

Sundry debtors total is \$1.3M as at 31 March 2024. The debtors amount is in line with previous months, and the number of debtors is relatively consistent at 279 debtors, however the average debtor days has increased to 92 days. This amount is also distorted by a large general debtor which is still outstanding.

The following is an analysis of the range of debtors:

Trade debtors	Number of debtors	Current	1 month	2 months	3 months and over	Total
Building consents	70	(78)	(2,884)	120	(16,417)	(19,260)
Compliance Schedul	9	610	-	120	240	970
Cemetery	2	2,200	-	-	550	2,750
LIMs	6	957	1,947	525	644	4,073
Liquor licensing	10	1,657	-	-	1,025	2,681
Premises licencing	8	687	-	682	474	1,843
Property leases	13	20,209	-	-	11,922	32,131
Resource consents	23	9,185	4,175	743	24,527	38,630
General debtors	139	101,539	72,782	246,769	855,733	1,276,823
		136,966	76,020	248,959	878,698	1,340,642

# Analysis of Sundry Debtors

At 31 March 2024

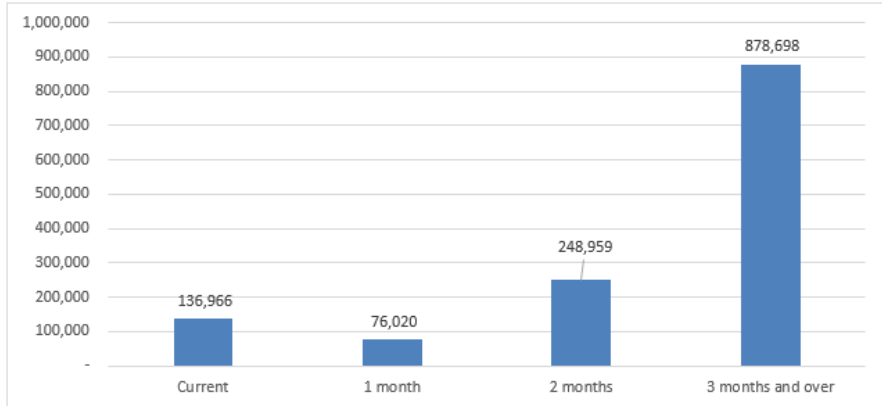
## Average Debtor Days

92

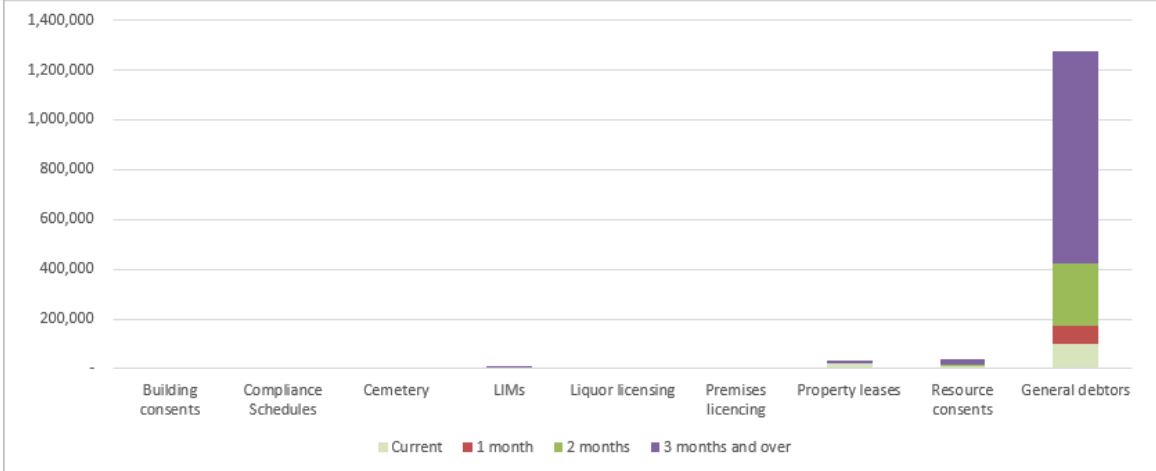
## Total Debtors Due

\$ 1,340,642

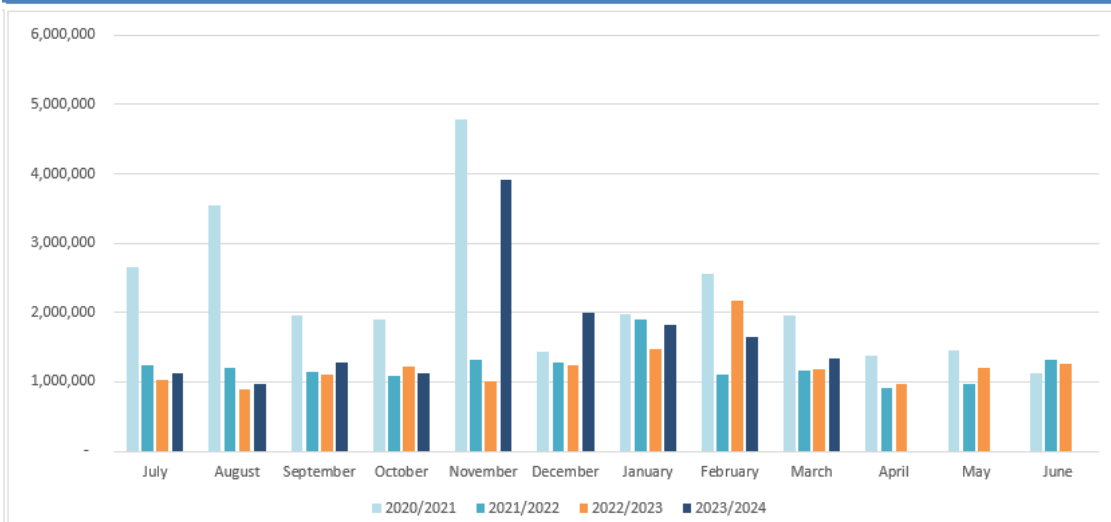
## Age Summary



## Trade Debtors by Category



## Debtor Balances



## Bad Debts written off

\$ 1,192

## Number of Debtors by Category

Building consents	Compliance Schedule	Cemetery	Licenses Food/Liquor	Property Leases	Resource consents	Sundry Debtors
70	9	2	18	13	23	139

<b>Report to:</b>	<b>Finance, Audit &amp; Risk Committee</b>
<b>Date:</b>	23 April 2024
<b>Subject:</b>	Reserves and Special Funds as at 31 December 2023
<b>Prepared by:</b>	C Kaa - Management Accountant
<b>Input sought from:</b>	
<b>Authorised by:</b>	P Kearney - Senior Manager Corporate Services S Poulsen - Finance Manager

## 1. PURPOSE

The purpose of this report is to provide the Finance, Audit & Risk Committee with a detailed update on the status of the Council's reserves and special funds. These are provided on a six-monthly basis.

Attachment:

- a) Reserves and Special Funds as at 31 December 2023.

## 2. RECOMMENDATION

That the Finance, Audit & Risk Committee receives this report.

## 3. SUMMARY

Reserves and Special Funds are the accumulation of funds held for specific purposes, and fall within two categories:

Reserves are funded by targeted rates, and so they are restricted by legislation to ensure they are only used for the purpose of the specific targeted rate. By way of example, the Rooding Rate can only be used for rooding, Kincaid water rates can only be used for the Kincaid water supply, etc.

Special Funds are established where the Council has received a grant or separate revenue, and that revenue is for a specific purpose. These funds are not required by legislation; instead, they are a self-imposed tracking tool to ensure that grants are fully spent as intended. We have also included carry forwards agreed as part of any Long Term or Annual Plan approval.

### ***Report as at 31 December 2023:***

Overall special funds and reserves has a balance of \$6M at 31 December 2023. The report has identified some reserves and funds that are in a deficit position (a number of these are carried forward from prior years). This is an interim report – to show surpluses and deficits within the funds.

Reserves have a balance of \$683K with a downward movement of \$273K from June 2023 along with the downward movement a few funds have moved from a surplus balance to a deficit – Rooding, District Plan, Sewerage.

Special Funds have a balance of \$5.4M with Wakatu Quay PGF making up the bulk of the fund.

## 4. FINANCIAL IMPLICATIONS AND RISKS

Regular monitoring and reporting on the Council reserves and special funds is important to keep track of available cash, loans, and grant revenue. This provides assurance to the Committee, Council and the community that such funds are being used for the purposes intended.

## 5. COMMUNITY OUTCOMES SUPPORTED



### Community

We communicate, engage 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

## 6. SIGNIFICANCE OF DECISION

This report is for information only; however, it may form the basis upon which other decisions are made (those which have a financial impact).

## 7. RELEVANT LEGISLATION

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

Reserves & Special Funds					as at 31 December 2023	
Reserves	Opening balance 1 JULY 2023	Inflow	Interest applied	Outflow	Closing balance	
Kaikōura Water Cohort	643,521	879,377	-	675,893	847,005	
East Coast Rural Water	18,241	29,500	-	109,627	(61,886)	
Kincaid Rural Water	167,514	44,749	-	89,400	122,862	
Fernleigh Rural Water	(9,501)	86,288	-	80,613	(3,826)	
Roading BAU Reserve	(80,265)	1,903,702	-	2,155,200	(331,762)	
Roading Emergency Reserve	167,266	24,010	-	12,274	179,001	
Footpaths & Streetlights	(181,881)	170,084	-	8,327	(20,124)	
Recycling	123,762	134,911	-	101,019	157,654	
District Plan	15,151	103,980	-	126,353	(7,223)	
Stormwater	136,998	28,747	-	73,822	91,922	
Sewerage	145,168	373,682	-	616,770	(97,920)	
Tourism & Marketing Reserve	(34,696)	109,513	-	112,500	(37,683)	
Commercial Rate	(3,273)	87,345	-	118,725	(34,654)	
Harbour	156,967	198,646	-	190,149	165,464	
Registered Premises	-	-	-	-	-	
Town Centre	(15,536)	83,553	-	59,717	8,300	
Civic Centre	(311,505)	265,137	-	265,754	(312,122)	
Stock Control	18,500	(2)	-	286	18,212	
Earthquake Rooding	(0)	518,161	-	518,161	(0)	
Earthquake Rebuild Director	-	-	-	-	-	
Earthquake/Disaster Levy	-	-	-	-	-	
<b>Totals (01 99 99 GNRE)</b>	<b>956,429</b>	<b>5,041,382</b>	<b>-</b>	<b>5,314,590</b>	<b>683,221</b>	
Special Funds	Opening balance 1 JULY 2023	Inflow	Interest applied	Outflow	Closing balance	
Social Services Committee (Community Se	5,125	-	-	-	5,125	
Tourism Strategy Fund	34,623	-	-	-	34,623	
Creative NZ	7,347	14,419	-	9,506	12,260	
George Low Trust	60,610	-	-	-	60,610	
Economic Development Fund	-	-	-	-	-	
Three Waters Stimulus Package	(0)	-	-	-	(0)	
Forestry Fund	912,456	-	-	105,296	807,160	
Significant Natural Areas Fund	21,889	-	-	-	21,889	
Parks & Reserves Development	144,956	4,212	-	-	149,169	
Pensioner Flats	19,625	60,745	-	78,515	1,855	
Community Facilities Fund	983,315	141,700	-	-	1,125,015	
Vehicle & Plant Renewal	-	-	-	-	-	
Waste Minimisation Levy	116,578	25,589	-	-	142,167	
Landfill Site Aftercare	-	-	-	-	-	
Library Grants	0	3,032	-	600	2,432	
Family Violence Prevention	24,755	(2,044)	-	4,964	17,748	
Responsible Camping Fund	118,656	170,941	-	92,956	196,642	
Financial Sustainability Project Fund	97,839	-	-	6,667	91,172	
Mayoral Fund	28,483	-	-	3,349	25,133	
Airport	68,979	59,105	-	71,565	56,520	
Building Accreditation Fund	65,555	9,519	-	681	74,393	
Wakatu Quay Provisional Growth Fund	(6,968)	2,675,635	-	296,842	2,371,825	
South Bay Feasibility Provisional Growth F	27,269	69,718	-	855	96,132	
Legal challenges Fund	100,000	-	-	455	99,545	
Environmental Planning Fund	17,728	-	-	-	17,728	
<b>Totals (01 99 99 SPFU)</b>	<b>2,848,821</b>	<b>3,232,571</b>	<b>-</b>	<b>672,249</b>	<b>5,409,143</b>	
<b>*key surplus/(deficit)</b>	<b>TOTAL SPECIAL FUNDS &amp; RESERVES</b>				<b>\$</b>	<b>6,092,364</b>



<b>Report to:</b>	<b>Council</b>	
<b>Date:</b>	24 April 2024	
<b>Subject:</b>	Risk Management Report	
<b>Prepared by:</b>	W Doughty – Chief Executive Officer	
<b>Input sought from:</b>		
<b>Authorised by:</b>	W Doughty – Chief Executive Officer	

## 1. BACKGROUND

This report presents the updated Risk Management Report as at April 2024.

Attachments:

1. Risk Register as at April 2024 – see A3 version at end of pack.

## 2. RECOMMENDATION

It is recommended that the Council:

- a) Receives this report
- b) Notes the contents of the Risk Management Report (including Risk Register)
- c) Provides any feedback for staff consideration.

## 3. SUMMARY

Attached to this report is an updated Risk Register. This has been reviewed and updated by the Management Team.

Updates are clearly identified for the Council in the attached. Additions are included in bold, italics and underlined, and deletions struck out. Risk level changes are highlighted in yellow.

The Risk Register was tabled to the Council on 28 February 2024, there has been little change since then other than:

- 2 risk scores have decreased:
  - **Risk ID #3:** Depth of staffing - the risk score has decreased as we have now recruited a Building Control Manager who starts on 1 July.
  - **Risk ID #2:** Loss of BCA accreditation – IANZ completed their audit in March 2024, this risk has been lowered until the next accreditation which is due in March 2026.
- Comments of note:
  - The increased/unplanned cost of projects and core services delivery have been factored into the LTP (Risk ID #31 & #11). This is a national problem with over two thirds of Councils across the country showing rates rises of 14% or higher. The LTP is out for public consultation until 30 April 2024 and the proposed overall rates increase for 2024/25 is 14.5%.
  - The Coalition Government are progressing with the Fast Track Consenting Bill (Risk ID #4).
  - At a Public Excluded Council meeting on 27 March 2024 the Council approved the appointment of Merelyn Redstone as the new District Licensing Commissioner. Sue Griffin’s resignation from the position was accepted (Risk ID #33).
  - The new Emergency Management Officer (EMO) started on 8 April 2024. Several group and national exercises are planned for 2024 (Risk ID #22).

## 4. FINANCIAL IMPLICATIONS AND RISKS

Most risks have financial implications and risks – these are taken into account in the compilation of the report.

## 5. COMMUNITY OUTCOMES

The work is in support of all community outcomes.



### **Community**

We communicate, engage 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

Risk Id	Risk quadrant	Department	Activity	Risk	Risk owner	Control owner	Risk category	Likelihood	Impact	Inherent Risk	Controls in place	Likelihood	Impact	Residual Risk	Control plan
Unique code for easy identification	Select either Council Risk or District Risk	Department	Council activity (e.g. water supplies)	Clear, unambiguous, brief description of the risk event and what the impact to Council would be (i.e. what the loss or gain will be if the event occurs)	Person accountable for ensuring the risk is monitored and controlled, and, where necessary, escalated	Person accountable for ensuring the control plan for the risk is implemented	Select either: (1) Health & Safety (2) Operational, (3) Political (4) Reputational, (5) Financial, (6) Environmental, or (7) Personnel	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Total level of unmitigated risk	Description of existing controls	Based on Appendix B section 10.1 of the Risk Management Policy	Based on Appendix B section 10.2 of the Risk Management Policy	Level of risk that remains after taking the existing controls into account	Description of further controls (if required) from the detailed control plan developed by the risk owner
30	Council and District Risk	All	All	Substantial changes to the role of Councils arising from 3 waters and RMA planning reforms, purpose of local government review threaten the viability of KDC as a stand-alone entity and with its local democracy. Associated shorter term risks in respect of maintaining staff morale and retaining capability	Chief Executive	Chief Executive	Operational, Political	4	5	20	Proposed Three Waters, RMA and Local Government Reforms and changes largely outside of control of KDC.  Involvement in submission processes and C4LD where ever opportunity arises  RE: Staff morale, retention and recruitment - a number of actions being taken (refer risks 3, 4, 10, 32).	4	5	20	Develop plan for retention of local government influence in Kaikoura post reform, and for progressive structural change towards that provides some reassurance to staff  Opportunistic actions RE: staff retention and recruitment when opportunities arise  Keep teams informed of Reforms.  Greater uncertainty in immediate reform with a change in Government. Clarity on new proposals required. <b>Expected by Q4 2024</b>
25	Council Risk	Works and Services	Upper Waiiau Toa Bridge - land access	Rūnanga remain opposed to new bridge, with potential associated difficult / delay in resource consenting that may create regulatory or financial barriers if NZTA does not support fully. Failure to deliver project poses risks of legal action from landowners.	SMO: Senior Manager Operations	Chief Executive	Operational	5	4	20	Council Resolution 29/09/2021 supportive of progressing preferred option but incorporating more reactive response to erosion control to address concerns expressed by Runanga. Requests made to NZTA to extend financial support. Engagement continuing with Runanga to explore best way of managing different views.  Ongoing discussion with Runanga for them to provide sufficient comfort to Waka Kotahi (NZTA) to enable project to continue.  Procurement process for bridge to incorporate sufficient flexibility to accommodate possible budgetary challenges.  Resource consent to be submitted in August, however continued delays in consent processing. Waka Kotahi board decision to extend funding to 30th June 2025 and increased budget to \$13.7m. Joint hui with ECAN/TROK held. Joint TROK and Residents hui held to understand joint concerns. <b><u>Resource consent issues and Runanga opposition jeopardise project</u></b>  <b><u>Key decision report in November 2023</u></b>	5	4	20	<del>Resource consent issues and Runanga opposition jeopardise project</del>  <del>Key decision report in November 2023.</del> Runanga support of old bridge site. High level investigations being undertaken on viability of access. <b><u>NZTA Funding discussion required</u></b>
16	Council Risk	Leadership	Leadership	Lack of progress following both senior management and operational interactions with Runanga result in delays in projects and BAU	Chief Executive	Executive team	Operational	5	4	20	Regular meetings with Te Runanga and Mana to Mana Hui held, and some issues discussed  In addition specific project meetings held for key capital projects in particular.  Continued Governance hui's to discuss key issues. These to include further highlighting of difficulties for Council projects and operations.  MOU and SLA to be developed. Cultural awareness activities to be undertaken.  Controls being worked on but little progress to date in terms of physical agreements	5	4	20	Development a formal partnership agreement to establish framework for relationship.  Currently significant engagement issues impacting delivery of key projects. Priorities list shared with TROK.  Movement on several key projects but no change in overall approach

3	Council Risk	Whole of KDC	HR	Depth of staffing - one tier deep - loss of key people, loss of institutional knowledge, difficult to recruit, lack of backup support, very limited opportunity for succession planning.	Chief Executive	Management team	Operational	5	4	20	Fair remuneration and staff benefits e.g. medical insurance. Regular team building exercises and training opportunities. Staff culture improved.  Use of shared BA resource to help document process and procedures.  Develop standard operating procedures: documented and agreed policies, and complete workflows, implementation of records management project. Team leader training. Develop a whole of team approach and encourage cross-department support. Keep job descriptions up to date.  1 current vacancy in key management position.  Increased use of external contractor resource. Contracted Building Control Manager appointed.	4	4	16	Consideration of shared BCA arrangements for longer term.  As one option for consideration: closer collaboration with neighbouring Councils. Work underway at both Canterbury and North Canterbury level.  <u>Continue to try to recruit key BCA Role</u>  Consider succession plans for key roles where we can.  <b><u>Building control manager recruited 1 July start</u></b>
32	Council Risk	Whole of KDC	HR	Team morale and impacts of workloads, Covid-19, reforms uncertainty staff shortages, and cost of living	Chief Executive	Management team	Operational	5	4	20	Workplace Support is in place for staff. Included in PDW process and focus from Management.  Wellbeing action plan in place and introduction of Wellness by Design hauora coaching for staff.  Flexible Working Policy implemented.  Report being prepared on financial implications of 3Waters Reforms for the organisation.	4	4	16	Management Team to provide support to their teams. Staff survey action plan be for April 2024  Regular communication around reform agenda.  Confirmed implementation of Wellbeing Action Plan. Hauora wellness coaching in place.
31	Council Risk	Whole of KDC	All	Rapid cost escalation (e.g. oil/Ukraine) and inflation effects on capital delivery and BAU costs and possible rates increases	Chief Executive	Executive team	Financial, Operational	5	4	20	Internal monthly reporting of capital projects and operational results within Management meetings  Some inflationary effects factored into 2023/2024 Annual Plan. Watching brief with -PWC RE: effect on future borrowings	4	4	16	Cost escalation on materials experienced  Ongoing effects monitored to assess effects on current LTP forecasts  Review of capital programme procurement and delivery  <b><u>Increased cost of delivery factored into LTP.</u></b>
24	Council Risk	Whole of KDC	Contractor performance risk	Sub-optimal or poor contractor performance (including health & safety) and/or additional costs	SMO: Senior Manager Operations	Management team	Operational	4	4	16	Experienced and full compliment of current works and services team, exercising better oversight of activities under improved contract documents that more clearly specify required outcomes. Increasing focus on health & safety documentation. Priorities for major contractor works being clarified in LTP.  Contractor reports are received monthly from the Roding Contractor, contains H&S reporting.	4	4	16	Ensuring the contractor understands the contract obligations. Continually improving procurement processes and contracts for quality outcomes and to include better health & safety requirements  Focus on KPI reporting with 3 Waters contractor Improve contract management focus. Included in <del>SOI for IWK</del> <b><u>LOE + SOI for IWK</u></b> Contract checklist in place.
7	Council Risk	Works & Services	Three-waters	Three-water reform, loss of critical mass and financial consequences, diminished ability to retain suitably qualified and experienced personnel	SMO: Senior Manager Operations	Chief Executive	Operational	4	5	20	With government making reforms mandatory now little prospect of significantly influencing outcome. Continued involvement in both the C4LD campaign and also DIA and LGNZ process.  Restructure of current roles following the departure of the Works & Services Manager and to future proof for the Three Waters Reform.  Need to envisage possible post-water reform structure of KDC to reduce potential capability loss Concerns now also apply to IWK as our CCO	4	4	16	Greater uncertainty in immediate reform with a change in Government.  3 waters included in LTP Details of new reform proposal still required ongoing service delivery conversations at regional and sub regional levels

35	Council Risk	Leadership	Capital Delivery	Lack of internal capacity and capability impacts on ability to deliver capital programme	Chief Executive	Executive team	Operational	4	4	16		4	4	16	Development of project management process. Increased focus on all aspects of delivery by ELT.  Project coordination role included in draft LTP. Monthly reporting remains a work in progress.
34	Council Risk	Whole of KDC	HR	Cost of living crisis - inflation, loss of staff, communities ability to pay rates	Chief Executive	Executive team	Financial, Operational	4	4	16	Rates rebate for lower-income families  Annual review of salaries against Strategic Pay benchmark and consideration of inflation/ rates budget	4	4	16	Consider becoming a living wage organisation
26	Council Risk	Whole of KDC	RMA consent compliance monitoring and enforcement	Continuation of KDC historic practice of reactive rather than proactive monitoring and enforcement of consent conditions will result in material breaches	Senior Manager Operations & Senior Manager Corporate Services	Chief Executive	Political or Reputational	4	3	12	Historic approach and resource levels restrict the ability to proactively monitor compliance  Resource Management Officer on 0.2 full-time equivalent through secondment from Environment Canterbury. In addition part of a Regulatory Officer has been allocated, where available to monitoring. A draft plan has been created for priorities bearing in mind the small FTE  Further proactive monitoring compliance will require additional resource.	4	3	12	Non compliances being identified. Additional regulatory resource would be required for pro-active compliance.  Increased focus for Regulatory Team but may require additional resource and budget.  Good progress being made on identification of issues.
21	Council Risk	Community Services	Information & Records Management	Records and documents can't be accessed reasonably or found, due to lack of information management processes across the organisation	SMC: Senior Manager Corporate Services	Community Services Manager	Operational and reputational	5	3	15	Laserfiche procured and operational.  All Staff now using Laserfiche but uptake across organisation is slow. Evidence of IT audit January 2023 shows high number of files being kept on desktops. Project Manager in place shared with Hurunui District Council.  Local Information Management Officer in place. Dedicated time factored into weekly schedule. Files scanned and inputted in Laserfiche as created or requested internally or externally.  Retention and disposal plan under development. R:Drive locked, readable only and being transferred into Laserfiche	4	3	12	Continued monitoring and training to ensure 100% uptake of staff using Laserfiche.  Likely to require significant time and cost.  Review of H:Drives and Desktops  1st phase of back scanning project completed using transition funding completed. Additional budget included in draft LTP.

4	Council Risk	Strategy & policy	District planning	National legislative changes are too rapid, too complex, and/or too constant - challenging capacity within staff to keep up	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Operational	4	3	12	Active member of Regional Planning Network, access work from other Councils, use consultants if required  Canterbury region sharing resource to enable combined assessments and submissions  Stay abreast of changes, support sector submissions (KDC has a very low level of influence), created roadmap for district plan and legislative changes.  The National Policy Statement re Biodiversity may be repealed.  Impacts of RMA reforms and change in Government are not fully determined.	3	4	12	We are understanding other Council's positions and waiting on the outcome of the new Government's 100 day plan.  RMA reform agenda has seen repealed by new Government within their first 100 days in office - RMA 2.0 laws. Clarity on new approach required from Central Government. <b><u>Fast Track consenting bill progressing</u></b> .
28	Council Risk	Leadership	Wakatu Quay Development	Project does not deliver desired outcomes including positive financial result - financial implications to Council and community	Chief Executive	Chief Executive	Financial	4	4	16	Regular attendance by Elected Members and CEO at Governance Group with regular reporting to Council  CE has close interface with Governance Group, Elected Members and Runanga.  Development of alternative actions. Development of non-negotiables  KDC has reconfirmed commitment to Konoa	3	3	9	Council decision made to include \$800k financial commitment in LTP. Ongoing external investment conversations Detail design underway and on track.
11	Council Risk	Whole of KDC	Financial management	Unplanned costs, overspends, loss of revenue streams	Chief Executive	Management team	Financial	3	3	9	Financial delegation limits, budget supervision, monthly reporting of variances  Robust LTP and Annual Plan processes  Budget variances closely monitored.  Monthly Management meetings reviewing capital and operational expenditure.  Deployed greater accountability for budget overruns, financial reporting brought to management teams, whole of team approach to budgets  Risks remain for any contracts or commitments that exceed budget provisions - the financial reporting only brings these to attention after the commitment has been made. Mitigated by involvement of Senior Managers and CEO and regular management meetings regarding	3	3	9	No surprises reporting to elected members.  Increased costs of audit & insurance <del>over annual plan budgets</del> <b><u>included in draft LTP.</u></b>
29	Council Risk	Leadership	Capital Delivery	Pandemic related and worldwide supply delays to major projects impacts on ability to deliver capital programme. Supply Chain risk on delay of materials	Chief Executive	Executive team	Operational	4	4	16	Monthly reporting of all projects. Early identification of issues and contingency plans provided from Management meetings  Some delay in sourcing supplies emerging / no major impact to date but risk remains.	3	3	9	Watching brief for further materials delays  Clearly signal capital carry forwards  Procurement plans for key projects.

15	Council Risk	Strategy & policy	District planning	Statutory non-compliance (planning decision subject to challenge)	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Operational	4	3	12	<p>Staff are adequately trained, adherence to current district plan, use of qualified consultants as required.</p> <p>With longstanding staff vacancy affecting resource consent outsourcing increased internal management oversight of decision making processes by externals.</p> <p>Additional pressures are being placed on Stat timeframes with outsourcing but still manageable at this time.</p> <p>Aware of national shortage of planners with many councils and central government departments recruiting. In addition some external contractors are declining work due to workload.</p> <p>Consent timeframes excluded due to "special circumstances" where necessary</p>	3	3	9	<p>Weekly consent timeframes are being prepared to assist with tracking consents.</p> <p>New Government's 100 day plan seek to fast track resource consents. This may require additional resourcing.</p> <p>New policy planner in place.</p>
14	Council	Whole of KDC	All	Covid-19 related loss of business continuity	Chief Executive	Chief Executive	Operational	4	4	16	<p>Business continuity plans in place.</p> <p>Consideration of trigger levels that Look to rotation of staff working from home vs in the office to reduce spread throughout the workforce at once. Identification of critical workers for essential services.</p> <p>Ongoing management of staff and close contact cases and impact on service delivery.</p> <p>The staff vaccination policy has been removed in line with national policy. Impacts continue to be monitored and business continuity measures implemented as required.</p> <p>Appear to be through the storm. Fewer staff infections. The Government have removed all Covid-19 requirements effective from 15 August - this includes 7 day mandatory isolation period 2023.</p>	3	3	9	Maintain an watching brief
13	Council Risk	Leadership	Council	Not robust decision-making from elected members	Chief Executive	Executive team	Political or Reputational	3	4	12	<p>Reports to Council are well-researched and presented, staff give competent advice, elected members receive induction training.</p> <p>Independent committee member appointed for FARC.</p> <p>Difficult or contentious issues are workshopped to enable full understanding prior to a decision being required at a Council meeting. No surprises</p> <p>New council induction held and training programme in place. Emergency Management overview held with Elected Members.</p> <p>Governance Training completed</p>	3	3	9	Elected members receive ongoing training, including on legislative matters, Chairs Training and a mid-term review in 2024.
10	Council Risk	Building & Regulatory	Building control and other regulatory	Statutory non-compliance (e.g. failure to conduct BWOFs, enforcement activities)	Team Leader Community Facilities & Regulation	Senior Manager Operations	Operational	4	3	12	<p>Ongoing investment in staff, resources and training</p> <p>Some re-focussing of duties within operations team to enhance efficiency of monitoring and enforcement.</p> <p>Restructure of regulatory team following departure of regulatory officers; introduction of new Regulatory Services Team Leader and casual parking/freedom camping officers. These roles were filled &amp; commenced employment early April.</p>	3	3	9	<p>External resources to assist with TA functions</p> <p>Regulatory Team Leader in place focusing on TA functions</p> <p>Good work being undertaken by Regulatory Team now in this area.</p> <p><b><u>IANZ accreditation audit completed in March 2024</u></b></p>
9	District Risk	Strategy & policy	District planning	<p>District Plan is sub-optimal, there is both permissive and restrictive land use, that may have undesirable effects.</p> <p>In addition RMA reforms suggest regional plans going forward which would include Kaikoura's sub-optimal plan</p>	SMC: Senior Manager Corporate Services	Strategy, Policy & Planning Manager	Environmental	4	3	12	<p>Roadmap for revised District Plan produced. Presented to council. Included in LTP</p> <p>Delivery plan developed. External advisors in place with Year 1 project plan in place November 2021</p> <p>External resources contracted for 2021/2022 work.</p> <p>Natural Hazards Chapter complete. National planning standards re-housing complete. Looking to advance Year 2 planning including Runanga involvement and spacial planning</p>	3	3	9	Spatial plan work underway. Successful community workshops. Discussions are occurring with the Runanga. Expect to have Draft Spatial Plan by June 2024.

22	Council Risk	Community Services	Emergency Management	Other priorities resulting in failure to adequately train for emergency event	SMC: Senior Manager Corporate Services	Community Services Manager	Operational	2	3	6	Regular meetings and significant EOC specific training  Enhanced relationships and training with other local first responders. Excellent relationship with Canterbury Group EM  Clear understanding of who does what in the event of a disaster. New staff trained as they arrive  Controller refresher training held for 2023  New EMO in place on permanent part time contract and training underway.	3	3	9	Developing clearer operating procedures for all function managers. Will always need external resource for significant local event.  <del>Loss of EMO leaves us currently exposed</del> <b><u>New EMO now in place. Several group and national exercises planned for 2024.</u></b>
33	Council Risk	Whole of KDC	Financial management, HR	District Licensing Committee hearings impacts on resourcing and budget	Chief Executive	Chief Executive	Financial, Operational	4	3	12	Regulatory Team Leader on board	4	2	8	Consideration of fees and charges in the LTP and resourcing in the Regulatory Team. Consider further educational awareness initiatives. Section 17a sample review  Completed and updated contract in place. <b><u>DLC Commissioner approved</u></b>
19	Council Risk	Leadership	Leadership	Qualified annual report for 2023 - 2024	Chief Executive	Management team	Political or Reputational	5	2	10	Suitably qualified and experienced staff complete the annual report. Currently inadequate systems in place for service performance reporting.  Improved capture of performance reporting in place - year end review will assess whether qualification can be avoided.	4	2	8	Potential for qualifications for 2023/2024
18	Council Risk	Whole of KDC	IT services	Data privacy breach - Individual information or contact database is accessed without authorisation	SMC: Senior Manager Corporate Services	Finance Manager	Political or Reputational	3	4	12	Firewalls are in place, laptops and devices are password protected.  Increased focus on cyber security. Mimecast security training has been rolled out for staff by IT. Free Privacy Act training modules available for staff to gain an understanding.  Personal devices owned by staff and elected members don't have the same protection protocols in place.	2	4	8	Moving away from Mimecast to Office 365 which has greater cyber security
12	District Risk	Works & Services	Water supplies	Drinking water transgression, people get sick or die	SMO: Senior Manager Operations	Works & Services Manager	Health & safety	3	5	15	Water treatment facilities are in place, are well maintained, and water testing regimes are followed. Water Safety Plans are in place, and two boil water notices remain.  Upgrades to water treatment facilities, secure water sources, work to remove boil water notices.  DIA reform money addressing the risk  Boiled water notice lifted for Fernleigh.	2	4	8	Regular interface with regulator  All boiled water notices now lifted  UV protection in place for all schemes.
2	Council Risk	Building & Regulatory	Building control	Loss of BCA accreditation	SMO: Senior Manager Operations	Building Control Manager	Operational	5	4	20	Ongoing investment in staff, resources and training, monitoring BCA audit outcomes  Accreditation achieved March/April. 2 Year low risk  Loss of Building Control Manager. Recruitment underway and interim arrangements in place. Longer term arrangements are being considered. Interim IANZ review identified us as low risk.	2	4	8	IANZ accreditation <b><u>completed</u></b> in March 2024. <b><u>Low risk until march 2026</u></b>



27	Council Risk	Communications	Council website software not supported	Potential failure of the Council website may not be able to be rectified and potential for full website to be inoperative	Senior Manager Corporate Services	Chief Executive	Operational	3	3	9	<p>Procurement completed for new website supplier. Timeline for programme developed. New Communications Officer in place and engaged.</p> <p>Communications Officer allocated additional time to focus on new website content and migration plan. Customer Services Officer has been allocated time to assist with the new website migration. New website successfully launched in May 2023</p>	2	3	6	Continuous improvement plan being drafted with new pages being added. Eg. Have your say, LGOIMA. <u>Councillor Bios</u>
20	Council Risk	Whole of KDC	Financial management	Fraud - whether misappropriation of cash, theft of assets or cash, or some other fraud/corruption	Executive team	Management team	Financial	3	3	9	<p>Segregation of duties within finance team, daily checking of banking and cash handling, regular financial reporting, financial delegations enforced.</p> <p>Cash Handling Policy has been updated and endorsed by the Finance, Audit &amp; Risk Committee in August 2021. Monthly internal reconciliation process. Safe purchased.</p>	3	2	6	Increased internal auditing and deep dives
17	Council Risk	Whole of KDC	IT services	IT hardware failure	SMC: Senior Manager Corporate Services	Finance Manager	Operational	2	4	8	<p>Backups are undertaken 3 times daily, stored offsite. Backups kept for daily, monthly and yearly iterations.</p> <p>Document management system now up and running, the document management system does not have cloud-based storage (its on one of our new onsite servers). This risk is mitigated by the backups described as above.</p> <p>New server has now arrived and operational (this is the last of the older servers).</p> <p>Core servers - all now replaced, new laptops arrived or ordered to replace PC's (Covid delivery delays)</p> <p>Secure elected members devices issued</p> <p>Ongoing awareness of potential threats through Mimecast security awareness training arranged by IT. Monthly updates. Hardware replacement policies required.</p> <p>Review of security software and implications for July 2023 - IT Audit</p>	2	3	6	
6	Council Risk	Works & Services	Roading	Poor network resilience and a backlog of work resulting in poor roads and financial burden, and community impact	SMO: Senior Manager Operations	Works & Services Manager	Operational	3	4	12	<p>Adoption of the LTP with the investments included will enable resal backlog to be dealt with over the programmed six years.</p> <p>Final Waka Kotahi funding has increased and is being applied to additional capital works in order to accelerate the programme to eliminate the backlog.</p> <p>RAMM (Road Asset Maintenance Management) validation completed and improvement plan being developed. NCTIR Haul Roads completed within budget. Year 1 delivery successful (although Ludstone Road delayed to Year 2 to align with IAF projects).</p> <p>This year's activities will focus on delivery of the budgeted programme for year 3.</p> <p>Area wide treatments completed. Detailed delivery programme developed for 2023/2024 financial year</p> <p>Sealing works scheduled for Q2 of financial year (within sealing season).</p> <p><u>Focus for next 3 years and LTP.</u></p>	2	3	6	Good progress and monthly reporting in 2023/2024. forward works programme in place.

23	Council Risk	Whole of KDC	Leadership	Natural disaster - effect on community: earthquake, tsunami, major flood event	Chief Executive	Executive team	Operational	1	5	5	Emergency Management Officer and Function Managers are up to date with CIMS training, whole of KDC participation in regional exercises, liaison with regional civil defence agencies, regular catchups with local responders (police, fire, hospital, Red Cross etc)  EMO now on a permanent contract due to CDEM restructure delay  Develop clear operating procedures for all function managers with a clear understanding of who does what in the event of a disaster. Ensure CEO support to EMO for implementing controls.  Operation Pandora Emergency Planning Exercise held 18th October 2023.	1	5	5	Will always need external resource for significant local event  EMO linkages with North Canterbury EMOs. Review of Canterbury group undertaken and implementation plan being developed
5	Council Risk	Works & Services	Asset management	Lack of knowledge about KDC assets, especially critical infrastructure	SMO: Senior Manager Operations	Works & Services Manager	Operational	3	4	12	Significant progress made on improving asset knowledge and preparing Infrastructure Strategy and AMP's to support LTP. ADAPT asset management system in place and being used for waters assets. Proposed 3 waters reforms would remove some longer term risks to Council  Continuing focus for Works & Services Team.	2	2	4	Further work required with Adapt. Working alongside Hurunui District Council on adapt.
8	Council Risk	Whole of KDC	HR	Major disaster - business continuity	Executive team	Team leaders	Operational	1	5	5	Regular EOC function manager training, documented processes, EOC cupboards stocked, participate in Exercise Pandora, IT backups and disaster recovery plans in place  Policy and procedures review and update commenced. BCP plans in place for Covid.	1	3	3	Develop clear operating procedures for all function managers with a clear understanding of who does what in the event of a disaster

<b>Report to:</b>	<b>Council</b>
<b>Date:</b>	24 April 2024
<b>Subject:</b>	<b>Innovative Waste Kaikōura Ltd- Letter of Expectation and Draft Statement of Intent 2024/2025-2026/27</b>
<b>Prepared by:</b>	P Kearney – Senior Manager Corporate Services
<b>Input sought from:</b>	KDC/IWK
<b>Authorised by:</b>	W Doughty - Chief Executive Officer

## 1. PURPOSE

The purpose of this report is to present the Letter of Expectation from Kaikōura District Council to Innovative Waste Kaikōura for 2024/2027 and Innovative Waste Kaikōura (IWK) Ltd’s draft Statement of Intent for the year 1 July 2024 to 30 June 2027.

The Letter of Expectation sets out high level shared priorities and specific areas of focus for IWK from a Council perspective. The draft Statement of Intent has been prepared by IWK and outlines the scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the company may be judged in relation to its objectives, amongst other requirements.

### Attachments:

1. Letter of Expectation from Kaikōura District Council to Innovative Waste Kaikōura Ltd
2. Innovative Waste Kaikōura Ltd Draft Statement of Intent 2024/2027

## 2. RECOMMENDATION

That the Council:

- a) Approves Kaikōura District Council Letter of Expectation to Innovative Waste Kaikōura Ltd. for 2024/2027.
- b) Receives the Innovative Waste Kaikōura Ltd. Draft Statement of Intent 2024/2027.
- c) Provides any further feedback on the draft Statement of Intent to Innovative Waste Kaikōura Ltd by no later than 1<sup>st</sup> May 2024.

## 3. SUMMARY

### 3.1 KDC Letter of Expectation to Innovative Waste Kaikōura Ltd.

The letter of expectation was discussed by the Council at a workshop on the 17<sup>th</sup> April. The letter of Expectations outlines some general messages and shared priorities between the two organisations. It also outlines some specific areas of focus for IWK from a Council perspective around ensuring financial sustainability, value for the community and protecting our environment. These are outlined below:

1. Demonstrate a commitment towards measuring, developing and improving organisational culture and staff wellbeing including Health & Safety.
2. Demonstrates a commitment towards measuring and improving client satisfaction & service performance including providing information that demonstrates long term improvement in diversion activities or other efficiency related metrics.
3. Demonstrate a commitment to being financially sustainable. This may include exploring alternative funding or work streams to increase the level of income generated from IWK outside of waste fee charges, or cost efficiencies that demonstrates realistic and achievable financial improvements over the long term.

4. Investigate and bring to KDC for meaningful consideration, innovative and alternative ways to minimise waste, add value to our Waste Management and Minimisation Plan and keep costs to the community as low as reasonably practical.
5. Commitment to collaborate with KDC and other stakeholders to own and develop actions that support delivery of the KDC Waste Management and Minimisation Plan objectives. This should include developing information content that clearly assists the community in managing their waste and offers cost reduction opportunities while ensuring the long-term impact on the environment is minimised as much as reasonably practical.

### 3.2 Draft Statement of Intent presented for feedback

The draft Statement of Intent was first presented by IWK to the about to be deregistered Kaikōura Enhancement Trust (KET) in March 2024. With KET being in the process of disestablishment it was decided to rather bring the Statement of Intent to Council for discussion, as opposed to via KET, with the Council discussion then held at a workshop on the 17<sup>th</sup> April 2024.

Per Schedule 8 Part 1 Section 2 of the Local Government Act 2002 (the Act) the Council has until 1 May to provide feedback on the Draft, with the final to be provided by IWK no later than 30 June. Final approval of the Statement of Intent rests with the IWK Board. *(Note that Schedule 8 of the Act only requires IWK to **deliver** its adopted Statement of Intent by 30 June, there is no requirement for Council to **approve** the Statement of Intent).*

#### 3.2.1 Feedback to IWK

During the Council workshop on the 17<sup>th</sup> April the following feedback on the draft SOI was proposed to be included for consideration by IWK:

- 1) Under client satisfaction wording to be added regarding:
  - a. Objective of Annual Resident Survey results to show continuous improvement
  - b. Include wording regarding KPI objective report i.e. shows continuous improvement & developed collaboratively
  - c. Include wording around targeting minimum disruption to service
- 2) Under Education:
  - a. Include proposal for 'enviro school' initiatives
  - b. Update school visits to be minimum of 4 and ideally at least 1 per term
  - c. Diversion to landfill stat to show 55% or higher

#### 3.2.2 IWK response as included in the attached draft SOI

The attached IWK Draft Statement of intent has been updated to reflect the following as relevant in response to 17<sup>th</sup> April KDC feedback:

- 1) Under client satisfaction wording to be added regarding:
  - a. Objective of Annual Resident Survey results to show continuous improvement. *IWK response - actioned for Recycling centre only as IWK does not have direct influence on the other items undertaken under contract and IWK has little influence on these*
  - b. Include wording regarding KPI objective report i.e. shows continuous improvement & developed collaboratively – *IWK response – this is a staff operational item and set only for 2024 by the IWK board*
  - c. Include wording around targeting minimum disruption to service. *IWK response – 99.9% of disruptions are weather related and to achieve no disruptions IWK would need to put all recycling items under cover to achieve zero disruption. This would*

also be a difficult KPI to define satisfactorily i.e. what is the benchmark KPI target (and what are the associated implications of this) and one that IWK does not necessarily control

2) Under education:

- a. Include proposal for enviro school initiatives. *IWK response – This is led by ECan and we are working with them to understand financial impact of IWK being a mechanism for this activity to be delivered. As IWK does not control these to deliver how would this be measured. IWK are working on having a staff member trained by Zero Waste Network to deliver their education programme.*
- b. Update school visits to be minimum of 4 and ideally at least 1 per term. *IWK Response – IWK can't control when schools allow access to be part of their school programme and a target of 1 per term is not achievable*
- c. Diversion to landfill stat to show 55% or higher. *IWK response – actioned*

**4. FINANCIAL IMPLICATIONS AND RISKS**

There are no significant financial implications or risks from receiving the Draft Statement of Intent or approving the Letter of Expectation.

**5. COMMUNITY OUTCOMES SUPPORTED**

The work is in support of all community outcomes.



**Community**

We communicate, engage 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

**6. SIGNIFICANCE OF DECISION**

This decision is not considered significant in terms of Council's Significance and Engagement Policy.

**7. RELEVANT LEGISLATION**

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

**8. COMMUNITY VIEWS**

No community views were sought in relation to this report.

Dear Glen

**Letter of Expectation from Kaikōura District Council (KDC) to Innovative Waste Kaikōura (IWK) for 2024/25-2026/27**

This letter of expectation is intended to provide strategic direction and key areas of focus to inform IWK's Statement of Intent (SOI) for 2024/25-2026/27. This letter has been informed by discussions with councillors and staff and sets out general and key strategic expectations from KDC.

KDC's partnership with IWK will help us successfully deliver our community outcomes and be a district that protects and enhances its environment through efficient and sustainable practices.

**General message and shared priorities**

We are committed to making a difference to our community and environment through what and how we do things as a council.

We have identified several key focus areas that capture our shared priorities over the next few years:

*Doing the basics well:*

We plan for the future and apply sound management principles and decisions based on informed data to manage our assets and services to ensure value to the community.

*Safety and Regulation:*

Community safety and wellbeing is a core component of our work. Health and Safety strategies and responsibilities are clearly defined and implemented.

*Sound Financial Practices:*

Best value decisions are made that ensure value for money for the community and finances are managed appropriately. Financial management is supported by appropriate systems and controls.

*People and Performance:*

People are valued and supported to operate at their best with collaboration being central to delivering successful outcomes. This includes accessibility considerations for the community and responsiveness to community needs.

*Future Proof:*

Creativity and innovation are required in order to continuously explore opportunities that maximise environmental, economic and social benefit from the services, facilities and experience that we provide for the community.

## **Specific areas of Focus**

The specific areas of focus that IWK should reflect in its SOI are outlined below:

1. Demonstrate a commitment towards measuring, developing and improving organisational culture and staff wellbeing including Health & Safety.
2. Demonstrates a commitment towards measuring and improving client satisfaction & service performance including providing information that demonstrates long term improvement in diversion activities or other efficiency related metrics.
3. Demonstrate a commitment to being financially sustainable. This may include exploring alternative funding or work streams to increase the level of income generated from IWK outside of waste fee charges, or cost efficiencies that demonstrates realistic and achievable financial improvements over the long term.
4. Investigate and bring to KDC for meaningful consideration, innovative and alternative ways to minimise waste, add value to our Waste Management and Minimisation Plan and keep costs to the community as low as reasonably practical.
5. Commitment to collaborate with KDC and other stakeholders to own and develop actions that support delivery of the KDC Waste Management and Minimisation Plan objectives. This should include developing information content that clearly assists the community in managing their waste and offers cost reduction opportunities while ensuring the long-term impact on the environment is minimised as much as reasonably practical.

## **Statement of Intent**

KDC expects that the strategic priorities contained in this LOE will be reflected in IWKs SOI and supported by key performance indicators as appropriate. Council looks forward to receiving your SOI by 1 May 2024.

We look forward to stronger collaboration between IWK and KDC that delivers innovative, sustainable and cost-effective solutions for our community and environment particularly as we embark on the journey through the Long Term Plan 2024-2034.

Yours sincerely

Craig Mackle

**Mayor of Kaikōura District Council**



**Innovative Waste Kaikōura Ltd  
Statement of Intent  
2024/25 – 2026/27**



# Contents

1. Introduction
2. Contact Details
3. Objectives
4. Nature and Scope of Activities
5. Governance
6. Performance Targets
7. Financial Statements 2024/25, 2025/26 & 2026/27
8. Accounting Policies
9. Distributions
10. Information to be provided to the Shareholder
11. Acquisition/Divestment Policy

*Appendix One: Prospective Financial Statements and Accounting Policies*

*Appendix Two: IWK Responsibilities – Contributions to Reporting Against Non-Financial Performance Measures Rules 2013*

# 1. Introduction

This Statement of Intent (SOI) is prepared in accordance with Section 64(1) of the Local Government Act 2002 (LGA).

The SOI specifies for Innovative Waste Limited (IWK), the objectives, the nature and scope of the activities to be undertaken, and the performance targets and other measures by which the performance of the company may be judged in relation to its objectives, amongst other requirements.

The process of negotiation and determination of an acceptable SOI is a public and legally required expression of the accountability relationship between the company and its Shareholder (Kaikōura Enhancement Trust (KET), & its ultimate owner, being the Kaikōura District Council (KDC)). The Kaikōura District Council resolved in November 2023 to disestablish the Kaikōura Enhancement Trust. At the time of writing this SOI, the disestablishment is still underway and a new accountability relationship structure is to be implemented.

IWK is contracted to manage and operate the Kaikōura Resource Recovery Centre and 3 Waters operations and maintenance activities. This includes the:

1. The Materials Recovery Facility (MRF) which processes, Glass, Plastics, and Metals and sells the output product commercially, to external parties, from recyclable materials collected from the wider Kaikōura District.
2. The Recycling and Refuse Drop off area is open to the public along with commercial customers for the disposal of most household waste and commercial general waste and domestic recycling.
3. Management of the Transfer Station facility.
4. The re-use retail store which sells all types of previously-owned goods are collected from members of the public, carefully sorted, priced and then sold to the Kaikōura public.
5. Operating and maintaining 7 Water schemes (Oaro, Ocean Ridge, Peketa, Urban, Fernleigh, Kincaid and East Coast)
6. Operating and maintaining the Waste Water Treatment Plant and the Wastewater Reticulation network
7. Undertaking maintenance activities on the stormwater network

IWK also provides the following services to KDC under contracts:

1. Kerbside Collection of recycling & rubbish to the Kaikōura township, South Bay and Ocean Ridge
2. Rural recycling collection (Lynton Downs, Clarence & Kekerengu)
3. Amenities cleaning and maintenance

IWK provides the following services to the wider Kaikōura District:

1. Skip Hire service
2. Business waste & recycling services
3. Event Waste management

The SOI is reviewed annually with KDC and KET and covers a three-year period. Innovative Waste Kaikōura Ltd is a Council-Controlled Organisation (CCO) for purposes of the Local Government Act 2002.

## 2. Contact Details

### Address and Registered office

82 Scarborough Street  
KAIKŌURA 7300

### Board of Directors

Glen Hughes (Chair)  
Geoff Harmon  
Diane Brandish  
Craig Mackle

### General Manager

Jacki Remihana

### Telephone

03 319 7148

### Web

[www.iwk.org.nz](http://www.iwk.org.nz)

### Email

[iwk@iwk.org.nz](mailto:iwk@iwk.org.nz)

### 3. Objectives

The objectives of IWK are:

- **Deliver excellent services**
  - Develop and agree levels of service with KDC
  - Regularly survey and report stakeholder satisfaction levels
  - Constantly seek areas for improved service delivery
- **Educate the community**
  - Promote and encourage waste minimization
  - Establish partnerships with schools
  - Establish partnerships with community groups for upcycling/recycling
- **Be a good employer**
  - Provide training and development opportunities
  - Provide local apprenticeships/cadetships where possible
- **Be innovative**
  - Partnership based contracts with KDC
  - Seek innovative ways to enhance services
- **Consider expansion and diversification within the district**
  - Assess alternative opportunities that are sympathetic with current operations and beneficial to KDC.

### 4. Nature and Scope of Activities

IWK is a Council-Controlled Organisation (CCO) for the purposes of the Local Government Act 2002 and the Companies Act 1993, operating for charitable purposes and specifically for the promotion, development and implementation of environmentally sound waste management processes and practices in New Zealand.

IWK's current area of operation is in the upper South Island.

IWK's function is the provision of solid waste management services, resource recovery, 3 water operations and maintenance, amenity servicing and environmental enhancement services.

### 5. Governance

IWK has a Board of directors in place. This board is appointed by the KET under the direction of KDC.

IWK's Board of Directors are responsible for the corporate governance of the company. The Board and management are committed to ensuring the company operates to the recognised principles of best practice governance and adheres to high ethical standards and in alignment with the IWK Constitution.

This Statement presents an overview of the main corporate governance policies of the company.

### **Role and Responsibility of the Board of Directors**

IWK's Board of Directors is appointed by the shareholder, the KET, under direction of KDC and is responsible for the direction and control of the company's activities.

The primary function of the Board is to ensure that the company meets its objectives and requirements as listed in the SOI. Additionally, the Board has obligations under the Local Government Act 2002 to deliver an annual Statement of Intent and relevant half-yearly and annual reports to the Shareholder (and for publication as required by legislation).

All Directors endorse and are required to comply with the New Zealand Institute of Directors' Code of Proper Practice for Directors.

The board must make best endeavours to ensure:

1. The Company's financial position is protected to make sure that it is able to meet all debts and obligations.
2. The company's financial statements are a true and fair representation and otherwise conform to law.
3. The company has appropriate risk management in place.

### **Conflict of Interest**

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and apparent) between the company and their interests. Where conflicts do exist, then the Director/s concerned must disclose their interest, and participation will be as per the Conflict-of-Interest action plan.

The board maintains a Board and Management Interests Register and reviews this register quarterly at a board meeting.

The Board is to prepare a succession and rotation plan for all Directors to ensure continuity and continued fit of skillset to meet the nature of the services required including waste management.

### **Board Composition**

The board will consist of a minimum of 4 directors. With prior Shareholder and KDC approval, the Board may appoint one full time executive as a Director of the company.

Currently all members of the Board are non-executive Directors.

The Shareholder has the right to appoint a Chairperson and if it considers appropriate, a Deputy Chairperson for such periods as it sees fit. If the Shareholder does not exercise that right, then the Board may elect their own Chairperson or Deputy Chairperson.

The board supports the separation of the role of Chairperson and General Manager. The Chairperson's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the General Manager.

The Board has delegated to the General Manager the day-to-day leadership and management of the company. The General Manager has formally delegated certain authorities to direct reports and has established a formal delegated authority framework for those direct reports to sub-delegate as appropriate.

The company may also make use of external advisors from time to time.

The Board is responsible for reviewing the company's accounting policies, reporting practices and resultant financial statements. It also considers external audit reports; audit relationship matters and fees as well as delegated authorities.

### **Board Meetings**

Each year there are a minimum of 6 scheduled meetings of the Board, the Board also meets as required between the scheduled meetings.

### **Director Induction and Education**

Upon appointment to the Board, all new Directors will undergo a tailored induction programme appropriate to their experience to familiarise them with IWK's business and strategy. The programme includes one-on-one meetings with management and visits to facilities managed by the company.

Directors are expected to keep themselves informed of changes and trends in the company's business and in the environment and markets in which the company operates.

All Directors will undertake continuous education so that they may appropriately and effectively perform their duties.

### **Board Performance Review**

The board reviews its own performance and the performance of the General Manager. The process includes one-on-one meetings between the Chairperson and each Director, as well as regular Board discussion on governance and performance issues.

## General Manager Performance Review

The Board reviews the performance of the General Manager against their key performance objectives at least once a year.

## Controlling and Managing Risk

Health and Safety – The Board oversees company health and safety protection policies and hazard assessments and regularly monitor their performance. The General Manager provides a report and supporting data at each Board meeting to the Board to review.

Risk Management - The company has developed a formal risk management framework which identifies the key risks and outlines the appropriate risk management and mitigation plans. The risk management framework is reported to and reviewed by the Board. Mitigation plans are controlled and administered by Management.

Performance – The Board sets the strategic direction of the company and participates in developing strategic plans, approves budgets and monitors company performance monthly.

Insurance – The Board satisfies itself that adequate insurance cover is in place for the company's size and risk profile. External advice is received by the Board as appropriate.

# 6. Performance Targets

## Financial Performance Targets

The financial performance targets for the company are as follows (based on status quo of delivered services):

	2024/25	2025/26	2026/27
Revenue	2,736,680	2,865,200	2,975,425
Net Profit Before Tax	61,061	83,638	86,124
Return on Equity	8%	9%	9%
Equity	800,631	884,269	970,393
Fixed Asset turnover	3.4	3.6	4.4
Liquidity ratio (excl Holiday pay accrual)	1.9	2.5	3.6
Wages as % of Revenue	47%	46%	46%
R & M as a % of Revenue	1%	1%	2%

## Operational Performance Targets

In addition to the above financial performance measures, IWK will use the following measures to assess its performance of the 2024/25 financial year:



Performance Targets	Performance Measure 2024/25
<b>Client Satisfaction</b>	<p>98% of all 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.</p> <p>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.</p> <p>Compliance with KDC contractual requirements, including provision of all information required by KDC to enable assessment of its adopted performance measures in respect of public complaints and responsiveness for the three-waters (as per Appendix Two) and solid waste activities supported by IWK.</p> <p>Service requests received about recycling collections is less than 20 per year.</p> <p>Obtaining an unqualified audit opinion</p>
<b>Service Performance</b>	<p>Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions.</p> <p>The number of complaints received per year due to a service request not being actioned appropriately is less than 10.</p> <p>The Annual Residents Survey, undertaken by KDC, shows a continuous improvement result for the Resource Recovery Centre (73% for the 2023/24 year)</p>
<b>Health and Safety</b>	<p>5% reduction in TRIF (Total Recordable Incident Frequency) accident rates</p> <p>LTIFR (LTI per 200,000 hours worked) &lt;6</p>
<b>Staff Engagement</b>	<p>Engagement score of 4.0 or better</p> <p>Communication score of 4.0 or better</p> <p>Culture score of 4.0 or better</p>
<b>Education activities</b>	<p>24 Social media posts</p> <p>6 Hard media adverts</p> <p>Minimum of 4 primary school classes (1 per school) undertakes an IWK led waste reduction education programme</p>

<b>Diversion from Landfill</b>	55% or higher (as per Ministry for Environment methodology)
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## **7. Financial Statements 2024/25, 2025/26 & 2026/27**

The prospective financial statements for the years ending 30 June 2025, 2026 and 2027 are attached as Appendix One and include any significant assumption disclosures.

## **8. Accounting Policies**

IWK has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the KDC.

The company's current Accounting Policies are attached to this Statement of Intent as Appendix One.

## **9. Distributions**

IWK will consider a dividend to the shareholder, the Kaikōura Enhancement Trust, from residual cash after operating cash flow is applied to necessary capital expenditure, including future capital expenditure initiatives, finance costs, the reduction of debt and maintaining reserves sufficient to meet the company's future obligations. IWK recognises that some of its revenues are susceptible to commodity price fluctuations. For this reason, the directors consider it prudent for the company to maintain cash reserves and/or borrowing capacity to ensure the company can withstand unfavourable short-term movements. The dividends payable to the shareholder, KET, will be determined by the IWK Board after consideration of the company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

## **10. Information to be provided to the Shareholder**

An annual report will be submitted to the Shareholders and KDC. The annual report will include audited financial statements and such other details as are necessary to permit an informed assessment of the company's performance and financial position during the reporting period provided to the Shareholder.

Quarterly reports will also be provided to the Shareholder and KDC. These reports will contain unaudited information and comply with NZ IAS 34.

Annual reports will provide

- a comparison of the performance of the IWK with the statement of intent; and

- an explanation of any material variances between that performance and the statement of intent;

The statement of intent will be submitted to the Shareholder and KDC for consultation annually, as required by the Local Government Act 2002. The Directors will include any other information they consider appropriate.

The Board and the Company will collaborate with the Shareholder in relation to the Government's proposed three-waters reforms.

The company will operate on a "no surprises" basis in respect of significant Shareholder-related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations.

The company will provide information requested by the Shareholder in accordance with the requirements of the Local Government Act 2002.

## **11. Acquisition and Divestment Policy**

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business, will only be considered where it is consistent with the long-term objectives of IWK.

When the subscription, acquisition or divestment is considered by Directors to be significant to the company's business operations, it will be subject to consultation with the Shareholder and KDC. Any significant investment or acquisition is subject to a post investment review.

# Appendix One

## Prospective Financial Statements

### Introduction

Innovative Waste Kaikoura Limited's (IWK) Statement of Intent covers the period 1 July 2024 to 30 June 2027. The financial information contained in the Statement of Intent has been prepared to assist the Shareholder to consider IWK's planned performance and is not appropriate for any other purpose.

The prospective financial statements are based on assumptions as to future events that IWK may reasonably expect to occur at the time when this information was prepared. Actual results may vary, and this variation may be material.

### Factors that may impact results

Results may vary due circumstances that IWK are unable to predict at this time and may include the current governments revised legislation in relation to 3 Waters activities, capital works that have been budgeted for to be undertaken by IWK not being awarded to IWK, contract rate/gate fee increases not being accepted by the Council, a substantial difference in general waste being received by the Resource Recovery Centre.

### Assumptions

The following assumptions have been made whilst preparing the prospective financial statements (the Statements). These assumptions are based on IWK's most recent management reports and existing council and private contracts, while allowing for anticipated rate increases.

### Revenue

Public Amenities is based on status quo for the 2024/25 year with an increase proposed (to be negotiated with KDC) for 2025/26 and 2026/27.

Blue rubbish bag sales with a slight projected increase as more of the community come on board with the service

Resource Recovery Centre – a new contract rate for Transfer Station Management has been proposed to KDC and the 2024/25 budget has been compiled on the proposed amount with a slight increase over the subsequent years. A new gate rate for General Waste and Green Waste is also proposed and the Statements have been prepared based on the proposed rates.

3 Waters is based on current contract amounts and proposed Capex works and with an increase in subsequent years. We have taken a conservative approach with the private contract work.

## Expenditure

Direct Labour - costs are based on current staff levels and actual staffing required to run the various activities. Salary rates include and allowance for a 3% wage increase year on year.

Direct Costs - include Cost of Goods, Subcontractors, General Waste attributed costs (compactor hire, transport of waste, glass transport, fuel and materials) and costs directly attributed to contracts.

Staff costs – include all staff expenses, training, and administration costs, along with admin and management wages. These include a 3% year on year increase.

Operating expenses - include the remaining business expenses such as the general waste rebate to KDC (on 1700 tonnes of general waste), health and safety equipment and PPE requirements, attendance at the WasteMinz conference, Sponsorship of community events and Utilities expenses. While these are based on previous years actuals they have been adjusted for changes in activities or timing, and with a general uplift of between 3%-5% depending on the nature of the expense.

Finance costs – costs for Insurance finance, Interest payments to KDC and our Capex expenditure proposed budget.

Depreciation – increased based on Capex budget.

Accounting Fees – these have been kept at the current contract rates, with a small increase in the 2026 & 2027 years.

Audit Fees – there has been allowance made for a small increase in the annual audit fee. This is a placeholder until we receive confirmation from Audit NZ.

# Notes to the Prospective Financial Statements

## Statement of Accounting Policies

### Reporting Entity

Innovative Waste Kaikoura Limited ("the Company") is a company incorporated in New Zealand registered under the Companies Act 1993. The company is wholly owned by Kaikoura Enhancement Trust, a subsidiary of Kaikoura District Council, therefore the company is a council controlled organisation as defined in section 6 of the Local Government Act 2002.

Innovative Waste Kaikoura Limited is engaged in the business of operation of Kaikoura resource recovery centre & landfill. The company secured a three year contract in July 2020 (with rights of renewal) to provide contractual maintenance services in Kaikoura to the Council for the storm water, wastewater and water supply.

The financial statements have been prepared in accordance with NZ PBE IPSAS Tier 2 RDR accounting standards. They comply with New Zealand generally accepted accounting practices (NZ GAAP). The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the company is New Zealand dollars.

## Statement of Compliance

### Measurement Base

The financial statements of Innovative Waste Kaikoura Limited have been prepared on an historical cost basis, except as noted otherwise below. The statements have been prepared on the going concern basis and the accounting policies have been applied consistently throughout the period.

## Statement of Accounting Policies

### Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

### Significant Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

#### Revenue

Revenue is measured at the fair value of consideration received.

#### Grants

Council, government and non-government grants are recognised as revenue when they become receivable unless there is an obligation 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.

#### Other Revenue

Products held for sale are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in gate expenses.

Where a physical asset is donated or vested in the company for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the company are recognised as revenue when control over the asset is obtained.

Volunteer services received are not recognised as revenue or expenditure as the company is unable to reliably measure the fair value of the services received.

Interest income is recognised using the effective interest method.

## Property, Plant & Equipment

The entity has the following classes of Property, Plant & Equipment. Depreciation is calculated using the straight line basis, apart from site development, to allocate their cost over their useful life. The following rates have been used:

Asset type	2025 (%)
Buildings	2.0% - 22.65% SL
Motor vehicles	6.5% - 13.5% SL
Office equipment	6.5% - 67.0% SL
Plant & equipment	4.0% - 33.0% SL

All property & equipment is stated at cost less depreciation and impairment, except for land that is not depreciated.

### 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 company and the cost of the item can be measured reliably.

### 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.

### 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 company and the cost of the item can be measured reliably.

### Impairment

Assets with a finite useful life are reviewed for impairment whenever events or 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.

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 asset's ability to generate net cash inflows and where the company would, if deprived of the asset, replace its remaining future economic benefits or service potential. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of an asset is reduced to its recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment is recognised in surplus or deficit.



## **Goods and Services Tax**

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net GST paid to, or received from the Inland Revenue, 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.

## **Income Tax**

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable surplus 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 substantively enacted by balance date.

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 surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

## **Leases**

### **Operating Leases**

Operating leases are those which all the risks and benefits are substantially retained by the lessor. Operating lease payments are expensed in the periods the amounts are payable.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

## **Cash and Cash Equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the balance sheet as current liabilities within short term borrowings.

## **Receivables**

Trade and other receivables are recorded at their fair value less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

## **Financial Assets**

Financial assets are initially recognised at fair value on the trade date, which includes transaction costs when the contractual rights or obligations exist. After initial recognition, financial instruments are measured as set out below:

### **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method.

### **Impairments**

The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are recognised in the surplus or deficit. Impairment is established when there is evidence that the company will not be able to collect amounts due according to the original terms.

## **De-recognition of Financial Instruments**

The de-recognition of a financial instrument takes place when the company sells the instrument, or all cash flows attributable to the instrument are passed to an independent third party.

## **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected using an appropriate discount rate.

## **Employee Entitlements**

A liability for holiday pay entitlements is recognised in the balance sheet.

Where the payment is expected to be longer than 12 months of balance date, the liability is recorded at its present value. Where the payment is expected to be less than 12 months, the provision is the amount expected to be paid.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

## **Finance Costs**

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

## **Creditors and Other Payables**

Short-term creditors and other payables are recorded at their face value.

## **Borrowings**

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after balance date. Borrowings where the company has an unconditional right to defer settlement of the liability for at least 12 months after balance date are classified as non-current liabilities.

## Public Benefit Entity Prospective Financial Statements (PBE FRS 42)

Innovative Waste Kaikoura Limited has complied with PBE FRS 42 in the preparation of these prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

*(i) Description of the nature of the entity's current operation and its principal activities*

The Company is a Council Controlled Organisation, as defined in the Local Government Act 2002. The Companies principal activities are outlined within this Statement of Intent.

*(ii) Purpose for which the prospective financial statements are prepared*

It is a requirement of the Local Government Act 2002 to present prospective financial statements that cover 3 years and include them within the Statement of Intent. The purpose of the Statement of Intent is to state publicly the activities and intentions of The Company for the year and the objectives to which these activities will contribute. Prospective financial statements are revised annually to reflect updated assumptions and costs.

*(iii) Bases for assumptions, risks and uncertainties*

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Company expects to take place. The Company has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this Statement of Intent.

*(iv) Cautionary Note*

The financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

*(iv) Other Disclosures*

The draft prospective financial statements have been delivered to the Board on 27 June 2024. The Company is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures.

## Appendix Two

### IWK Responsibilities – Contributions to Reporting Against Non-Financial Performance Measures Rules 2013

**(in accordance with section 261B of the Local Government Act 2002)**

IWK shall have reporting responsibilities in respect of the fault response time reporting requirements of section 3 of Sub-part 1 of Part 2, and section 3 of Sub-part 2 of Part 2 of the Rules (see attached Appendix) as follows (in italics):

*To record, in a spreadsheet provided and maintained by IWK, the dates and times at which IWK staff are notified, attend the site and confirm resolution of any and all matters in the categories described in these sections, that originate from the sources below:*

**1. KDC Customer Service Request (CSR) system.**

*For notifications received by IWK through Council's CSR system the notification dates and times for both IWK and KDC will be considered to be that at which the CSR is entered, saved and sent to IWK.*

**2. SCADA System.**

*The notification time will be that of the SCADA generated fault report.*

**3. Direct notification of IWK staff**

*Such notifications may come from the public or Council staff, by phone, email or any other means.*

*Where a KDC staff member needs to directly notify an IWK staff member without going through the CSR system (for example if the KDC staff member becomes aware of an issue requiring attention outside of Council working hours) the KDC staff member shall do so immediately upon becoming aware of the issue, and hence the notification date and time for Council will also be considered to be the same as that recorded by IWK on receipt of the notification.*

*The recording responsibilities above shall only apply to matters that fall into the category of 'faults or unplanned interruptions', responses to which are clearly necessary to maintain the planned level of service. Requests for investigations or improvements that are not immediately required to maintain essential functionality, or complaints that do not relate to current well defined service faults or interruptions shall not fall into this category.*

In regard to the customer satisfaction reporting requirements of section 4 of Sub-part 1 of Part 2, and section 4 of Sub-part 2 of Part 2 of the Rules (see attached Appendix), the responsibilities of IWK shall be as follows (in italics):

*To ask any parties raising issues with IWK relating to the matters in these sections whether they are making a complaint regarding that matter, if they have not already made it clear that the nature of the issue raised is a complaint, rather than just a request for service.*

*Where a party makes a complaint to IWK relating to any of the matters in these sections IWK shall provide details of the complaint in writing to Council's 3 Waters Engineer or advise the complainant to direct their complaint to the Engineer, so that Council can maintain a single register of all complaints received.*

All other responsibilities in respect of the reporting requirements of the Non-Financial Performance Measures Rules 2013 shall lie with Kaikōura District Council.

### **NON-FINANCIAL PERFORMANCE MEASURES RULES 2013**

Pursuant to and in accordance with section 261B of the Local Government Act 2002, the Secretary for Local Government makes the following rules.

#### **RULES**

##### **Part 1 – Measurement Period**

Any calculation, measure, number or percentage set out in Part 2 of these Rules must be calculated for a financial year (unless otherwise specified in these Rules).

##### **Part 2 – Performance Measures**

###### **Sub-part 1 - Water supply**

###### **1. Performance measure 3 (fault response times)**

Where the 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:

- (a) attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (target < 2 hours), and
- (b) resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (target < 12 hours).
- (c) attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (target < 48 hours), and
- (d) resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (target < 7 days).

## **2. Performance measure 4 (customer satisfaction)**

The total number of complaints received by the local authority about any of the following:

- (a) drinking water clarity
- (b) drinking water taste
- (c) drinking water odour
- (d) drinking water pressure or flow
- (e) continuity of supply, and
- (f) the local authority's response to any of these issues

expressed per 1000 connections to the local authority's networked reticulation system (target no more than 18 complaints in total per 1000 connections).

## **Sub-part 2 – Sewerage and the treatment and disposal of sewage**

### **3. Performance measure 3 (fault response times)**

Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured:

- (b) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site (target < 1 hour), and
- (c) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault (target < 24 hours).

**4. Performance measure 4 (customer satisfaction)**

The total number of complaints received by the territorial authority about any of the following:

- (a) sewage odour
- (b) sewerage system faults
- (c) sewerage system blockages, and
- (d) the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system (target less than 21 complaints about these issues in total per 1000 connections).

**Sub-part 3 – Stormwater drainage**

**Performance measure 1 (system adequacy)**

- (d) The number of flooding events that occur in a territorial authority district (target zero).
- (e) For each flooding event, the number of habitable floors affected, expressed per 1000 properties connected to the territorial authority's stormwater system (target < 3).

**5. Performance measure 3 (response times)**

The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site (target < 1 hour).

**6. Performance measure 4 (customer satisfaction)**

The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system (target < 3).

**Interpretation**

In these rules, unless the context otherwise requires, -

**drinking water** has the same meaning as in section 69G of the Health Act 1956

**drinking-water supply** has the same meaning as in section 69G of the Health Act 1956

**drinking-water standards** means —

- (a) standards issued or adopted under section 69Q of the Health Act 1956; or
- (b) if section 14(5) of the Health (Drinking Water) Amendment Act 2007 applies, the *Drinking-Water Standards for New Zealand 2000*

**dry weather sewerage overflow** means sewage that escapes a territorial authority's sewerage system and enters the environment during periods of dry weather

**financial year** means a period of 12 months ending on 30 June

**flooding event** means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor

**habitable floor** means a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages

**sewerage overflow** means sewage that escapes a territorial authority's sewerage system and enters the environment

**sewerage system** means the pipes and infrastructure that collect, convey, pump and treat sewerage and other liquid wastes from the point of connection to a treatment facility, including single purpose or combined sewers

**stormwater system** means the pipes and infrastructure (excluding roads) that collect and manage rainwater run-off from the point of connection to the point of discharge

**territorial authority** means a city council or a district council named in Part 2 of Schedule 2 to the Local Government Act 2002

**urgent** means (for water) service failure, supply fault or contamination, and (for wastewater) sewage overflows.



<b>Report to:</b>	<b>Council</b>
<b>Date:</b>	24 April 2024
<b>Subject:</b>	Delegations Manual – Resource Management Act
<b>Prepared by:</b>	F Jackson – Policy Planner
<b>Input sought from:</b>	M Hoggard – Strategy, Policy and District Plan Manager Z Burns – Planning Officer
<b>Authorised by:</b>	P Kearney – Senior Manager Corporate Services

## 1. SUMMARY

Some changes are proposed to the Council’s Delegations Manual to ensure it is reflective of the most recent version of the Resource Management Act (RMA). The RMA section of the Delegations Manual was last updated in March 2023, and so it is considered necessary to review and update the delegations, particularly in light of the December 2023 repeal of the Natural and Built Environment (NBA) and Spatial Planning Acts and the introduction of the Fast-track Approvals Bill.

It is therefore timely to review and amend the delegations relating to the RMA, in the interests of good management and effective administration. This will achieve best use of the abilities of elected representatives and officers, minimise costs, promote the development of effective managers and minimise bureaucratic interference.

## 2. RECOMMENDATION

It is recommended that the Council:

- a) Adopts the changes to Part 5.3.40 of the Council Delegations Manual in respect of items relating to the RMA as per changes attached in Appendix 1
- b) Notes that a full version of how the entire RMA section would look should the proposed changes be adopted is attached at Appendix 2.

## 3. BACKGROUND

The delegations document sets out the delegations made by the Kaikōura District Council, to define methods and means of operation, managerial and administrative relationships. The Manual is related to other key documents including Council’s bylaws and other formal expressions of. The Delegations Manual is a key tool in assisting the Council achieve its goals effectively. The manual is split into the following key sections:

- **Delegations Policy** – This part of the manual sets out the Council’s philosophy for making delegations and establishes the legal power for making delegations. It then establishes the framework through which the delegations are made and structured.
- **Governance Delegations** – This section of the manual sets out delegations of governance powers made by Council to Committees. Council’s delegation model is designed to enable committees of Council to undertake their roles fully, completely and consistent with their terms of reference. The principles incorporate the reporting and monitoring process that enables the Council to ensure that the powers they have delegated are not exceeded.
- **Statutory Delegations** – This section sets out all of the relevant legislation that Council has responsibility for and the powers duties and responsibilities delegated under the relevant clauses of each statute and associated regulations and bylaws. These delegations are made consistent with the

provisions of the Local Government Act 2002, which allows a local authority to delegate to any other local authority, organisation, or person the enforcement, inspection, licensing and administration related to bylaws and other regulatory matters.

- **Financial Delegations** – The delegation of financial powers enables the works and service objectives of the Council as set out in the Long Term Plan and Annual Plan to be achieved. This section of the register sets out the limits of financial delegations to Council sub-committees and Council officers.
- **Management Delegations** – This section of the manual sets out the delegations made by the Chief Manager Support Services of the management powers to facilitate the effective and efficient operation of the Council administration.
- **Contractor Delegations** – Council has determined to contract out the delivery of many of its services to independent contractors. The contracts in place with each contractor specify the detail of the services and levels of service to be provided. This part of the delegations register sets out the delegations of powers and functions required by contractors to carry out their contracted services.
- **Warrants** – This final part of the register sets out the warrants of powers issued to individual officers of Council and employees of contractors.

#### 4. COMMUNITY OUTCOMES SUPPORTED



##### **Community**

We communicate, engage 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

ENDORSED FOR AGENDA

Matthew Hoggard

Strategy, Policy and District Plan Manager

Appendix 1– Table of proposed changes to the Delegations Manual

Appendix 2 – Full version of RMA section if proposal is adopted

## Appendix 1 – Table of proposed changes to the Delegations Manual

Key: Underline : Additional text

~~Strikethrough~~: Deleted text

Section	The powers/functions and duties	Delegate	Commentary
9(3)	<del>To provide a Flood Hazard Certificate</del> <u>The power to determine if Resource Consent is required</u> to ensure a person is not contravening the rules of the district Plan <u>(including Flood Hazard certificates)</u> .	Level 3 and 5	Additional text inserted for clarification.
<u>32</u>	<u>The power of preparing and publishing evaluation reports (which may be prepared by staff of all levels).</u>	<u>Level 1</u>	New delegation.
34A <u>(1A)</u>	The power to delegate to an employee or hearings commissioner to conduct a hearing by consulting relevant iwi authorities on whether it is relevant to appoint a commissioner with an understanding of local iwi or hapu.	Level 2 or 3	Section refined.
35	The power to gather information by undertaking or commissioning research and monitoring the district to ensure functions of the RMA are effectively met.	Level 2, 3 ,4 or 5	Delegate altered.
<u>35A</u>	<u>The power to keep and maintain a record of iwi and hapu contact details and planning documents.</u>	<u>Level 3</u>	New delegation.

Section	The powers/functions and duties	Delegate	Commentary
<u>36AAB (2)</u>	<u>The power to “not perform the action to which the charge relates until the charge has been paid to it in full”</u>	<u>Level 3</u>	New delegation to replace former 36(7).
<del>36(7)</del>	<del>The power to “not perform the action to which the charge relates until the charge has been paid to it in full”</del>	<del>Level 3</del>	Removed – replaced with 36AAB above.
37	The power to waive or extend time limits on any application (notified or non-notified).	Level 2 <del>or</del> 3	Delegate altered.
37A	Requirement to consider matters before extending a time limit	Level 2 <del>or</del> 3	Delegate altered.
<u>39 &amp; 39AA</u>	<u>Hearing should be held in public and without unnecessary formality to ensure it is appropriate and fair in the circumstances.</u>  <u>Council can direct that a hearing or part of a hearing may be conducted remotely, through remote access facilities.</u>	<u>Level 1</u>	New delegation.
40 (2)	Ability to stop excessive repetition at a hearing	Level 3	Refined
<u>41B</u>	<u>The power to direct the applicant to provide briefs of evidence at least 10 working days before the hearing.</u>	<u>Level 3</u>	New delegation.
<u>41C</u>	<u>The power to provide directions and requests before and at hearings.</u>	<u>Level 3</u>	New delegation.
<u>41D</u>	<u>The power to strike out submissions.</u>	<u>Level 3</u>	New delegation.
<u>87BA</u>	<u>The power to make a decision on boundary activities by neighbours on infringed boundaries within 10</u>	<u>Level 3</u>	New delegation.

Section	The powers/functions and duties	Delegate	Commentary
	<u>working days after the date the information is received.</u>		
87BB	<u>The power to notify a person proposing a permitted activity that meets certain requirements.</u>	Level 3	New delegation.
87E	<u>The power to return a request if an application is incomplete, or if the application is not notified. The decision on the request must be given to the applicant within 15 working days.</u>	Level 3	New delegation.
87F	The power to prepare reports to the Environment Court where the applicant has requested direct referral to the Environment Court, <u>within 20 working days.</u>	Level 3	Additional text added for clarification.
87I	<u>The power to determine application</u>	Level 3 or 5	New delegation.
91	The power to defer processing an application <u>if other resource consents are required</u>	Level 3	Additional text added for clarification.
99A	<u>The power to refer to mediation for a person who has made a resource consent application or submission on the application.</u>	Level 2	New delegation.
100A	<u>The power to delegate all functions, powers and duties required to hear and decide on an application to hearing commissioners.</u>	Level 1 or 2	New delegation.
106	<u>The power to refuse subdivision consent in certain circumstances</u>	Level 2	New delegation

<b>Section</b>	<b>The powers/functions and duties</b>	<b>Delegate</b>	<b>Commentary</b>
<u>108</u>	<u>The power to impose conditions on resource consents</u>	<u>Level 1 or 2</u>	New delegation
<u>110</u>	<u>The power to refund money and return land to the consent holder</u>	<u>Level 1</u>	New delegation
<u>113</u>	<u>The power to notify in writing the decision of an application</u>	<u>Level 3</u>	New delegation
<u>126</u>	<u>The power to cancel consent preceding 5 years</u>	<u>Level 2</u>	New delegation
<u>133A</u>	<u>The power to make minor corrections of Resource Consents</u>	<u>Level 2</u>	New delegation
<u>138</u>	<u>The power to refuse to accept the surrender of part of a resource consent</u>	<u>Level 2</u>	New delegation
<u>149, 149B, 149G(3) 149ZD</u>	<p>Respond to requests from Environment Protection Agency for further information and provide required information.</p> <p>Prepare report in response to request from the Environment Protection Agency.</p> <p><u>The power to recover the actual and reasonable cost incurred from an applicant.</u></p>	<p>Level 3</p> <p>Level 3</p> <p><u>Level 3</u></p>	Additional delegation under s149
<u>168, 168A, 169, 171</u>	<p>The power to notify a requirement in accordance with S93(2) and determine which persons and bodies shall be served notice of requirement and to arrange its public notification.</p> <p>The power to request further information or commission reports</p>	<p>Level 2</p> <p>Level 1 and 2</p>	Remove delegation s171, inserted separately below.
<u>171</u>	<u>The power to recommend to the requiring authority if the requirement</u>	<u>Level 2</u>	New delegation.

Section	The powers/functions and duties	Delegate	Commentary
	<u>is confirmed, modified, conditions imposed or is withdrawn.</u>		
<u>173</u>	<u>The power to give notice of decision of delegation</u>	<u>Level 3</u>	New delegation.
<u>174</u>	<u>The power to make an appeal.</u>	<u>Level 2</u>	New delegation.
<u>195A</u>	<u>The power to alter a heritage order in its District Plan.</u>	<u>Level 5</u>	New delegation.
<u>198C, 198D</u>	<u>The power to decide on a request and continue to process the requirement.</u>	<u>Level 5</u>	New delegations.
<u>220 (1)(b)</u> <u>(2)(a)</u>	<u>Authority to undertake online registration of certificates as authorised officer.</u>	<u>Level 3</u>	Deleted
<u>222</u>	<u>The power to certify a completion certificate</u>	<u>Level 3</u>	New delegation
<u>223</u>	<u>The power to approve or decline a survey plan and certify that the plan has been approved</u>	<u>Level 3-1 or 2</u>	Amended text and level
<u>226</u>	<u>The power to consider an application under S226</u>	<u>Level 2</u>	Removal of delegation.
<u>234</u>	<u>The power to consider an application to vary or cancel esplanade strips</u>	<u>Level 3</u>	New delegation
<u>241</u>	<u>The power to certify documentation under S241(3)(4)</u>	<u>Level 3</u>	Amended delegation
<b>First Schedule</b>			
<u>Clause 4</u>	<u>The power to provide notice to requiring authority</u>	<u>Level 5</u>	Additional
<u>Clause 4a</u>	<u>The power to provide further pre-notification information to iwi</u>	<u>Level 5</u>	Additional
<u>Clause 5A</u>	<u>The power to give limited notification of proposed change or variation</u>	<u>Level 5</u>	Additional



<b>Section</b>	<b>The powers/functions and duties</b>	<b>Delegate</b>	<b>Commentary</b>
<u>Clause 6(2)</u>	<u>The power to make submissions</u>	<u>Level 5</u>	Additional
<u>Clause 8A</u>	<u>The power to initiate resolution of disputes</u>	<u>Level 5</u>	Additional
<u>Clause 9</u>	<u>The power to make recommendations and decisions on requirements</u>	<u>Level 5</u>	Additional
<u>Clause 10</u>	<u>The power to make decisions accepting or rejecting submissions on a policy statement or plan</u>	<u>Level 5 and commissioners</u>	Additional
<u>Clause 10A</u>	<u>The power to apply to the Minister for an extension of the time for giving a decision</u>	<u>Level 5</u>	Additional
<u>Clause 11</u>	<u>The power to notify a decision to submitters, landowners and public places</u>	<u>Level 5</u>	Additional
<u>Clause 13</u>	<u>The power to notify of acceptance or rejection of recommendations for requiring authority and heritage protection authority</u>	<u>Level 5</u>	Additional
<u>Clause 14</u>	<u>The power to reference decisions on submissions and requirements to the Environment Court. The power to appeal to Environment Court.</u>	<u>Level 2</u>	Additional
<u>Clause 16</u>	<u>The power to make amendments to its proposed statement or plan to give effect to any national policy statement, direction of Environment Court, alteration of minor effects or to correct minor issues.</u>	<u>Level 5</u>	Additional

<b>Section</b>	<b>The powers/functions and duties</b>	<b>Delegate</b>	<b>Commentary</b>
<u>Clause 16A</u>	<u>The power to initiate variations to a proposed policy statement or plan at any time before its approval.</u>	<u>Level 2</u>	Additional
<u>Clause 16B</u>	<u>The power to merge variations with plan at same procedural stage</u>	<u>Level 5</u>	Additional
<u>Clause 17</u>	<u>The power to approve a policy statement or plan by affixing the Seal of the Kaikoura District Council.</u>	<u>Commissioners</u>	Additional
<u>Clause 20</u>	<u>The power to make a policy statement or plan operative on a date which is to be publicly notified.</u>	<u>Level 5</u>	Additional
<u>Clause 20A</u>	<u>The power to amend an operative policy statement or plan to correct any minor errors</u>	<u>Level 5</u>	Additional
<u>Clause 23</u>	<u>The power to require further information for plan changes</u>	<u>Level 5</u>	Additional
<u>Clause 24</u>	<u>The power to adopt, accept, modify or reject requests for a plan change</u>	<u>Level 5</u>	Additional
<u>Clause 25 (1)-(4)</u>	<u>The power to make a decision on requests for a plan change</u>	<u>Level 2</u>	Additional
<u>Clause 25(5)</u>	<u>The power to notify the person who made the request, within 10 working days of its decision.</u>	<u>Level 5</u>	Additional
<u>Clause 26</u>	<u>The power to notify the plan change in accordance with the timelines required.</u>	<u>Level 5</u>	Additional
<u>Clause 28</u>	<u>The power to provide notice of withdraw requests when reasonable grounds show parties no longer wish to continue.</u>	<u>Level 5</u>	Additional

## **Appendix 2 – Full version of RMA section if the changes are adopted**

### **Enforcement & Complaints/Compliance Delegations**

Any enforcement action or investigation shall be carried out in a neutral and impartial manner. The matter is investigated and appropriate actions taken.

The resolution of references, appeals and enforcement action shall be carried out in accordance with the following:

- That the Council delegate to the Strategy, Policy and District Plan Manager the power to seek legal advice and provide instructions to Council solicitors on its behalf to resolve enforcement action, or resource consent appeals before the Environment Court.
- That where the circumstances permit, the Strategy, Policy and District Plan Manager first consult with the Chief Executive Officer where it is proposed to resolve an issue by a means that is different from that decided upon by the Council or a committee in any written decision or in a subsequent direction of the Council or committee.
- That the Council delegate to the Strategy, Policy and District Plan Manager the power to provide instructions to Council solicitors on its behalf, in order to resolve district plan proceedings before the Environment Court.
- That the exercise of this delegation be subject to first seeking the authorisation of the Chief Executive Officer where it is proposed to resolve an issue by a means that is different from that decided upon by the Council or a committee in any written decision or in a subsequent direction of the Council or committee.
- That in the case of mediation or negotiation undertaken to resolve appeals on resource consents, district plan references, the draft consent orders and memoranda of counsel be authorised by the Chief Executive Officer prior to being forwarded to the Court.

In the absence of the Strategy, Policy and District Plan Manager, the Chief Executive Officer is authorised to act in the above officer's capacity subject to the same limitations set out in the above delegation.

### **Appointment of Hearings Panel Delegations**

The appointment of a hearing panel shall be carried out in accordance with the following:

- That the composition of a hearing panel in respect of any particular resource consent or plan change hearing or hearings be considered by either the Chief Executive Officer in consultation with the Strategy, Policy and District Plan Manager.
- Where either the Resource Consent or Plan Change requires expertise that is not available
- Pursuant Section 39B The appointed hearing panel shall comprise:

	Composition of hearing panel	Limits to Delegations
Resource Consent Hearings, Council Initiated Plan Change, Private Plan Change	A Commissioner or Commissioners with suitable expertise along with at least one Community representative and a Rūnanga Representative.	All the panel must be accredited including the chairperson.

## Delegation Structure

Level	Description	Delegate
1	Any one of the delegates acting alone	Chief Executive Officer, Strategy, Policy & District Plan Manager, Senior Manager: Corporate Services <i>OR: Any person acting as the Chief Manager Support Services or Manager Support Services</i>
2	Any two of the delegates acting together	Chief Executive Officer, Senior Manager: Corporate Services Strategy, Policy & District Plan Manager, Consents Planner <i>OR: Approved Commissioner</i>
3	Any one of the delegates acting alone	Chief Executive Officer, Senior Manager: Corporate Services Strategy Policy & District Plan Manager Consents Planner, Policy Planner Approved Commissioner
3A	Any one of the delegates acting alone	Customer Services Officer
4	Enforcement/Monitoring – Any one of the delegates acting alone	Chief Executive Officer, Senior Manager: Corporate Services Senior Manager: Operations Strategy Policy & District Plan Manager Building Control Manager, Regulatory Enforcement Officer, Regulatory Services Team Leader Any person appointed as an Enforcement Officer under Section 38(5) of the Resource Management Act
5	District Plan policy – Any two of the delegates acting together	Chief Executive Officer, Senior Manager: Corporate Services Strategy Policy & District Plan Manager, Planning Officer, Policy Planner.

### *Schedule of Delegations*

Section	The Powers, Functions and Duties to:	Delegate
9 (3)	The power to determine if Resource Consent is required to ensure a person is not contravening the rules of the District Plan (including Flood Hazard certificates).	Level 3 or 5
10, 10A, 10B	Existing Use, Activities & Building Works	Level 2
32	The power of preparing and publishing evaluation reports (which may be prepared by staff of all levels).	Level 1
34A (1A)	The power to delegate to an employee or hearings commissioner to conduct a hearing by consulting relevant iwi authorities on whether it is relevant to appoint a commissioner with an understanding of local iwi or hapu.	Level 2 or 3
35	The power to gather information by undertaking or commissioning research and monitoring the district to ensure functions of the RMA are effectively met.	Level 3 ,4 or 5
35A	The power to keep and maintain a record of iwi and hapu contact details and planning documents.	Level 3
36AAB (1)	The power to consider an application for remission of charges The power to consider requests to depart from a fixed payment charge to a time & cost charge	In accordance with Remissions policy in the Schedule of Fees and Charges Level 1
36AAB (2)	The power to “not perform the action to which the charge relates until the charge has been paid to it in full”	Level 3
36AA	The power to approve a discount on an administrative charge imposed under s36	Level 3
37	The power to waive or extend time limits on any application (notified or non-notified).	Level 3
37A	Requirement to consider matters before extending a time limit	Level 3
38	Authority to authorise any officer to be an enforcement officer	Level 1
39 & 39AA	Hearing should be held in public and without unnecessary formality to ensure it is appropriate and fair in the circumstances.	Level 1

Section	The Powers, Functions and Duties to:	Delegate
	Council can direct that a hearing or part of a hearing may be conducted remotely, through remote access facilities.	
40 (2)	Ability to stop excessive repetition at a hearing	Level 3
40(3)	To determine that it is fair and reasonable to proceed with a hearing even though the applicant or a submitter who wished to be heard has failed to appear at the hearing	Level 3
41B	The power to direct the applicant to provide briefs of evidence at least 10 working days before the hearing	Level 3
41C	The power to provide directions and requests before and at hearings.	Level 3
41D	The power to strike out submissions.	Level 3
42A	The power to prepare a report on information provided on any matter described in S39(1) by the applicant or any person who made a submission	Level 3
87BA	The power to make a decision on boundary activities by neighbours on infringed boundaries within 10 working days after the date the information is received.	Level 3
87BB	The power to notify a person proposing a permitted activity that meets certain requirements	Level 3
87E	The power to return a request if an application is incomplete, or if the application is not notified. The decision on the request must be given to the applicant within 15 working days.	Level 3
87F	The power to prepare reports to the Environment Court where the applicant has requested direct referral to the Environment Court, within 20 working days.	Level 3
87I	The power to determine application	Level 3 or 5
88	The power to acknowledge receipt of an application	Level 3 or 3A
88(3)	The power to determine that an application is incomplete and return the application with written reasons for determination.	Level 3

Section	The Powers, Functions and Duties to:	Delegate
91	The power to defer processing an application if other resource consents are required	Level 3
92	The power to request further information on non-notified and notified applications.  The power to commission expert reports	Level 3  Level 2
95 A-E	The power to determine whether a resource consent is required to be publicly notified. This includes the following powers:  <ul style="list-style-type: none"> <li>• to determine whether public notification is required pursuant to Sections 95A or 95C of the Act;</li> <li>• to determine whether limited notification is required pursuant to Section 95B of the Act;</li> <li>• to determine whether adverse effects are likely to be more than minor pursuant to section 95D of the Act; and</li> <li>• to determine that a person is an affected person pursuant to Section 95E of the Act.</li> </ul>	Level 2
99	The power to determine whether a pre-hearing meeting is required and the power to determine who will chair any pre-hearing meeting (if one is required)	Level 2
99A	The power to refer to mediation for a person who has made a resource consent application or submission on the application.	Level 2
100	The power to decide if a hearing is required	Level 2
100A	The power to delegate all functions, powers and duties required to hear and decide on an application to hearing commissioners.	Level 2
101	The power to fix a commencement date and time, and the place, of the hearing in accordance with subsections (2) – (4).	Level 3
102	The power to decide if a joint hearing is required by two or more consent authorities	Level 2
103	The power to determine if a combined hearing is required in respect of 2 or more resource consent applications	Level 2
104A-D 108, 108A 220	The power to approve and impose conditions on non-notified resource consent applications or where notified:  <ul style="list-style-type: none"> <li>– No submissions are received; or</li> <li>– No request is made for a hearing; or</li> </ul>	Level 2

Section	The Powers, Functions and Duties to:	Delegate
	<ul style="list-style-type: none"> <li>- The need for a hearing has been averted by a submission being withdrawn</li> </ul>	
106	The power to refuse subdivision consent in certain circumstances	Level 2
110	The power to refund money and return land to the consent holder	Level 1
113	The power to notify in writing the decision of an application	Level 3
114	The power to organise the release of decisions	Level 3
125	The power to extend the period in which a resource consent lapses.	Level 2
126	The power to cancel consent preceding 5 years	Level 2
127	The power to consider an application to cancel or vary a condition of resource consent that do not require a hearing.	Level 2
128	The power to review consent conditions	Level 2
129 &	The power to issue a notice of review	Level 3
132	The power to make decisions on a review of consent conditions for applications which did not require a hearing.	Level 2
133A	The power to make minor corrections of Resource Consents	Level 2
138	The power to refuse to accept the surrender of part of a resource consent	Level 2
139	The power to consider an application or certificate of compliance The power to issue and sign a certificate of compliance as authorised officer	Level 2 Level 3
139A	The power to issue an existing use certificate	Level 2
142	The power to request the Minister to call in a matter that is or is part of proposal of national significance	Level 1
145	The power to lodge a matter with the Environment Protection Agency	Level 1
149, 149B, 149G(3), 149ZD	Respond to requests from Environment Protection Agency for further information and provide required information. Prepare report in response to request from the Environment Protection Agency. The power to recover the actual and reasonable cost incurred from an applicant.	Level 3 Level 3 Level 3
	Respond to request from Environmental Protection Agency for further information.	Level 3



Section	The Powers, Functions and Duties to:	Delegate
149, 149B, 149G(3) 149ZD	Provide Environmental Protection Agency with required information. Prepare report in response to request from the Environmental Protection Agency. The power to recover the actual and reasonable costs incurred from an applicant	Level 3 Level 3 Level 3
168, 168A, 169	The power to notify a requirement in accordance with S93(2) and determine which persons and bodies shall be served notice of requirement and to arrange its public notification The power to request further information or commission reports	Level 2 Level 1 and 2
171	The power to recommend to the requiring authority if the requirement is confirmed, modified, conditions imposed or is withdrawn.	Level 2
173	The power to give notice of decision of delegation.	Level 3
174	The power to make an appeal.	Level 2
176A	The power to consider an application for an outline plan and recommend changes if necessary The power to consider an application for a waiver of an outline plan	Level 2 Level 2
181	The power to consider and make decisions on an application for an alteration of a designation	Level 2
182(5)	The power to consider an application to remove a designation or remove part of a designation	Level 5
184 & 184A	The power to consider and decide on a longer time frame to give effect to a designation	Level 5
189 & 189A, 190 & 191	The power to notify a requirement for a Heritage Order in accordance with S93(2) and determine which persons and bodies shall be served notice of requirement and to arrange its public notification The power to request further information or commission reports	Level 5 Level 5
195A	The power to alter a heritage order in its District Plan.	Level 5
198C, 198D	The power to decide on a request and continue to process the requirement.	Level 5

Section	The Powers, Functions and Duties to:	Delegate
220, 221	The power to impose as a condition requiring a consent notice or vary a condition of relating to a consent notice The power to certify a consent notice as an authorised officer	Level 2 Level 3
222	The power to certify a completion certificate	Level 3
223	The power to approve or decline a survey plan and certify that the plan has been approved	Level 1 or 2
224	The power to issue a certificate pursuant to S224	Level 3
226	The power to issue a certificate pursuant to S226	Level 3
234	The power to consider an application to vary or cancel esplanade strips	Level 3
239(2)	Authority to undertake online registration of certificates as authorised officer.	Level 3
240	The power to impose a condition requiring a covenant be registered The power to cancel a covenant against the transfer of allotment The power to certify a covenant or cancellation of covenant as Authorised Officer	Level 2 Level 2 Level 3
241	The power to consider and decide on an application to cancel a condition in whole or in part under Section 241(3) The power to certify documentation under S241(3)	Level 2 Level 3
243	The power to grant, surrender, transfer, vary or cancel or surrender easements The power to certify documentation	Level 2 Level 3
311, 314, 315, 316, 320, 321	The power to apply to the Environment Court for an enforcement order pursuant to Section 314 or for an interim enforcement order pursuant to Section 320 The power to make decisions on any matters relating to applications for enforcement orders (including any application to change or cancel enforcement order)	Level 4 To be carried out in accordance with Enforcement & Complaints/Compliance Delegation above.
322, 323, 325, 325A& 325B	The power to issue abatement notices and to make decisions relating to abatement notices. The power to enforce compliance with abatement notice and cancellation of abatement notice The power to place restrictions on enforcement orders	Level 4 To be carried out in accordance with Enforcement & Complaints/Compliance Delegations above

Section	The Powers, Functions and Duties to:	Delegate
336	Delegation of all powers to determine the return of property seized under S323 and 328.	Level 1
327	The power to issue and effect compliance with excessive noise direction	Level 4 To be carried out in accordance with Enforcement & Complaints/Compliance Delegations above
332 & 333	The power of entry for inspection The power of entry for survey connected with preparation, change or review of a policy statement or plan	Level 4 To be carried out in accordance with Enforcement & Complaints/Compliance Delegations above
343 A - D	The power to issue infringement notices	Level 4 To be carried out in accordance with Enforcement & Complaints/Compliance Delegations above
357	The power to consider and make decisions on application for objections for an application which does not require a hearing. The power to decide whether an objection requires a hearing	Level 2 Level 2
410	Authority to consider and impose conditions on a Development	Level 2
<b>First Schedule</b>		
Clause 4	The power to provide notice to requiring authority	Level 5
Clause 4a	The power to provide further pre-notification information to iwi	Level 5
Clause 5A	The power to give limited notification of proposed change or variation	Level 5
Clause 6(2)	The power to make submissions	Level 5
Clause 8A	The power to initiate resolution of disputes	Level 5
Clause 9	The power to make recommendations and decisions on requirements	Level 5
Clause 10	The power to make decisions accepting or rejecting submissions on a policy statement or plan	Level 5 and Commissioners
Clause 10A	The power to apply to the Minister for an extension of the time for giving a decision	Level 5

Section	The Powers, Functions and Duties to:	Delegate
Clause 11	The power to notify a decision to submitters, landowners and public places	Level 5
Clause 13	The power to notify of acceptance or rejection of recommendations for requiring authority and heritage protection authority	Level 5
Clause 14	The power to reference decisions on submissions and requirements to the Environment Court.  The power to appeal to Environment Court.	Level 2
Clause 16	The power to make amendments to its proposed statement or plan to give effect to any national policy statement, direction of Environment Court, alteration of minor effects or to correct minor issues.	Level 5
Clause 16A	The power to initiate variations to a proposed policy statement or plan at any time before its approval.	Level 2
Clause 16B	The power to merge variations with plan at same procedural stage	Level 5
Clause 17	The power to approve a policy statement or plan by affixing the Seal of the Kaikoura District Council.	Commissioners
Clause 20	The power to make a policy statement or plan operative on a date which is to be publicly notified.	Level 5
Clause 20A	The power to amend an operative policy statement or plan to correct any minor errors	Level 5
Clause 23	The power to require further information for plan changes	Level 5
Clause 24	The power to adopt, accept, modify or reject requests for a plan change	Level 5

Section	The Powers, Functions and Duties to:	Delegate
Clause 25 (1)-(4)	The power to make a decision on requests for a plan change	Level 2
Clause 25(5)	The power to notify the person who made the request, within 10 working days of its decision.	Level 5
Clause 26	The power to notify the plan change in accordance with the timelines required.	Level 5
Clause 28	The power to provide notice of withdraw requests when reasonable grounds show parties no longer wish to continue.	Level 5

<b>Report to:</b>	<b>COUNCIL</b>	
<b>Date:</b>	24 April 2024	
<b>Subject:</b>	Proposed New Public Toilet Facilities	
<b>Prepared by:</b>	D Clibbery – Senior Manager Operations	
<b>Input sought from:</b>		
<b>Authorised by:</b>	W Doughty – Chief Executive Officer	

## 1. SUMMARY

A proposal is presented for purchase of new prefabricated public toilet units to replace the existing West End toilet, increase capacity at the ‘top end’ (Mill Road) toilet and to provide a toilet in Churchill Park.

## 2. RECOMMENDATION

It is recommended that:

- a) The report be received.
- b) That staff confirm an order for the supply and installation of toilet blocks for West End, Mill Road and Churchill Park as described in this report, with an estimated total cost of \$893,050 + GST.

## 3. BACKGROUND

Council applied for and was granted \$900,000 of ‘Better Off’ funding associated with the previous governments proposed 3 Waters reforms which was to be used for upgrading the West End public toilets and the surrounding ‘village green’ area and installing a public toilet in Churchill Park.

The former was proposed because the existing West End toilet block was not considered to meet modern expectations of public toilets and has been requiring frequent ongoing repairs and maintenance, whilst the proposed new facility in Churchill Park is in response to frequently expressed community desires for a toilet there.

Council was also granted \$135,860 from the MBIE’s Tourism Infrastructure Fund for enhancement of the ‘Top End’ (Mill Road) public toilets to provide additional cubicles to meet what is at times very heavy use of this facility by travellers.

## 4. OPTIONS

It is important to recognise the challenges that public toilets face, as they frequently suffer improper use or damage, either accidental or deliberate.

Those who have not been involved in the operation of public toilets can easily underestimate the abuse to which these unmonitored facilities are subjected; a common view is that any component of such toilets that can be broken, will get broken, and that all manner of objects will be put into them. As such public toilets need to be designed and engineered to standards substantially above what would be found in domestic or even commercial settings, so that the required frequency of maintenance and repairs can be kept to reasonable levels.

In regard to the West End toilets an initial consideration had been whether the existing facility could be modified and improved to meet these needs. It was however concluded that even if the plumbing and toilet fixtures were completely replaced with arrangements that were less prone to blockage and other problems, the appearance of the facility would still be unsatisfactory, and a complete replacement of the block was therefore preferable.

It was on this basis that funding for new toilets was requested as part of the ‘Better Off’ package. There were in essence considered to be two options for new public toilets, as follows:

- a) Custom design and conventional building construction, with the design by a suitably experienced architect who is familiar with the challenges that public toilets face, or
- b) Facilities comprised of combinations of standard prefabricated modular toilet units, specifically designed and constructed for public use.

Because of the need for robustness neither of these options is inexpensive, but custom design & conventional construction has potential to be the most expensive of the two, and there is often uncertainty regarding how much a custom design will cost to construct, creating the possibility that an initially favoured design may have to be revised to achieve affordability if the budget is limited.

Conventional construction creates greater logistical issues where (as in the case of the West End Toilet) an existing toilet needs to be replaced on an existing footprint.

Whilst a modular toilet unit can be dropped in place to replace an existing facility very quickly after it is demolished, a much longer delay is likely to occur if a conventional building construction approach is taken, requiring temporary toilets to be provided in the interim.

For these reasons – and their low maintenance and repair requirements - option b) tends to be most commonly adopted by Councils and it has been this option that has been pursued by Council staff.

Two NZ companies specialise in manufacture and supply of pre-fabricated modular public toilets and it is believed that upwards of 90% of NZ Councils have purchased toilets from one of these two companies.

Council staff initially obtained indicative cost information from both companies for the potential construction of a 13 pan toilet unit in the West End and smaller toilet blocks for Mill Road and Churchill Park, and the pricing from both sources was very similar, but with one more responsive to enquiries and requests for amendments to concepts.

The same supplier has also supplied over 40 public toilets to other nearby South Island councils. Because of this a decision was made to work with this supplier to further explore designs and pricing.

## **5 PROPOSED WEST END TOILET**

A change made in response to a desire for affordability was to reduce the number of pans required from 13 to 10.

This decision was made on the basis that having 10 pans should be more than sufficient if – and in contrast to at present when blockages and other problems are frequent – all those pans were consistently functional.

Two general facility layout concepts were suggested by the supplier, one being an L-shaped toilet block and the other two parallel facing 5 cubicle blocks separated by a gable roofed tunnel.

These concepts were presented to Councillors at a workshop on 3 April, and it is believed that Councillors agreed with the staff view that the latter was preferable.

Graphics of the proposed design follows. The landscape design on the walls is for example only. The new toilet block will be constructed on the footprint of the existing block, with a timber screen (not shown here) in front of the entrance to the gable tunnel, reducing visibility from the street.

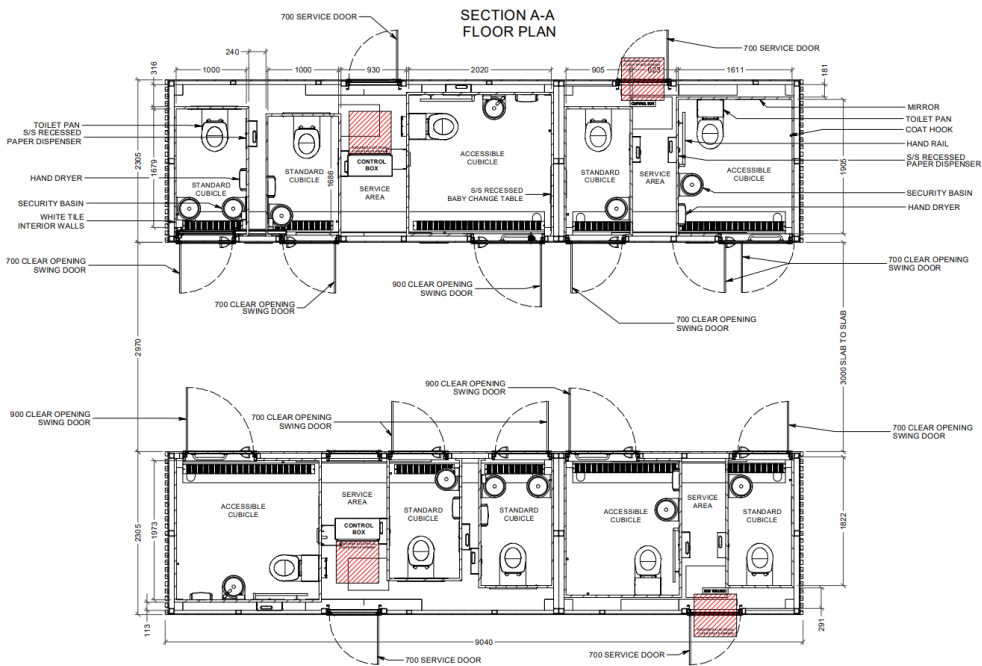
The firm quoted GST exclusive price for the toilet unit as shown, including timber end facings and photo film overlays of our chosen images on the sides of unit is \$539,700.

In addition to this there is an estimated price of \$97,500 for delivery and installation, bringing the indicated total price to \$637,200.

The preferred supplier currently has a 20-week manufacturing period for new orders, with a further 2 weeks for delivery. Installation could potentially occur within 2 weeks of delivery. As such it would be expected that the new facility could be commissioned in October 2024, in time for the beginning of the more active tourist season.







**6. PROPOSED CHURCHILL PARK TOILET**

A single cubicle unit is proposed for Churchill Park, much as shown below, but without the timber faced doors as the cosmetics of the facility is not considered to be very important at this location. The second door is for service access only.



The preferred supplier have quoted a price of \$120,000, inclusive of delivery and installation for this unit.

Whilst the application for 'Better Off' funding had included only \$100,000 for the Churchill Park toilet, some other components of this funding have not been fully utilised and could be used to for the additional \$20,000 required.

## 7. PROPOSED MILL ROAD TOILET

A very similar toilet unit, and example of which is shown below, is proposed to be added to the existing facilities at Mill Road, though in this case the toilet has two cubicles with services access from the rear. The quoted price for this toilet, inclusive of delivery and installation is \$135,850.



## 8. FINANCIAL IMPLICATIONS AND RISKS

The proposed capital expenditure on new toilets is fully government funded and will have not impact on ratepayers. The approximately \$140,000 of 'Better Off' funding that will remain after purchase of the toilets will be used for a range of improvements to the village green and surrounding areas.

It is expected that the new West End toilets will have significantly lower maintenance and repair costs than the existing toilet block, and that this will to some extent (but not fully) offset the additional cost that will be associated with operating and maintaining the additional new toilets in Churchill Park and at Mill Road.

Some associated increase in overall toilet operating and maintenance costs has been reflected in the Long Term Plan, but it is possible that the forthcoming re-tendering of Council's toilet maintenance contract could change these costs.

## 9. RELEVANT LEGISLATION & DELEGATED AUTHORITY

No particular legislation is considered to be relevant to this matter.

The Chief Executive has the necessary delegated financial authority to approve the awarding of a contract for the proposed new toilets, but in the interests of transparency approval is also sought from Council.

## 10 COMMUNITY OUTCOMES

The issue discussed in this report relates to the following community outcomes:



### Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose

<b>Report to:</b>	<b>Council</b>	
<b>Date:</b>	24 April 2024	
<b>Subject:</b>	Council Discretionary Grants	
<b>Prepared by:</b>	W Doughty - Chief Executive Officer	
<b>Input sought from:</b>	B Makin - Executive Officer	
<b>Authorised by:</b>	W Doughty - Chief Executive Officer	

### 1. SUMMARY

This is the third year of the discretionary grants process being run. The application period for funding from the 2024/2025 financial year ran from 1<sup>st</sup> March to 28<sup>th</sup> March 2024, with decisions being made at the April Council meeting. Successful applicants will receive funding after 1 July 2024.

A total of 22 applications were received. The sum of these applications requested a total of \$295,910.87 (noting above that an overall total of \$100,000 is available for the fund). A summary of the applications and the application documents is included in attachment 2 and attachment 3.

Attachments:

- 1) Kaikōura District Council Discretionary Grants Criteria
- 2) Summary of applications
- 3) Application forms – see separate pack

### 2. RECOMMENDATION

It is recommended that the Council:

- a) receives this report; and
- b) reviews all applications received and agrees eligible grants for Financial Year 2024/25 up to an overall funding total of \$100,000.

### 3. BACKGROUND

The fund criteria were designed to be as unrestrictive as possible, to enable unforeseen groups to apply. There is an expectation, however, that the application provides a benefit to the Kaikōura district and promotes the four well-beings from the Local Government Act 2002 (social, economic, environmental and/or cultural well-being). The criteria for the discretionary grants applications is included in Attachment 1.

The approved grants process gives Council absolute discretion over who is eligible, who is funded, how much they receive, and any conditions they wish to place on the application (such as requiring grant payments be made either by lump sum or by instalment). No detailed review has therefore been undertaken by staff and no recommendations made.

The summary sheet in attachment 2 includes commentary on whether other funding sources may be available to the applicant and a column for elected members to highlight if they have any conflict of interest with any of the applications.

The application forms are included in attachment 3. Detailed supporting information such as quotes, financial information has been omitted at this stage, but could be made available upon request.

Elected members will need to review and assess each application on its merit against the agreed criteria in attachment 1 (noting that only a total of \$100,000 of funding is available to allocate).

#### 4. FINANCIAL IMPLICATIONS AND RISKS

It is the intention of the Council Discretionary Fund to reduce the risk associated with approving funding applications during the Annual Plan and Long Term Plan consultation processes. That type of decision-making can be problematic in that funding is approved to community organisations with little cost-benefit analysis and after the Council’s own internal budgets have potentially been cut or every possible saving made to keep within a rate increase limit. This fund sets aside a pre-determined budget available to be allocated per the Council’s discretion and therefore does not result in a last-minute increase in rates. Provision for the fund has been made in the Long Term Plan - Year 1 2024/2025.

#### 5. RELEVANT LEGISLATION & DELEGATED AUTHORITY

There is no legislation that would affect this decision.  
The Council has total discretion over the allocation of these funds.

#### 6. COMMUNITY OUTCOMES SUPPORTED



**Community**  
We communicate, engage and inform our community



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



**Environment**  
We value and protect our environment



**Future**  
We work with our community and our partners to create a better place for future generations

## Kaikōura District Council Discretionary Grants

### Purpose

The Council acknowledges the contribution of not-for-profit organisations in providing essential services which assist in developing the community at large. The Council's role is to respond to community needs by providing funding assistance where no other funding support is available.

### How much is available?

The fund has an overall budget of \$100,000, to be allocated by the Council at the Council's absolute discretion, which may include the timing of payments.

The full budget amount does not need to be fully allocated. Unallocated funds shall not be carried over to subsequent years.

### Sectors eligible for funding

The Council will consider requests for funding from community organisations providing services in the following categories (in no order of priority):

- Arts & Culture
- Community Facilities
- Community Welfare and Social Services
- Environment
- Heritage
- Sport and Recreation
- Other at the discretion of the Council

Each application is considered on its merits using the criteria set out below. The decisions made will be in the best interests of the local community and must provide Kaikōura specific benefits, including promoting the social, economic, environmental and/or cultural well-being of Kaikōura communities.

### Who can apply?

Organisations wanting to apply for funding assistance must meet the following criteria:

- Be a not-for-profit organisation
- Provide services to the wider community or specific sectors in the Kaikoura community (any National or Regional organisation applying must refer specifically to Kaikoura costings and benefit)
- Be able to supply verified Annual Accounts
- Provide verification of charitable status (if applicable)
- Account for expenditure of funds specifically for grant received (this will affect eligibility for any future grants)
- There must be a contribution from the applicant towards the cost of the activity applied for. This can be from the applicant's own funds, grants from other sources, volunteer time or donated materials.

### Application Process and Allocation of Funds

The Council Discretionary Grants scheme will open 1 March annually, and close in time for funding decisions to be made at a full Council meeting no later than 30 April annually, for payments to successful applicants after 1 July (the next financial year).

The Council's decision on all allocation of funds will be final.

### *What can't be funded?*



- Conventions, conferences, and reunions
- School based curriculum programmes

- Retrospective funding
- All travel or costs associated with events outside of Kaikoura including overseas travel
- Projects that have already received Council funding including through contracts and partnership agreements for the same activity within the same financial year.
- Food and catering
- Fundraising events
- Projects which better fit the criteria of other Council related funds available (such as the George Low Fund, Creative Communities, Sport NZ rural travel, Significant Natural Areas fund, Kaikōura Initiatives Fund, and others).

## *What can be funded?*



- One application per organisation per year can be considered for funding
- Projects must be of direct benefit to people of the Kaikoura district
- Activity that can be considered for funding include (but are not limited to):
  - Operating costs
  - Funding for unforeseen circumstances
  - Equipment
  - Seeding funding for new projects/programmes
  - Volunteer expenses
  - Repairs and maintenance for community facilities
  - Training/workshops with a community development focus that are open to the public
  - Non-school-based educational programmes
  - Consultancy fees towards activities such as feasibility studies or engineers reports for community projects
- Community facilities including Council-owned and non-Council owned facilities.

## Attachment 2 - Summary of Applications

#	Individual or Group	Full Name	Contact Name	Activities seeking funding	Amount Requested from Discretionary Fund	Supplementary info provided (Y/N)	Staff Comment on other funding opportunities	Eligible (Y/N)	Support (Y/N)	Sector	Type of cost	One off or ongoing	Vicki's comments	Final Amount supported (\$)	Other comments	Declared Conflict of Interest
1	Group/ Organisation	Mayfair Arts & Culture Centre Te Whare Toi o Kaikoura	John Wyatt	Operating costs, regulatory costs, insurance, maintenance, staffing costs	\$ 30,000.00	Y				Arts	Operational	Ongoing	Requesting \$30,000 pa for 3 years			
2	Group/ Organisation	Noriko Burra on behalf of Kaikoura Tennis	Noriko Burra	Fencing component of the development	\$ 20,000.00	Y	Better off funding allocated but has a shortfall	N					Has better off funding so ineligible... unclear how they are funding any other cost, appears to be \$125,000 short?			
3	Group/ Organisation	Takahanga Bowling Club Inc	Thora Lawson	Insurance	\$ 6,091.09	Y				Sport	Operational	Ongoing				
4	Group/ Organisation	Kaikoura Bowling Club INC	Bev Hurst	Insurance	\$ 3,500.00	Y				Sport	Operational	Ongoing				
5	Group/ Organisation	Brooke Unger	Brooke Unger	Community-made short film	\$ 5,000.00	Y	Supported by Creative Communities so ineligible - also individual so ineligible	N					Individual not a community group. Funded from Creative Communities			
6	Group/ Organisation	Moana Mark	Krista Van Der Linde	Kaikoura based student for 6 months to conduct surveys for sperm whales, analyse data	\$ 20,348.00	Y				Enviro	Operational	One off	Budget section incorrect, however bulk cost is for backpacker accom, camera, laptop and supervisor			
7	Group/ Organisation	Kaikoura Croquet Club Inc	Erica O'connor	Power bills	\$ 1,680.00	Y				Sport	Operational	Ongoing				
8	Group/ Organisation	Te Whare Putea Charitable Trust	Nicola McConchie	Provide Money Mates programmes for local whanau and community	\$ 29,999.00	Y				Community Welfare	Project	Ongoing	Budget is separate. Includes 30 x laptops to give clients. GST excl cost is \$25,217			
9	Group/ Organisation	Kaikoura Historical Society Incorporated	Stephanie Lange	Operational costs	\$ 25,000.00	Y				Heritage	Operational	Ongoing				
10	Group/ Organisation	Lions Club Kaikoura	Ian Bradshaw	Installation of the light system at the new Helipad next to the hospital.	\$ 1,760.00	Y	Better off funding allocated so ineligible	N								
11	Group/ Organisation	Kaikoura Miniature Rifle Club Inc	Biddy Getz	Removal and reinstatement of local artwork on a new engineered wall at Surburban Hall	\$ 3,717.38	Y				Sport	Project	One off	More of a heritage project for the facility than a sport project			
12	Group/ Organisation	Kaikoura Branch of New Zealand Red Cross	Marlene Ingram	Rental for the Crafty Place - behind 27 Beach Road.	\$ 3,500.00	Y				Arts	Operational	Ongoing				
13	Group/ Organisation	Suburban Home and School Fundraising Parent Group	Lauren Fearnley	After-school programme for 1 hour for primary aged children	\$ 1,851.90	Y	Granted funding through Community Initiatives - ineligible	N								
14	Group/ Organisation	Kaikoura A&P Association	Laura Koopmans	2025 A&P Show Day expenses, entertainment, advertising, admin related costs	\$ 10,000.00	Y				Heritage	Operational	Ongoing				
15	Group/ Organisation	Kaikoura Netball Centre	Pip Scott	Equipment, gym hire fees	\$ 2,000.00	Y				Sport	Operational	Ongoing	Gym fees eligible - other equipment costs (bibs, balls etc) should be George Low application			
16	Group/ Organisation	Kaikoura Rugby Club - Takahanga Facility Project Team	Sheena Hamilton	Build costs for the Takahanga Sports & Recreation Hub	\$ 50,000.00	Y				Sport	Facility	One off	Clarify if received Better Off Funding for project... doesn't look like any in application form			
17	Group/ Organisation	Tasman Regional Sports Trust	Lesley McIntosh	Ongoing employment of a Sport Tasman full-time staff member	\$ 20,056.00	Y				Sport	Operational	Ongoing	No supporting info except for bank account confirmation			
18	Group/ Organisation	Kaikoura High School Alumni Working Group	Wendy Walker	Set up and design of website, Alumni Logo, running costs, domain fee, SSL certificate, site maintenance costs	\$ 6,407.50	Y	Majority of this funded by Community Initiatives therefore ineligible	N								
19	Group/ Organisation	Te Ha o Maturanga	Vicki Gulleford	Rental costs of 14 Ludstone Road. Operating costs of the Kaikoura Community Shed - rent, materials	\$ 10,000.00	Y				Community Welfare	Operational	Ongoing				
20	Group/ Organisation	Kaikoura Stage Craft	Donya Nee and Rebecca Macer	Venues hire cost, heating, production costs (costumes, scripts, hire, technical support), equipment, advertising costs	\$ 5,000.00	N	Staff emailed applicant for missing details - see email attached to application.			Arts	Operational	One off or ongoing				
21	Group/ Organisation	Kaikoura Ocean Research Institute Inc (KORI)	Jody Weir	Programme coordinator	\$ 20,000.00	N	Granted funding through Community Initiatives - ineligible. CI application listed these costs as time donated by volunteers	N								
22	Group/ Organisation	Kaikoura Wildlife Centre Trust	Sabrina Luecht	Community facility - portacom purchase, installation and services	\$ 20,000.00	Y				Enviro	Facility	One off	Also note they are seeking council building exemption			



Monday 8 April 2024  
Presentation to Canterbury Joint  
Waste Committee

# Waikato and Bay of Plenty WOLDS



# Introduction

Talk about Waste Operator Licensing and Data System (WOLDS) in the Waikato and Bay of Plenty and then draw out lessons

1. Why develop a regional approach to data?
2. Steps to developing WOLDS
3. How WOLDS will work
4. Current status and next steps



# 1. Why Develop a Regional Approach to Waste Data

1. Waste data in NZ is recognised as being, at best, limited
  - One reason for this is that private waste operators control as much as 90% of all tonnage nationally, and see their data as commercially sensitive
  - Another reason is that waste data is not collected in a standardised way, so sharing and consolidating waste data is complex
2. Councils need good waste data for waste planning (waste assessments, WMMPs, Activity and Asset Management Plans etc.), and development of new facilities and services.
3. Government has introduced new reporting requirements. The focus of these is on data from Council controlled services, but this will not provide a complete picture of what goes on, particularly for Councils
4. Govt data proposals will not gather information on geographic source, so will be no way to tell what originates where, track cross boundary movements, and reconcile data.

# 1. Why Develop a Regional Approach to Waste Data

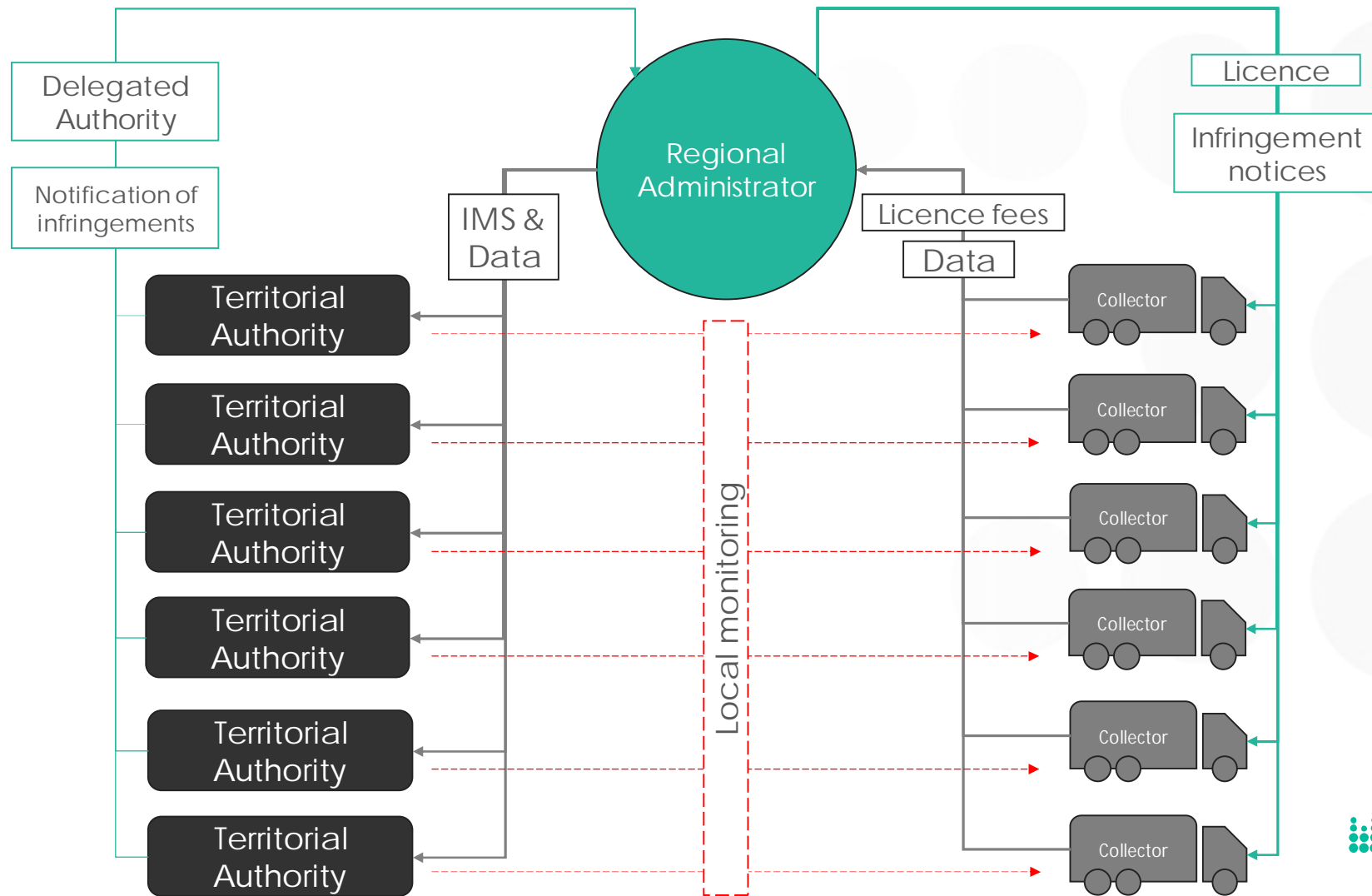
A regional approach will address these issues:

1. Standardised approach based on National Waste Data Framework
2. Regional approach addresses commercial sensitivity concerns
3. Reduces administration for operators and TAs
4. Regional approach is close enough to the action to identify and address data anomalies
5. Will be able to track the full flow of material across both council and private streams, and allocate to TA areas
6. Data should be compatible with central govt reporting requirements

## 2. Steps to Developing WOLDS

1. Developed the National Waste Data Framework – standardised approach to gathering data
2. Worked with Waikato and BOP TAs with support from lawyers Simpson & Grierson to develop standard bylaw with waste licensing and data provisions
3. TAs adopt standard bylaw (12/16 have)
4. Engaged by BOPLASS to develop WOLDS concept and framework
5. Go to market to appoint IT provider
6. Implementation (phased approach)

### 3. How WOLDS Will Work



## 4. Current Status

1. Developed specifications for IMS and Regional Administrator
2. Gone to Market for both functions
3. EOI and RFP completed
4. Appointed Water Outlook as preferred supplier for IMS
5. BOPLASS to undertake the role of Regional Administrator
6. Project manager for implementation in process of being appointed
7. Administrator role has been advertised

## Next Steps

1. Ensure councils are ready – all at different stages, in terms of bylaws, budgets, internal support, inclusion in plans etc.
2. Will be phased rollout – work with most ready councils first and main operators to get system working
3. Work with IMS provider and Admin to get systems in place and functioning to specifications.





Duncan Wilson  
duncan.wilson@eunomia.nz

Thank You

<b>Report to:</b>	<b>Council</b>
<b>Date:</b>	24 April 2024
<b>Subject:</b>	CEO Update Report
<b>Prepared by:</b>	W Doughty - Chief Executive Officer
<b>Input sought from:</b>	
<b>Authorised by:</b>	W Doughty - Chief Executive Officer

### 1. PURPOSE

To provide the Council with an update on major work streams and other activities.

### 2. RECOMMENDATION

It is recommended that the Council receives this report for information.

### 3. COUNCIL ACTIVITY – KEY FOCUS AREAS

#### Overview

A relatively short month since the last Council meeting with the Easter break included. Activities have been dominated by the consultation period for the draft Long Term Plan. A number of community drop in sessions have been held in various locations in the District. In general, there appears to be a good understanding of the national issue facing all Council's in terms of proposed rate rises and that despite the largest proposed increase for a number of years for Kaikōura, we are still at the bottom end of the range and below the national average. Submissions to date have been relatively slow but the consultation period remains open until 30<sup>th</sup> April 2024 and we will be actively promoting further submissions over the next two weeks.

Physical work has continued at pace this month with good progress being made on the Puhī Puhī slip repair (moving to work in the Blue Duck next month), our next section of footpath renewals, the link pathway and the IAF. Preliminary geotechnical investigations have been undertaken to reconsidering the location of the bridge replacement at Glen Alton and the next steps will include a conversation with NZTA (Waka Kotahi) around progressing further detail to get a realistic cost estimate. A contractor has been appointed for the harvesting of the trees in South Bay. A programme is being finalised which will see the trees harvested during the winter period. A communications plan is being prepared for informing the community well in advance of the work being undertaken. The detailed design for Wakatu Quay is on track and an Expression of Interest for construction of the first building has been released. We are keen to see local contractors involved in the build process. A number of other key projects are also progressing as outlined in the Works and Services Committee report.

Our building team were busy in March with the IANZ accreditation assessment. It is a credit to the team that we have no significant non-compliances and 7 general non-compliances. If we can action all of the general non-compliances by July then we will be classified as a low risk BCA with the next assessment to be undertaken in March 2026. This is an outstanding result for our small team. We have also been successful in recruiting a Building Control Manager for the team who starts on 1<sup>st</sup> July in Kaikōura.

The notification period for the Dark Sky lighting plan change close on the 19<sup>th</sup> April and at the time of writing we have received 26 submissions all in support. The commissioners report for PC4 the light industrial park is expected in early May.

No finance report is included this month as the quarterly Finance, Audit and Risk Committee is meeting and the papers are included on the Council agenda. A Better Off Funding Programme progress report will be included in the May agenda.



**Other information**

It is good to see that there have been a number of applicants for the discretionary grant fund again this year with funding requests over subscribed for the funds available. A paper is included on the agenda for elected members to consider the applications and make the decisions.

Local Government New Zealand (LGNZ) have released their priority areas for focus which is included in attachment 1. It has been good to see the coverage and supporting information provided around national rate rises. This years annual subscription fee for LGNZ includes access for elected members to the Akōna on line training platform.

**Council Team**

Kelsey Leatham has successfully transitioned across from the customer services team to take on the building administrator role. We are advertising a part-time replacement for the customer services officer role and have several applicants to date. Alison Moore has joined the team as the replacement Emergency Management Officer. This is perfect timing as we have several regional and national emergency management planning exercises coming up in the next few months. We have finally been successful in recruiting a Building Control Manager. Glen Vaughan joins us from Central Otago District Council from 1<sup>st</sup> July 2024 and will be based full-time in Kaikōura.

Two vacancies currently remain open at Council including:

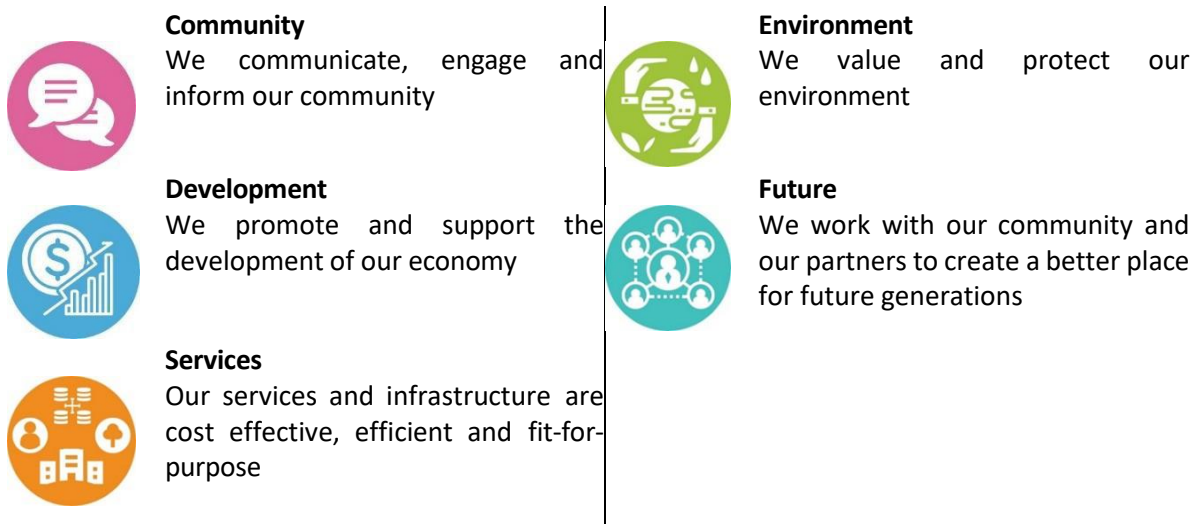
- a) Customer Services Officer (Part time)
- b) Building Control Officer

Work is also progressing on developing an internal strategy looking forward from 1<sup>st</sup> July 2024 and an internal working group is considering some feedback on the staff survey to develop some action points for consideration and implementation.

**Focus areas for the next three months**

- a) Draft Long Term Plan consultation/ hearings and decision.
- b) Outstanding debtors and resolution of historic harbour issues.
- c) South Bay forestry harvest

**4. COMMUNITY OUTCOMES SUPPORTED**



**Attachment 1: LGNZ Priority focus areas**

# We champion, connect and support local government



## CHAMPION/

**+ We advocate for the national interests of local government on critical issues.**

- > For example, our advocacy meant councils could choose to delay adopting their LTP given the changes to water services reform. So far, eight councils have decided to delay by up to three months and 11 councils deferred for a year.
- > We've advocated strongly for the Minister of Local Government to be included in Cabinet – which is the approach taken by the current government.

**+ We generate a national conversation about key local government challenges by commissioning research and developing thought leadership.**

- > In March, LGNZ released research by Infometrics analysing increases in local government infrastructure costs that are driving rates rises.
- > We've commissioned NZIER to estimate the costs of four reforms on local government, to show how unfunded mandates contribute to councils' costs. This research is due out in June.

**+ LGNZ speaks out for local government in the media – on issues like rates rises, local government funding and harassment of elected members.**

- > For example, since December we've generated more than 100 media mentions on why rates are increasing and how local government needs new funding and financing tools.
- > We regularly talk to Local Democracy reporters to help them understand the issues behind the headlines and make their coverage more balanced.

**+ Our expertise helps you to decode policy and make submissions. For members using the analysis and evidence in our submissions, we estimate you save time or costs worth:**

- > \$34,000 for the submission on the NPS-Natural Hazards and Inquiry into Community-Led Retreat and Adaptation Funding
- > \$27,300 for the submission on the Emergency Management Bill
- > \$82,100 for the submission on the Natural and Built Environments and Spatial Planning Bills
- > \$43,800 for the freedom camping guidance.

**+ We operate in a political environment – but we're nonpartisan and build a strong relationship with the government of the day that supports members' engagement.**

- > We met with the PM in March and have locked in quarterly meetings for 2024, along with regular meetings with the Local Government Minister, Regional Development Minister and Minister for RMA and Infrastructure.
- > We've established an LGNZ Transport Forum to drive transport advocacy.
- > We meet regularly with senior officials in key central government agencies.

## CONNECT/

**+ Our sector and zone meetings connect local government leaders and put you in front of central government politicians and experts.**

- > We've secured Ministers and key stakeholders for recent Metro, Rural & Provincial and Regional sector meetings.

**+ Our networks – Te Maruata, Young Elected Members and CBEC – connect their members and provide targeted support.**

- > Each network holds in-person hui. This year the CBEC Conference is being held in tandem with SuperLocal24.

**+ Our must-attend conference brings everyone in local government together.**

- > More than 800 people attended SuperLocal 23, with very positive feedback about the venue, sessions, networking opportunities and overall experience.

## SUPPORT/

**+ We're the home of Mayors Taskforce for Jobs, which has placed thousands of young people into employment and training.**

**+ Through Ākona, we tailor professional development and induction for local government's exact needs and provide every elected member access.**

- > Ākona's range of courses and resources has grown exponentially since it launched, thanks to councils' input. The online learning platform includes 17 e-modules as well as in person and online workshops, with an average of three new courses rolled out every quarter.

**+ We develop templates and guides that you can use or adapt – from standing orders to codes of conduct.**

- > We've had more than 300 downloads of our governance guides in the past four months.

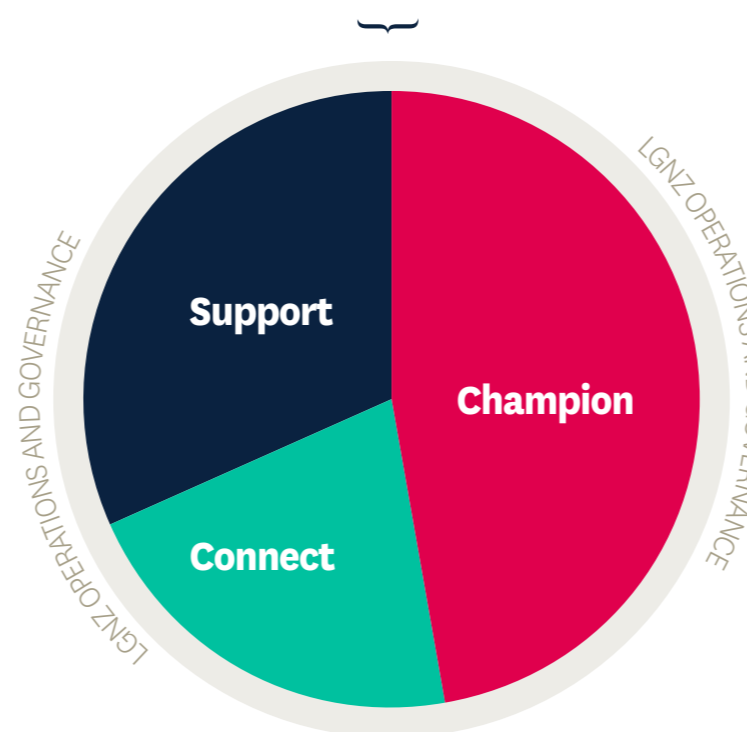
**+ We support elected members and councils when they are stuck. We're who you call when things get tough and messy. We work behind the scenes to support elected members, councils and local democracy.**

- > We provide free, anonymous counselling for members. 97% of people who accessed therapy in the 2023 calendar year and provided feedback said that it was helpful.

**+ Member councils receive financial benefits from participating in initiatives like our Street Light Profiles or the Moata Carbon portal.**

**+ LGNZ is a partner in the Road Efficiency Group –Te Ringa Maimoa, which is a unique partnership focused on better activity management and decision making while building capability across the transport sector.**

### WHERE OUR EFFORT GOES





# OUR VISION/ To create the most active and inclusive local democracy in the world.

## Our purpose:

WE SERVE MEMBERS BY CHAMPIONING, CONNECTING AND SUPPORTING LOCAL GOVERNMENT

### CHAMPION/

- > Advocate for local government on critical issues.
- > Build relationships with ministers and officials.
- > Decode policy and make submissions.
- > Speak out for local government in the media.

### CONNECT/

- > Bring members together at zone, sector and conference events or via networks like Te Maruata and YEM.
- > Create strong feedback loops between members and LGNZ's work.

### SUPPORT/

- > Provide professional development uniquely tailored to local government.
- > Support councils and elected members when they are stuck.
- > Support elected members to deal with pressure and harassment.

## Our long-term goals:

- 01.** Local government and central government are trusted partners.
- 02.** Localism is entrenched as the best way to deliver for our communities.
- 03.** Elected members are connected, engaged and highly capable.
- 04.** Te Tiriti partnerships between local government and Māori are authentic, strong and respected.
- 05.** More New Zealanders value and participate in local government.
- 06.** A sustainable and fit-for-purpose LGNZ.

## Our work:

### CHAMPION/

- + Focus our advocacy effort on the big issues impacting local government and key priorities that matter to both local and central government.
- + Build a partnership with the new Government by creating connections and developing solutions.
- + Advocate for Choose Localism.

### CONNECT/

- + Lift engagement with our members.
- + Bring localism to life at SuperLocal24.
- + Revitalise our Te Ao Māori/Te Tiriti based approach.

### SUPPORT/

- + Fulfil the potential of our Ākona learning and development platform.
- + Roll out the revitalised CouncilMARK/Te Korowai.
- + Create resolution service to address complaints and build trust.

## WHAT MEMBERS SAY ABOUT LGNZ >>

“LGNZ provides opportunities to connect with my peers and learn from them as well as the ability to come together and negotiate with Central Government to get better policy and funding outcomes for the people we collectively serve. Without this work our community would be significantly disadvantaged.”

“LGNZ is like the dinner table at my parents’ house at Christmas time – a place where we can debate the issues of the moment, even if we don’t always agree. A place where we meet and get support from those that know what we are going through. And a place where we can reflect, laugh and relax (often over a beverage or two).”

“It’s been a lifeline at times to see, know and learn what is happening across the country, we can draw strength and ideas for our council and best of all build great networks.”

“During the last year, 42 councils were impacted when an engineering technologist used other engineers’ signatures to sign off on producer statements and certificates of design. While that person has now pleaded guilty to charges of forgery, LGNZ offered strong leadership and support, connecting councils together, and helping to carefully explain the impact to households across many communities.”

“The value of LGNZ to me is in the context of relationship and a safe place to go to when guidance is required and the knowledge that our sector body is representing the vision and goals of our communities. LGNZ needs to remain grounded in its purpose to ensure it continues to demonstrate valued and visible outcomes.”

“LGNZ’s forums create the ability to connect with people who ‘get it,’ in what can be an isolating role, I find this invaluable.”

“An increased feeling of support and connection – I’m part of a team that delivers!”

“In addition to the networks like Te Maruata and YEM, mayors and chairs have the additional support provided by the sector meetings. I find this invaluable for seeking support in what can be a very challenging job, and it also enables councils facing the same issues to work collectively together through LGNZ rather than individually reinventing wheels for every topic that comes up. These sector meetings also provide access to ministers in a way that would not necessarily be possible for an individual mayor or chair.”

“There are multiple opportunities for networking for councillors to discuss and compare issues their councils are facing, and to seek other forms of support.”

“The advocacy role to Government is huge. My council does not have the resources or the influence to ensure our experience on the ground is heard. By being part of LGNZ we become a national force, with significant mana and authority.”

“Most councillors arrive at the table with very little understanding of how local government works and the LGNZ induction is a useful training session alongside the induction process run by each council. This is often where network formation begins as well. Ākona provides a method for continued up-skilling.”

“LGNZ submits on a far greater range of policy than my council does which means despite us not having the time or resources to flag all issues with government, we know that LGNZ is doing this on our behalf. In addition, the policy submissions that LGNZ prepares are often used as a basis for our own submissions, saving time for officers.”

“Ākona has saved my council money because we’ve been able to reduce other training.”

“I think it is worth considering what the status quo would look like if LGNZ or an equivalent did not exist. I think councils would quickly get together and create an LGNZ equivalent because it would be glaringly obvious that it is necessary!”

<b>Report to:</b>	<b>Council</b>
<b>Date:</b>	24 April 2024
<b>Subject:</b>	Audit Report to the Council for year ending 30 June 2023
<b>Prepared by:</b>	P Kearney – Senior Manager Corporate Services
<b>Input sought from:</b>	S Poulsen – Finance Manager
<b>Authorised by:</b>	W Doughty - Chief Executive Officer

### 1. PURPOSE

The purpose of this report is to present the Report to Council from Audit New Zealand for the financial year 2022/23).

#### Attachments:

1. Report to the Council on the audit of Kaikōura District Council for the years ended 30 June 2023

### 2. RECOMMENDATION

It is recommended that this report is received for information.

### 3. SUMMARY

#### a. Modified Audit Opinion for both years

The Report includes:

- i) a qualified 'except for' opinion relating to in respect of the comparative year depreciation expense and asset revaluation movement for land and buildings, and infrastructure assets.
- ii) A qualified opinion on the statement of service provision was issued due to the inability of the District Council to accurately report its non-financial performance measures for the year ended 30 June 2023.
- iii) A paragraph referring to the uncertainty over the financial impact of the three waters reform.
- iv) Confirmation that the financial statements were free of any material misstatements or omissions.

#### b. Recommendations

Of the 8 new recommendations within the report:

- a. One recommendation was identified as urgent. This relates to ensuring that contract variations be formally documented and signed by relevant signatories.
- b. A further six have been identified as necessary, including.
  - i) Preparation of a project plan for the submission of the annual report
  - ii) Changes in accounting policies to be reviewed against the relevant accounting standards.
  - iii) Capital work in progress to be reviewed at year end to identify completed projects or stages for capitalisation.
  - iv) Deprecation calculation rates
  - v) Outstanding balances due by elected members be disclosed appropriately.
  - vi) Legal advice to support practises where the council is unable to comply with the Rating Act
- c. 6 past recommendations remain open with 1 urgent, namely the non-financial performance reporting and 5 as necessary almost all of which are in play for resolution.
- d. 2 past recommendations have been implemented and closed.
- e. 2 past recommendations have either been resolved immediately, or management accepts the risk.

Overall KDC Management is satisfied with the content of the Audit Report to the Council and work to address the open recommendations is underway.

#### 4. FINANCIAL IMPLICATIONS AND RISKS

The Audit Report to the Council is an aid to prudent financial stewardship and improving financial and non-financial performance reporting for Audit purposes in order that the community has trust in our Annual Report and internal controls.

#### 5. SIGNIFICANCE OF DECISION

This decision is not considered significant in terms of Council's Significance and Engagement Policy.

#### 6. RELEVANT LEGISLATION

The Local Government Act 2002 states that a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region.

#### 7. COMMUNITY VIEWS

No community views were sought in relation to this report.

#### 8. COMMUNITY OUTCOMES SUPPORTED

The work is in support of all community outcomes.



##### **Community**

We communicate, engage 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

# Report to the Council on the audit of

Kaikōura District Council

For the year ended 30 June 2023

# Contents

Key messages .....	3
1 Recommendations .....	4
2 Our audit reports .....	6
3 Matters raised in the Audit Plan .....	8
4 Information technology general controls review .....	<b>Error! Bookmark not defined.</b>
5 Assessment of internal control .....	15
6 Public sector audit.....	23
7 Group audit .....	24
8 Useful publications.....	25
Appendix 1: Status of previous recommendations .....	28
Appendix 2: Corrected misstatements.....	33
Appendix 3: Disclosures .....	38

DRAFT

## Key messages

Our audit for the year ended 30 June 2023 involved ensuring that the Kaikōura District Council's (the District Council's) results were fairly reflected in its financial statements, with specific attention paid to the matters that were outlined in our audit plan at the beginning of the audit and any new issues identified. In this report we discuss our findings in relation to these matters which are significant to the Council.

### Audit opinion

We issued a modified audit opinion for the year ended 30 June 2023, dated 31 October 2023.

Our audit report included a qualified "except for" opinion in respect of the comparative year depreciation expense and asset revaluation movement for land and buildings, and infrastructure assets. A qualified opinion on the statement of service provision was issued due to the inability of the District Council to accurately report its non-financial performance measures for the year ended 30 June 2023.

Without further modifying our opinion, the audit report included a paragraph referring to the uncertainty over the financial impact of the three waters reform. The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities responsible for the delivery of three waters services and related assets and liabilities currently controlled by local authorities from 1 July 2024. The financial impact of these reforms remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Our audit plan outlined the key matters identified for the audits. We have detailed the nature of these matters in section 3 of the report and the results from our procedures to address these.

### Prior year outstanding recommendations

We acknowledge the steps taken by management to address the prior year recommendations. The prior year recommendations are summarised in section 1.2 and Appendix 1.

### Thank you

We would like to thank the District Council, management and staff for the assistance received during the audits.

Dereck Ollsson  
Appointed Auditor  
28 February 2024



# 1 Recommendations



Our recommendations for improvement and their priority are based on our assessment of how far short current practice is from a standard that is appropriate for the size, nature, and complexity of your business. We use the following priority ratings for our recommended improvements.

Explanation	Priority
<p><b>Needs to be addressed <i>urgently</i></b></p> <p>These recommendations relate to a significant deficiency that exposes the District Council to significant risk or for any other reason need to be addressed without delay.</p>	Urgent
<p><b>Address at the earliest reasonable opportunity, <i>generally within six months</i></b></p> <p>These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.</p>	Necessary
<p><b>Address, <i>generally within six to 12 months</i></b></p> <p>These recommendations relate to areas where the District Council is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.</p>	Beneficial

## 1.1 New recommendations

The following table summarises our recommendations and their priority.

Recommendation	Reference	Priority
Contract variations be formally documented and signed by all parties.	4.3	Urgent
A project plan be prepared for the submission of the annual report, including an internal review of the draft financial statements and performance information.	4.4	Necessary
Changes in accounting policies be reviewed against the relevant accounting standard prior to implementation.	5.1	Necessary
Capital work in progress be reviewed at year end to identify completed projects, or identifiable project stages, to be capitalised.	5.2	Necessary
Roading and 3-Waters depreciation rates be correctly calculated and applied from the 2024 financial year.	5.3	Necessary

Recommendation	Reference	Priority
Outstanding balances due by elected members be disclosed within the related party note.	5.4	Necessary
Legal advice be obtained to support practices where the District Council is unable to comply with the Local Government (Rating) Act.	5.5	Necessary
Management regularly communicates policies unique to the public sector to staff.	4.5	Beneficial

## 1.2 Status of previous recommendations

Set out below is a summary of the action taken against previous recommendations. Appendix 1 sets out the status of previous recommendations in detail.

Priority	Priority			
	Urgent	Necessary	Beneficial	Total
Open recommendations	1	5	–	6
Implemented or closed recommendations	1	1	–	2
Recommendations where management has accepted the risk	–	2	–	2
<b>Total</b>	<b>2</b>	<b>8</b>	<b>–</b>	<b>10</b>

## 2 Our audit report

### We issued a modified audit report



We issued a modified audit report on 31 October 2023 for the year ended 30 June 2023.

Our audit report for the year ended 30 June 2021 was qualified in respect of the District Council's land and buildings, and infrastructure assets as there were indications of a material change in the fair value of the revalued assets at balance date. This continues to impact the financial statements of the District Council through a modified audit opinion for the year ended 30 June 2023 on the comparative balance for depreciation expense and asset revaluation reserve movement for the year ended 30 June 2022.

The current and comparative measures included in the Statement of Service Provision (reported as Council Activities) were qualified in both years as the District Council was not able to accurately report on all the performance measures for the years ended 30 June 2023 and 30 June 2022.

Without further modifying our opinions, the audit report included a paragraph referring to the uncertainty over the financial impact of the three waters reform. The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities responsible for the delivery of three waters services and related assets and liabilities currently controlled by local authorities from 1 July 2024. The financial impact of these reforms remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

In forming our audit opinion, we considered the matters documented below and those included in sections 3, 4 and 5.

### 2.1 Financial statements qualification

The qualification of the 2021 financial statements in relation to the infrastructure asset valuation continues to impact the comparative amounts for depreciation and the asset revaluation reserve movement. The prior year depreciation expense and prior year asset revaluation reserve movements are based, at least in part, on the carrying values at 30 June 2021.

The 2023 financial statements are the last year which will be impacted by the historic infrastructure assets qualification issued for the year ended 30 June 2021.

## 2.2 Statement of service provision qualification

In previous years, the District Council's performance information reporting has been affected by ongoing difficulties with the customer service request system. The systems and processes to accurately report on several performance measures are not sufficiently reliable for the reporting of service performance for the year ended 30 June 2023. The District Council reported performance for a quarter of the performance measures as either not available or incomplete.

We have been unable to obtain sufficient appropriate evidence over the reported performance against these performance measures. As a result, we issued a qualification on the statement of service provision for the year ended 30 June 2023.

## 2.3 Uncorrected misstatements

Besides the items indicated above in the qualification, the financial statements are free from material misstatements, including omissions. During the audit, we have discussed with management any misstatements that we found, other than those which were clearly trivial. There were no uncorrected misstatements for the year ended 30 June 2023.

## 2.4 Corrected misstatements and corrected disclosure deficiencies

During the audit, we discussed with management misstatements that we identified, other than those which were clearly trivial. The corrected misstatements are listed in Appendix 2, along with corrected disclosure deficiencies, and corrected service performance misstatements.

## 2.5 Quality and timeliness of information provided for audit



We would like to thank Peter Kearney, Sheryl Poulsen and Cherie Kaa for their ongoing assistance provided throughout the audits.

The draft financial statements and performance information was available at the commencement of the audit, however the quality of the submission of the draft annual report could be improved by ensuring that all matters highlighted in the audit plan are addressed and conducting a rigorous review of the draft annual report prior to submission for audit. From our perspective the implementation and use of the AuditDashboard file sharing system was successful. AuditDashboard facilitated a hybrid approach to the execution of the audit with most of the audit procedures executed off-site.

We have identified areas where improvements are required in the preparation of the financial statements and performance information. These are detailed in section 4.3.

### 3 Matters raised in the audit plan



In our audit plan for the year ended 30 June 2023, dated 4 August 2023, we identified the following matters as the main audit risks and issues.

Audit risk/issue	Outcome
<b>Fair value assessment of property, plant, and equipment (non-revaluation year)</b>	
<p>The District Council revalues its land, buildings, roading and three waters assets held at fair value whenever there is expected to be a material movement in the fair value of these assets. The last revaluation was performed in 2022 so the Council are not intending to revalue in 2023.</p> <p>For those assets that the District Council is not planning to revalue, the District Council should perform a fair value movement assessment (assessment) to determine whether there is a significant difference between the fair value and the carrying value. Where the estimated difference is significant a revaluation may be necessary.</p> <p>An assessment should:</p> <ul style="list-style-type: none"> <li>• factor in local cost information;</li> <li>• utilise relevant and reliable price movement indicators; and</li> <li>• involve consulting with valuers, if necessary.</li> </ul> <p>Alternatively, the District Council could engage valuers to assist in preparing a fair value assessment.</p>	<p>We reviewed the reasonableness of management’s assessment including the appropriateness of the assumptions used in the fair value assessment.</p> <p>Management utilised the BERL indices to estimate the fair value of infrastructure assets and found that the movement was not significant. Quotable Value were engaged to assess the movement in land and buildings and determined it was also not significant.</p> <p>We reviewed the processes undertaken and estimates made, and agree the total value of property, plant and equipment carried at valuation is not materially different from its fair value at 30 June 2023.</p>
<b>Statement of service performance reporting systems</b>	
<p>We issued a qualified audit opinion on statement of service performance in previous years. This was because the District Council’s performance information reporting has been affected by the continued impact of the earthquake and the introduction of a new customer service request system. Therefore, the District Council had not been able to report</p>	<p>Weaknesses in the customer service request system were not remedied and management will no longer be utilising this aspect of the Adapt system.</p> <p>A spreadsheet is being used to capture data and reconcile this to invoicing received from Innovative Waste Kaikōura (IWK). Asset staff are working with IWK to provide an accurate</p>

Audit risk/issue	Outcome
<p>accurately for almost half of the performance measures.</p> <p>We understand from our review performed in the prior year audit that the District Council is addressing previous weaknesses and is starting to gather relevant data.</p>	<p>record of customer service requests that can be verified to supporting documentation.</p> <p>The new processes were implemented during the financial year and were not operational for the full year. These processes could therefore not be relied upon for the 2023 financial year. We concluded that the District Council was unable to report its performance accurately and completely for the year ended 30 June 2023.</p> <p>As explained in section 2.2, our audit report is modified in this respect.</p> <p>The LTP (2021-2031) indicated that the NAASRA roughness survey would be completed in 2022/23 financial year. The survey was not completed due to the survey cost. In addition, the Council is seeking to align the timing with the LTP timeframe (2024-2034) and the 3-year roading maintenance programme.</p> <p>This resulted in the District Council not being able to report against the NAASRA roughness and Smooth Travel Exposure measures.</p> <p>For the remaining measures, determined as material, we are satisfied that there are sufficient internal controls and processes in place to accurately report the performance results.</p> <p>Appendix 1 includes recommendations in respect to the District Council’s monitoring systems and controls related to performance reporting.</p>
<b>Affordable water reform</b>	
<p>The Affordable water reform programme (the Reform) is expected to result in significant structural changes to the management, funding and ownership of water supply, wastewater, and stormwater assets in the local government sector.</p> <p>The audit plan identified the Government had recently announced several changes to the reform. On 13 April 2023, the Government outlined changes to the number of water services entities and a</p>	<p>We reviewed the District Council’s disclosures and ensured they accurately reflected the significance and uncertainty of the Reforms on the District Council.</p> <p>Because the impact could be significant, but is uncertain, we included information in our audit report to draw the readers’ attention to the District Council’s disclosure about the Reform, as included in the annual report.</p>

Audit risk/issue	Outcome
<p>staggering of their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.</p> <p>The Bill to enable the transfer of three waters related assets and liabilities to the water services entities is currently with the select committee and will need to be passed to enable water assets to transfer to the related water entity.</p> <p>The timing of the legislation through Parliament will impact the 30 June 2023 annual report.</p> <p>The District Council should ensure that sufficient disclosure about impact of the reform (to the extent that the impact is known) is included in the annual report.</p>	
<b>Drinking water quality performance measures</b>	
<p>Providing safe drinking water is a core function of the council and reporting how the District Council has performed in respect of this function in the annual report is important performance information.</p> <p>The regulatory regime in place over the safety of drinking water has transitioned in the current year from the Drinking Water Quality Standards (DWS) to the new Drinking Water Quality Assurance Rules (DWQARs) which came into effect on 14 November 2022.</p> <p>Performance measures about compliance with the DWS are currently mandated by the Department of Internal Affairs who have issued mandatory performance measures that are required to be reported against in the District Council's annual report.</p> <p>There are currently no similar performance measures with respect to the new DWQARs. Despite this it is important that the District Council includes appropriate</p>	<p>The District Council engaged Matt Molloy Consulting Limited to assess and report on drinking water quality in terms of the relevant performance measures.</p> <p>The assessment was completed in two parts to cover the periods 1 July–31 December 2022 and 1 January–30 June 2023 for the DWS and DWQARs, respectively.</p> <p>We reviewed the drinking water quality performance measures and confirmed as they were consistent with the consultant's findings for both the DWS and DWQARs.</p>

Audit risk/issue	Outcome
<p>performance information about their compliance with the new DWQARs. This performance information will be subject to audit and therefore it is important that the District Council is able to support the performance results that they report.</p>	
<p><b>The risk of management override of internal controls</b></p>	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls.</p> <p>Management are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to treat this as a risk on every audit.</p>	<p>To address this risk, during the audit we:</p> <ul style="list-style-type: none"> <li>• tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;</li> <li>• reviewed audit estimates for bias and evaluated if there was any risk of material misstatement due to fraud from bias; and</li> <li>• evaluated the business rationale of any significant transactions that were outside the normal course of business, or that otherwise appeared to be unusual given our understanding of the Council.</li> </ul> <p>We found no indications of management override that would result in a material misstatement in the financial statements, due to fraud.</p>
<p><b>Grant Funding from Provincial Growth Fund and Three Waters Reform Stimulus</b></p>	
<p>The District Council has agreements in place for funding from Central Government.</p> <p>Projects funded through these Central Government funding agreements include the Wakatu Quay development, the South Bay feasibility study and several water and wastewater improvement projects.</p> <p>These projects will be progressing through different stages and are subject to different contractual requirements.</p> <p>Under the Three Waters 'Better Off' Fund, the District Council was eligible for \$1.55 million now and a further \$4.55 million from 1 July 2024. The District Council has also successfully been granted</p>	<p>We reviewed the status of projects funded via Central Government funding agreements.</p> <p>We confirmed that revenue, deferred revenue, and expenditure have been appropriately accounted for in accordance with the relevant accounting standards.</p> <p>Appropriate disclosures were made throughout the Council Activities statement in relation to the approved funding going forward.</p> <p>The District Council appropriately recognised grant revenue in the annual report.</p>



Audit risk/issue	Outcome
<p>funding under the Kāinga Ora's Infrastructure Acceleration Fund for which \$7.8 million was allocated for Kaikōura.</p>	
<p><b>New accounting standard – First-time adoption of PBE IPSAS 41, <i>Financial Instruments</i></b></p>	
<p>As the District Council is transitioning from PBE IPSAS 29, the transition may result in a number of significant changes.</p> <p>The main changes introduced by PBE IPSAS 41 are that the standard:</p> <ul style="list-style-type: none"> <li>• Introduces a new classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held. This could result in some instruments moving from amortised cost accounting to fair value accounting, or vice versa.</li> <li>• Applies a forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing.</li> <li>• Introduces a hedge accounting model that broadens the hedging arrangements in scope of the guidance and removal of the 80-125% effectiveness "bright line" test. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. Entities that adopt PBE IPSAS 41 have a choice of either adopting the new hedging model of PBE IPSAS 41 or continuing to apply the hedging model of PBE IPSAS 29.</li> <li>• There are also new disclosure requirements as the standards setters believe additional information on risks such as credit risk are increasingly important to users of the financial statements.</li> </ul>	<p>PBE IPSAS 41, <i>Financial Instruments</i> was highlighted as a significant change to the accounting standards in the audit plan.</p> <p>The amendments required by the standard were not reviewed by the Council, nor incorporated into the draft annual report prior to the commencement of the audit. Significant, undue audit effort was required on this area of the financial statements.</p> <p>We acknowledge that changes to accounting standards are an additional cost for the District Council, however section 111 of the Local Government Act 2002 requires the District Council to comply with accounting standards. Section 111(1) states that all information that is required by any provision of this Part or of schedule 10 to be included in any plan, report, or other document must be prepared in accordance with generally accepted accounting practice.</p> <p>As part of the audit process, we endeavour to advise the District Council of upcoming changes, but it remains the responsibility of the District Council to adequately resource and comply with the provisions of the Act.</p>

Audit risk/issue	Outcome
<p>The District Council will need to prepare an analysis of the classification of its financial instruments in terms of the standards and determine the necessary accounting and disclosure adjustments required.</p> <p>The District Council will need to update its accounting policies and disclosures in the financial statements to reflect the adoption of the new standard. The 21J <a href="#">Local authorities model financial statements</a> reflect the early adoption of this standard and provide illustrative disclosures.</p>	
<b>New accounting standard – Adoption of PBE FRS 48, <i>Service Performance Reporting</i></b>	
<p>PBE FRS 48, <i>Service Performance Reporting</i> replaced that part of PBE IPSAS 1, <i>Presentation of Financial Statements</i> that deals with service performance reporting requirements and is effective for annual reporting periods beginning on or after 1 January 2022, that is, for the District Council, it is for the year ending 30 June 2023.</p> <p>The objective of the standard is “to establish principles and requirements for an entity to present service performance information that is useful for accountability and decision-making purposes in a general purpose financial report”. PBE FRS 48 requires an appropriate and meaningful mix of performance measures and/or descriptions, including, where appropriate, measures of both the goods and services provided and of what has been achieved in the District Council’s areas of responsibility.</p> <p>In addition, PBE FRS 48 imposes additional disclosure obligations on entities. For example, paragraph 44 requires an entity to “disclose those judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information reported in accordance with this Standard that are relevant to an understanding of the entity’s service performance information”. Further if the District Council changes what it reports as</p>	<p>We reviewed the District Council’s compliance with the new standard. Revised performance reporting disclosures for the year ending 30 June 2023 were appropriate to comply with the requirements of the accounting standard.</p>

Audit risk/issue	Outcome
service performance information compared to the previous year, then PBE FRS 48 requires the District Council to explain the nature of the changes and their effect.	

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## 4 Assessment of internal control



The Council, with support from management, is responsible for the effective design, implementation, and maintenance of internal controls. During our audit, we considered the internal control relevant to preparing the financial statements and the service performance information. We reviewed internal controls relevant to the audits to design audit procedures that are appropriate in the circumstances. Our findings related to our normal audit work and may not include all weaknesses in internal controls.

### 4.1 Control environment

The control environment reflects the overall attitudes, awareness, and actions of those involved in decision-making in the organisation. It encompasses the attitude towards the development of accounting and performance estimates and its external reporting philosophy and is the context in which the accounting system and control procedures operate. Management, with the oversight of the Council, need to establish and maintain a culture of honesty and ethical behaviour through implementation of policies, procedures, and monitoring controls. This provides the basis to ensure that the other components of internal control can be effective.

We performed a high-level assessment of the control environment, risk management process, and monitoring of controls relevant to financial and service performance reporting. We considered the overall attitude, awareness, and actions of the District Council and management to establish and maintain effective management procedures and internal controls.

No matters have come to our attention that we consider would affect the culture of honesty and ethical behaviour of the District Council. The elements of the control environment provide an appropriate foundation for other components of internal control.

### 4.2 Internal controls

Internal controls are the policies and processes that are designed to provide reasonable assurance as to the reliability and accuracy of financial and non-financial reporting. These internal controls are designed, implemented, and maintained by the Council and management.

We reviewed the internal controls, in your information systems and related business processes. This included the controls in place for your key financial and non-financial information systems.

We identified areas detailed below where we believe processes can be improved. We have also set out the status of internal control matters from previous years' reports to the Council in Appendix 1.

## 4.3 Contract variations

### Background

We reviewed a sample of capital projects in progress at balance date including the Resource Recovery Centre development and Waiau Toa bridge replacement. As part of our review, we compared expenditure to the contract documentation and found both projects were deficient in documenting variations to the original contracts.

The Resource Recovery Centre was tendered and awarded to a local contractor to complete the earthworks component of the project. The tender was presented on the basis that there would be additional construction work required and tenderers should include a schedule of unit rates for additional work.

However, there is limited documentation to support variations for additional work required to complete the Resource Recovery Centre. We were advised additional work was informally agreed with the contractor based on the unit rates in the original contract. Our expectation is for variations to be negotiated and contracts agreed for each stage of the project.

The Waiau Toa bridge replacement project has been ongoing for several years and has encountered considerable delays resulting in additional work required by the main professional services consultant. We understand there has been one variation to the original contract but there is no other contractual documentation supporting the variation limit that has been exceeded. This is a complex project with multiple parties and interest groups involved in the outcome.

We understand that it is not the Council's usual practice to have contract variations for professional services but encourage the Council to have clear documentation in place agreeing any change in deliverables, timing and revised cost projections for professional services contracts.

### Recommendation

Contract variations be formally documented and signed by all parties.

### Management comment

*The issues raised – and particularly in respect of the Resource Recovery Centre – are considered to be very valid, and have probably resulted in non-optimal outcomes for council. Whilst it is believed that some projects are dynamic and that as such it is sometimes difficult to specify the scope of contract variations in a completely definitive manner, it is recognized that significant improvement is achievable on previous council practice in this respect. Efforts are being made to have more structured management of projects and associated contracts, and it is intended that Council obtains additional suitably capable human resource to assist in achieving this. To substantiate this we have worked through new project reporting templates to be presented to management as well as project checklists created to guide and assist project managers in respective requirements/obligations for sound project management practice including improved contract management.*

#### **4.4 Review of draft financial statements and performance information**

The quality of the draft annual report and supporting documentation received at the commencement of the audit had a significant impact on audit efficiency.

The internal project plan for the preparation of the annual report did not provide sufficient time for a detailed internal review and quality assurance process. In addition, matters noted in the Audit Plan were not fully considered. The first draft required considerable adjustments, including figures which did not correctly flow through the financial statements and notes.

A thorough internal review of the annual report is required to ensure accuracy, completeness and consistency of information included in the financial statements and performance information.

This issue arises, at least in part, from the manual entry of information within the financial statements. We recommend management explore the various tools available in Microsoft Excel and Word to eliminate double entry of information between applications.

##### **Recommendation**

A project plan approach to the preparation of the annual report be undertaken which ensures that all relevant information (including that from external parties) is available on a timely basis to support the preparation of an accurate and complete annual report. Adequate time is allocated for a thorough review of the financial statements, including correction of errors identified, prior to the commencement of the audit.

Management explore alternative tools available to compile the financial statements and other performance information.

##### **Management comment**

*Management agrees with the above and taking resource availability into account a scaled down audit plan (leveraging CCC audit plan) will be used to ensure appropriate time for internal review is in place. KDC is going to be implementing the PwC Value Financials auditing tool which is expected to create time efficiencies through automation of approx. 80% of the notes through to financial statements. This time saving can then be used for review*

#### **4.5 Communication of fraud policy**

##### **Background**

The review of the fraud policy found it is appropriate for the size of the District Council, but staff awareness is limited. Staff are consulted every three years when a policy is reviewed but there is no reminder of the fraud process or other policies in the intervening years.

It would be beneficial for management to periodically reiterate policy requirements, particularly those that are unique to the public sector environment. This reinforces the expectations of the Council to staff and enhances the existing control environment.

**Recommendation**

Management regularly communicates policies unique to the public sector to staff.

**Management comment**

*Noted, management will work with the executive support office to create a system that shares relevant policies on a set frequency e.g. half yearly. At a minimum we propose reminding staff to familiarise themselves with policies on a quarterly basis*

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## 5 Other audit findings

### 5.1 Harbour asset valuation

#### Background

External valuers were engaged to undertake a valuation of harbour assets for insurance purposes and a decision was later made to change the accounting treatment of harbour assets in the financial statements. The draft financial statements included a change in accounting policy to account for harbour assets at fair value instead of cost and included a significant increase in the value of these assets at 30 June 2023.

The Council did not signal the above intention through discussions prior to the commencement of the audit, nor through the Audit Plan. Additional, unplanned, audit effort was required to audit the valuation. In addition, management did not fully consider the impact of this decision, including the need to conduct annual fair value assessments, and undertake future revaluations, where the carrying amount of harbour assets differs from the fair value.

We found the valuation did not meet the requirements of PBE IPSAS 17, *Property, Plant and Equipment* as it did not include all assets within the harbour asset class. The valuation excluded the South Bay wharf and jetty assets. Management subsequently reverted to carrying the harbour assets at cost.

The valuation however did identify Wakatu Quay harbour assets valued at \$2.3 million that had not previously been included in the asset register. These assets were recognised in the financial statements as revenue and treated as an addition to harbour assets.

#### Recommendation

Changes in accounting policies be reviewed against the relevant accounting standard prior to implementation.

#### Management comment

*Noted, time for these reviews will be brought into the audit plan*

### 5.2 Review of capital work in progress

#### Background

Capital expenditure on the Wakatu Quay development was appropriately recorded as capital work in progress during the financial year.

We identified capital expenditure of \$453,000 to restore the seawall which was completed in May 2023 but remained classified within work in progress at year end. A year-end review of work in progress is required to recognise assets or identifiable project stages, as they are completed, to ensure assets are capitalised in the correct financial period.



### **Recommendation**

Capital work in progress be reviewed at year end to identify completed projects, or identifiable project stages, to be capitalised.

### **Management comment**

*Noted, as noted for the contract variation recommendation Council is implementing new templates and checklist to improve overall project and related processes*

## **5.3 Roading and three waters depreciation rates**

### **Background**

During our review of property, plant, and equipment, we found roading, and three waters depreciation rates had been incorrectly calculated. Depreciation rates for revalued assets are expected to be based on useful lives from the most recent valuation.

Depreciation rates had been calculated for each major asset category based on the valuation but using the incorrect data. The result overstated the depreciation expense and while not material in the current year will have a cumulative effect and may be material in future years.

Depreciation rate calculations for roading and three waters assets should be calculated as annual depreciation divided by replacement cost. This results in a percentage rate for each major asset category based on the total life of the asset.

### **Recommendation**

Roading and three waters depreciation rates be correctly calculated and applied from the 2024 financial year.

### **Management comment**

*We understand in conversation with Audit that this finding was not material. The impact affecting the depreciation rate in the financial statements rather than the actual depreciation charge which was correct. The team are aware of the calculation required and will action going forward.*

## **5.4 Breach of Local Government Members (2022/23) Determination 2022**

### **Background**

We reviewed remuneration payments to elected members against the Local Government Members (2022/23) Determination 2022 and total payments to some elected members breached the Determination. Further investigation identified the back pay calculation after the October 2022 election was incorrect and this was not detected as part of the internal review process.

Appropriate disclosure was made in notes to the financial statements regarding the breach of legislation and the recoverable amount from each elected member. At the time of the audit, elected members were yet to confirm their repayment terms.

We remind the District Council that any amount outstanding on future balance dates will need to be reflected in the related party note.

#### **Recommendation**

Outstanding balances due by elected members be disclosed within the related party note.

#### **Management comment**

*Recommendation accepted*

## **5.5 Rates assessment and invoice**

### **Background**

We selected combined rates assessments and invoices for the 2022/23 year and reviewed these against the requirements contained in section 45 of the Local Government (Rating) Act 2002.

We found the rates invoice itemises each rate and the units applicable to the rateable property, but it does not include the differential category (where applicable) or the unit description. Management advised that the Ozone system is not able to include the category or unit description (referred to as the factor in the Act) in the invoice template but will consider this for the first 2024 rates invoice.

We also noted that the penalty date, to apply the additional 10% penalty on all previous year's rates unpaid in the combined rates assessment and invoice, did not agree with the rating resolution and annual plan (that is 20 July and 20 January respectively compared to 25 July and 25 January, respectively). A thorough review of all documents is required to ensure consistency and accuracy.

When local authorities do not comply with the Local Government (Rating) Act there is a risk the rates strike may not be legal, and rates may not collectable. Management have taken a practical approach to system problems, but we suggest these practices be independently reviewed to ensure compliance with the Act.

### **Recommendation**

Legal advice be obtained to support practices where the District Council is unable to comply with the Local Government (Rating) Act to ensure the rates strike is valid and rates are collectable.

**Management comment**

*We have found possible fields in the Ozone system that could be used to identify the differential category and rating factors and will test these for the fourth rates instalment. Failing this, we will have to send a separate rates assessment rather than a combined assessment/invoice. For penalty dates, the invoice templates have been corrected since the misalignment was discovered*

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## 6 Public sector audit



The District Council is accountable to their local community and to the public for its use of public resources. Everyone who pays taxes or rates has a right to know that the money is being spent wisely and in the way the District Council said it would be spent.

As such, public sector audits have a broader scope than private sector audits. As part of our audits, we have considered if the District Council has fairly reflected the results of its activities in its financial statements and non-financial information.

We also consider if there is any indication of issues relevant to the audits with:

- compliance with its statutory obligations that are relevant to the annual report;
- the District Council carrying out its activities effectively and efficiently;
- the District Council incurring waste as a result of any act or failure to act by a public entity;
- any sign or appearance of a lack of probity as a result of any act or omission, either by the District Council or by one or more of its members, office holders, or employees; and
- any sign or appearance of a lack of financial prudence as a result of any act or omission by a public entity or by one or more of its members, office holders, or employees.

We found no issues that need to be brought to the District Council's attention.

## 7 Group audit



The District Council Group is comprised of Innovative Waste Kaikōura (IWK) and Kaikōura Enhancement Trust (KET).

We have not identified any of the following during our audit for the year ended 30 June 2023:

- Instances where our review of the work of component auditors gave rise to a concern about the quality of that auditor's work.
- Limitations on the group audit.
- Fraud or suspected fraud involving group management, component management, employees with significant roles in group-wide controls, or others where the fraud resulted in a material misstatement of the group financial statements.

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## 8 Useful publications



Based on our knowledge of the District Council, we have included some publications that the Council and management may find useful.

Description	Where to find it
<b>Performance reporting</b>	
Public organisations are responsible for reporting their performance to Parliament and the public in a way that meaningfully reflects their organisation's aspirations and achievements. The Auditor-General published a discussion paper that explores five areas for improvement in performance reporting.	On the Office of the Auditor-General's website under publications.  Link: <a href="#">The problems, progress, and potential of performance reporting</a>
<b>Local government risk management practices</b>	
The Covid-19 pandemic is a stark reminder for all organisations about the need for appropriate risk management practices. In our audit work, we often see instances where councils do not have effective risk management. This report discusses the current state of local government risk management practices and what councils should be doing to improve their risk management.	On the Office of the Auditor-General's website under publications.  Link: <a href="#">Observations on local government risk management practices</a>
<b>Public accountability</b>	
Public accountability is about public organisations demonstrating to Parliament and the public their competence, reliability, and honesty in their use of public money and other public resources. This discussion paper explores how well New Zealand's public accountability system is working in practice.	On the Office of the Auditor-General's website under publications.  Link: <a href="#">Building a stronger public accountability system for New Zealanders</a>
<b>Setting and administering fees and levies for cost recovery</b>	
This good practice guide provides guidance on settings fees and levies to recover costs. It covers the principles that public organisations should consider when making any decisions on setting and administering fees and levies. It also sets out the matters public organisations should consider when calculating the costs of producing goods or providing services and setting charges to recover those costs.	On the Office of the Auditor-General's website under publications.  Link: <a href="#">Setting and administering fees and levies for cost recovery: Good practice guide</a>

Description	Where to find it
<b>Managing conflicts of interest involving council employees</b>	
<p>This article discusses findings across four councils on how conflicts of interest of council employees, including the chief executive and staff, are managed.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: <a href="#">Getting it right: Managing conflicts of interest involving council employees</a></p>
<b>Establishing a new “public entity”</b>	
<p>This document is for people making policy decisions about establishing a new public entity. It sets out questions to help you consider what accountability requirements a new public entity should have.</p>	<p>On the Office of the Auditor-General’s website under publications.</p> <p>Link: <a href="#">Accountability requirements to consider when establishing a new “public entity”</a></p>
<b>Model financial statements</b>	
<p>Our model financial statements reflect best practice we have seen. They are a resource to assist in improving financial reporting. This includes:</p> <ul style="list-style-type: none"> <li>• significant accounting policies are alongside the notes to which they relate;</li> <li>• simplifying accounting policy language;</li> <li>• enhancing estimates and judgement disclosures; and</li> <li>• including colour, contents pages and subheadings to assist the reader in navigating the financial statements.</li> </ul>	<p>Updated model financial statements will be released for the year ending 30 June 2024.</p> <p>Link: <a href="#">Model financial statements</a></p>
<b>Sensitive expenditure</b>	
<p>The Auditor-General’s good practice guide on sensitive expenditure provides practical guidance on specific types of sensitive expenditure, outlines the principles for making decisions about sensitive expenditure, and emphasises the importance of senior leaders “setting the tone from the top”. It also describes how organisations can take a good-practice approach to policies and procedures for managing sensitive expenditure.</p>	<p>On the Office of the Auditor-General’s website under good practice.</p> <p>Link: <a href="#">Sensitive expenditure</a></p>

Description	Where to find it
<b>Severance payments</b>	
<p>Because severance payments are discretionary and sometimes large, they are likely to come under scrutiny. The Auditor-General has released updated good practice guidance on severance payments. The guide is intended to help public sector employers when considering making a severance payment to a departing employee. It encourages public organisations to take a principled and practical approach to these situations. The update to the 2012 good practice guidance reflects recent case law and changes in accounting standards.</p>	<p>On the OAG’s website under 2019 publications. Link: <a href="#">Severance payments</a></p>
<b>The Auditor-General’s report on the results of recent audits</b>	
<p>The OAG publishes a report on the results of each cycle of annual audits for the sector.</p>	<p>On the OAG’s website under publications. Links: <a href="#">Local government 2019/20 audits</a> <a href="#">Observations on the 2021-2031 consultation documents</a></p>
<b>Procurement</b>	
<p>The OAG are continuing their multi-year work programme on procurement.</p> <p>They have published an article encouraging reflection on a series of questions about procurement practices and how processes and procedures can be strengthened.</p> <p>Whilst this is focused on local government, many of the questions are relevant to all types of public sector entities.</p>	<p>On the OAG’s website under publications. Links: <a href="#">Strategic suppliers: Understanding and managing the risks of service disruption</a> <a href="#">Getting the best from panels of suppliers</a> <a href="#">Local government procurement</a></p>



# Appendix 1: Status of previous recommendations

## Open recommendations

Recommendation	First raised	Status
<b>Urgent</b>		
<b>Performance information</b>		
<p>Improve the Ozone system processes and controls to ensure the District Council can report against its service request performance measures. Key improvements include:</p> <ul style="list-style-type: none"> <li>record all service requests from all contractors, and complaints from all sources;</li> <li>add a field and record the 'site arrival time' for service requests; and</li> <li>ensure the "date completed" field matches the date and time the contractor resolved the fault or interruption.</li> </ul>	2018/19	<p><b>Progress made</b></p> <p>The Adapt system has been operating for three years but is not collecting the data required to accurately report against performance targets.</p> <p>As noted in section 2, efforts to use the Customer Service Request module of Adapt has been abandoned in favour of a manual spreadsheet system.</p> <p>The new system was implemented at the end of the financial year and recommendations for improvement made. The Council and associated CCO will be utilising the spreadsheet system for reporting service requests and complaints in the annual report for the year ended 30 June 2024.</p> <p><b>Management comment</b></p>
<b>Necessary</b>		
<b>Infrastructure asset revaluation</b>		
<p>Review the current valuation process and consider the efficiency and effectiveness of an independent valuer completing the valuation followed by a staff review.</p> <p>Three Waters asset quantities in the valuation report should be confirmed to the asset management systems for completeness.</p> <p>Unit rates to be based on contractor costs/actual costs from recent contracts.</p> <p>Recommendations from the peer reviewer, WSP, be implemented to</p>	2021/22	<p>An infrastructure asset revaluation was not required in the 2022/23 financial year.</p> <p>Progress will be reviewed when infrastructure assets are next revalued.</p>

Recommendation	First raised	Status
improve the accuracy of future valuations and ensure that the assumptions, which are used, are aligned to the conditions in the district.		
<b>Accounts payable masterfile access</b>		
Accounts payable masterfile access be limited to staff who are not bank signatories.	2021/22	<p><b>Progress made</b></p> <p>No progress has been made.</p> <p><b>Management comment</b></p>
<b>Council controlled organisations (CCO)</b>		
Publish all council-controlled organisations' Statement of Intent, Annual Report, and half yearly report on the District Council's website within one month of receiving it.	2019/20	<p><b>Progress made</b></p> <p>No progress has been made.</p> <p><b>Management comment</b></p> <p><i>Management is taking legal and taxation advice as to the best solution for both CCO's – the Kaikōura Enhancement Trust and Innovative Waste Kaikōura Ltd. PwC has been engaged for this scope of work.</i></p> <p><i>Note that delays in finalising the audit has been an issue for KET for several years. 2022 is currently being finalised now as at June 2023 with Audit NZ.</i></p>
<b>Reporting to Council – service performance</b>		
<p>Reinstate reporting to Council on non-financial information.</p> <p>We recommend reporting is performed on a quarterly basis.</p>	2018/19	<p><b>Matter outstanding</b></p> <p>No progress at this stage, the new adapt system is live, however Council has prioritised other areas, and equipment and training is required to ensure customer requests and logging of information is accurately captured.</p> <p><b>Management comment</b></p> <p><i>This is now performed on a half yearly basis with improvements incremental at each review. Some items are likely to remain a focus area as we progress the 2022/23 annual report.</i></p>

Recommendation	First raised	Status
<b>Sensitive expenditure policy</b>		
<p>Implement sensitive expenditure policies that are in line with Auditor-General's good practice guidelines and consider bribery and corruption. Key improvements include implementing policies on:</p> <ul style="list-style-type: none"> <li>• credit card usage;</li> <li>• council motor vehicle usage; and</li> <li>• entertainment, hospitality and gifts.</li> </ul> <p>We also recommend the Travel and Accommodation policy is reviewed to bring it in line with OAG guidance.</p>	2016/17	<p><b>Matter outstanding</b></p> <p>The sensitive expenditure policy be reviewed against OAG best practice guidance. In particular, expense reimbursement or credit card expenditure be subject to one-up review after the expense is incurred. The Chief Executive would be reviewed by the Mayor and the Mayor by the Audit and Risk Committee Chair.</p> <p>The Council's current process is that expense reimbursement and credit card expenditure be approved by a staff member with an appropriate level of delegation as for any other supplier payment. However, this does not address the imbalance in authority between Council roles and may be ineffective.</p> <p><b>Management comment</b></p> <p><i>The Sensitive Expenditure policy has been fully reviewed and adopted by Council. This includes guidance on travel and accommodation.</i></p> <p><i>Delegated approvals will be reviewed in line with the above recommendation to address any potential imbalance in authority.</i></p>

### Implemented or closed recommendations

Recommendation	First raised	Status
<b>Urgent</b>		
<b>Setting of fees and charges</b>		
<p>Establish a review process to ensure fees and charges established in the annual plan are set up correctly within the District Council's systems.</p>	2018/19	<p><b>Progress made</b></p> <p>The Finance Team have implemented a checklist. However, during the 2021 audit, three samples of fees charged during the period did not agree to the annual plan. These related to slipway fees, building exemption fees and pensioner housing.</p>

Recommendation	First raised	Status
		<p>During the 2022 audit, one instance was noted where the Fees and Charges Schedule 2021-22 was not updated for pensioner housing rental increases.</p> <p><b>Management comment</b></p> <p><i>Pensioner housing rental charge updates fall outside the audit statutory timeframes for the annual plan, the District Council will, where possible ensure all fees are updated per statutory timelines.</i></p>
<b>Necessary</b>		
<b>Bank reconciliation review and preparation</b>		
We recommend that the District Council prepare and review bank reconciliations in a timely manner and evidence with dates as form of evidence.	2020/21	<p><b>Closed 2022/23</b></p> <p>During the 2023 audit we found bank reconciliations were being completed and reviewed in a timely manner.</p>

### Recommendations where management accepts risk

Recommendation	First raised	Status
<b>Necessary</b>		
<b>Access levels within the Ozone modules</b>		
Review access levels within the Ozone modules on a regular basis and confirm these are consistent with the Delegation policy.	2018/19	<p><b>Management accepts the associated risk</b></p> <p>We compared the delegation policy to the delegations set within Ozone. Four persons have lower delegation in Ozone compared to policy. Not consistent with policy but since they are lower there is no audit risk.</p> <p>Regular review is not considered necessary due to the low staff levels, and lower turnover, management are in touch with when people join the organisation or change roles.</p>

Recommendation	First raised	Status
<b>Independent review of journal entries</b>		
Independently review all journals, including those that have been edited after they have been through the approval process.	2019/20	<p><b>Management accepts the associated risk</b></p> <p>The Finance Manager and Management Accountant are aware of this risk and avoid amending journals after posting unless considered necessary (such as a miscoding within the journal). A journal register is kept showing supporting documents and reconciliation workings for each journal, and if a journal is amended subsequent to posting, a “before” and “after” screenshot of the journal is taken with a reason for the amendment.</p>

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## Appendix 2: Corrected misstatements

### Corrected Financial Misstatements

	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
Asset revaluation reserve	1			7,524	
Harbour assets		(7,524)			
Harbour assets	2	2,297			
Vested asset revenue					(2,297)
Harbour assets – sea wall restoration	3	453			
Capital work in progress		(453)			
Landfill aftercare provision – non current	4		1,193		
Landfill aftercare provision – current			(580)		
Gain from landfill provision change in estimate					(576)
Depreciation – Landfill asset					(37)
Capital work in progress	5	318			
Accruals			(318)		
Trade receivables	6	182			
Revenue – Fees and charges					(158)
GST				(24)	
Movement in provision for impairment and expected credit losses (expense)	7				162
Public equity				12	
Expected credit losses for other receivables		(174)			

	Reference	Assets	Liabilities	Equity	Financial performance
		Dr (Cr)	Dr (Cr)	Dr (Cr)	Dr (Cr)
MRF Forestry Gains	8				217
Asset revaluation reserve				(188)	
ECAN share of MRF			(29)		
Accounts payable	9		114		
Prepayments		(114)			
<b>Total parent</b>		<b>(5,015)</b>	<b>356</b>	<b>7,348</b>	<b>(2,689)</b>
<b>Total group</b>		<b>(5,015)</b>	<b>356</b>	<b>7,348</b>	<b>(2,689)</b>

### Explanation of corrected misstatements

- 1 To reverse the harbour asset valuation conducted for insurance purposes. Harbour assets are recognised at cost in terms of the financial accounting policy.
- 2 To recognise Wakatu Quay assets identified through the harbour valuation that had not previously been included in the asset register. These assets include sea walls, the north wharf, and parking areas.
- 3 To transfer completed major sea wall restorations at Wakatu Quay from work in progress to harbour assets.
- 4 To correct the landfill aftercare provision based on current aftercare costs and revised area. The revised area has reduced due to the rehabilitation of land for the resource recovery centre development completed during the financial year.
- 5 To accrue the purchase of rocks for Waiau Toa Clarence Valley bridge replacement incurred at year end.
- 6 To accrue the amount owing by Encounter Kaikōura for outstanding invoices on jetty repairs completed by the District Council.
- 7 To provide for impairment of other receivables in accordance with PBE IPSAS 41 *Financial Instruments*.
- 8 To correct the accounting treatment of the MRF land revaluation and reflect it as a gain on asset revaluation through other comprehensive revenue and an increase in asset revaluation reserves.
- 9 To correct the journal entry to remove invoices relating to 2023/24 from the financial statements.

## Corrected disclosure deficiencies

Detail of disclosure deficiency
<p><b>Statement of cash flows</b></p> <p>Corrected capital grants received for purchase of assets to reflect capital grants received in advance of the work being undertaken of \$925,000.</p> <p>Corrected closing cash balance to agree to cash and cash equivalents in the Statement of Financial Position.</p> <p>Purchase of property, plant and equipment and payments to suppliers corrected to reflect \$409,000 of capital related creditors at balance date.</p>
<p><b>Funding impact statements</b></p> <p>Added Whole of Council funding impact statement to financial statements and classification error in capital expenditure corrected.</p> <p>Corrected Community Facilities funding impact statement to exclude vested assets and amend Note 1 reconciliation to Statement of Comprehensive Revenue and Expense.</p>
<p><b>Financial instruments and Receivables – policies and notes 14 and 29</b></p> <p>Include all narrative and financial disclosures required by PBE IPSAS, 41 <i>Financial Instruments</i>.</p>
<p><b>Revaluation policy</b></p> <p>Corrected narration to state depreciated replacement cost is used to determine the fair value where market-based evidence is not available or sufficiently reliable.</p>
<p><b>Harbours valuation accounting policy and notes 7, 14, 20 and 27</b></p> <p>Remove all disclosures relating to the harbour’s asset valuation undertaken for insurance purposes.</p>
<p><b>Marlborough Regional Forestry land revaluation</b></p> <p>Updated for valuation and changes to all notes including MRF balances.</p>
<p><b>Note 19 Investment property</b></p> <p>Corrected narrative to reflect latest dates of valuations.</p>
<p><b>Note 20 Property, plant and equipment</b></p> <p>Corrected the restricted land value in narrative to exclude MRF land and improvements.</p>
<p><b>Note 20 Core infrastructure asset disclosures</b></p> <p>Corrected to include additions during the 2023 financial year.</p>
<p><b>Note 24 Borrowings</b></p> <p>Update prior year comparatives to 2022 figures.</p>



Detail of disclosure deficiency
<p><b>Note 25 Provisions</b></p> <p>Update the current and non-current disclosure to reflect the expenditure expected to be incurred during 2023/24.</p> <p>Update discount rates and inflation to 2023 values.</p>
<p><b>Note 28 Remuneration</b></p> <p>Corrected band parameters, update full-time equivalent numbers and report severance payment.</p> <p>Corrected Chief Executive remuneration to 2023 amount.</p> <p>Corrected elected members table to include councillors who were not re-elected in October 2022.</p> <p>Corrected key management personnel total remuneration and full-time equivalent number.</p>
<p><b>Note 32 Related party transactions</b></p> <p>Corrected to include loan to Innovative Waste Kaikōura.</p> <p>Corrected KET audit fee paid by the District Council.</p> <p>Corrected to include amounts owed by elected members at balance date.</p>
<p><b>Note 33 Commitments as lessee, and contingent liabilities</b></p> <p>Capital commitments table added to reflect capital work in progress at balance date where the District Council has a contract in place to complete the work.</p>
<p><b>Note 34 Commitments as lessor, and contingent assets</b></p> <p>Updated for 2023 amounts.</p>
<p><b>Note 36 Explanations of major variations against budget</b></p> <p>Corrected inconsistencies between narrative and financial statements.</p>
<p><b>Group disclosure</b></p> <p>Corrected inconsistencies between financial statements and notes.</p>

## Corrected performance reporting misstatements

Detail of misstatement
<p><b>PBE FRS48 changes to performance information</b></p> <p>Statement of compliance amended to include reference to performance information.</p> <p>Enhanced disclosures to Contextual Information.</p> <p>Added disclosure on judgements that have a significant effect on selection, measurement, aggregation, and presentation of performance information.</p> <p>Community outcomes from LTP incorporated into each Group of Activities to provide context to performance targets and how the reported performance contributes to these outcomes.</p>

### Detail of misstatement

#### **Roading – Smooth Travel Exposure / NAASRA roughness survey**

Additional narrative added to explain why this measure was not reported against in 2022/23.

#### **Water supplies – Compliance with NZ Drinking Water Standards**

Additional narrative added to explain why Treatment Plant protozoa compliance not achieved for each supply.

Complaints received corrected to state “Incomplete” for all water quality measures.

#### **Wastewater/Stormwater – Abatement notices**

Additional narrative to explain the reasons for the abatement notices received.

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## Appendix 3: Disclosures

Area	Key messages
Our responsibilities in conducting the audit	<p>We carried out this audit on behalf of the Controller and Auditor-General. We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001.</p> <p>The audit of the financial statements does not relieve management or the Council of their responsibilities.</p> <p>Our audit engagement letter contains a detailed explanation of the respective responsibilities of the auditor and the District Council.</p>
Auditing standards	<p>We carried out our audit in accordance with the Auditor-General's Auditing Standards. The audit cannot and should not be relied upon to detect all instances of misstatement, fraud, irregularity or inefficiency that are immaterial to your financial statements. The District Council and management are responsible for implementing and maintaining your systems of controls for detecting these matters.</p>
Auditor independence	<p>We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): <i>Code of Ethics for Assurance Practitioners</i>, issued by New Zealand Auditing and Assurance Standards Board.</p> <p>Other than the audit, we have no relationship with, or interests in, the District Council or its subsidiaries.</p>
Fees	<p>The audit fee for 2023 is \$137,000 as detailed in our audit proposal letter.</p> <p>Other fees to be charged in the period relate to the assurance review of the Debenture Trust Deed.</p>
Other relationships	<p>We are not aware of any situations where a spouse or close relative of a staff member involved in the audit occupies a position with the District Council or its subsidiaries that is significant to the audit.</p> <p>We are not aware of any situations where a staff member of Audit New Zealand has accepted a position of employment with the District Council or its subsidiaries during or since the end of the financial year.</p>

# AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Level 3, 335 Lincoln Road  
PO Box 2, Christchurch 8140

[www.auditnz.parliament.nz](http://www.auditnz.parliament.nz)



<b>Report to:</b>	<b>Council</b>	<b>File #</b>
<b>Date:</b>	24 April 2024	
<b>Subject:</b>	Community Services Team Update	
<b>Prepared by:</b>	S Haberstock – Community Services Manager	
<b>Input sought from:</b>	Community Services Team and partners	
<b>Authorised by:</b>	P Kearney – Senior Manager Corporate Services	

## 1. SUMMARY

The purpose of this report is to keep the Mayor and Councillors informed of the activities delivered by the Community Services Team and collaborations with the Kaikōura community. The report this month includes the following activity updates for March/April:

- 1) Community Development
  - a. Community Development and Community Groups
  - b. Events
  - c. Grants
  - d. Te Hā o Mātauranga
  - e. Sport Tasman
  - f. Kaikōura Health – Te Ha o te Ora

- 2) Kaikōura Emergency Management
- 3) Library Dashboard

## 2. RECOMMENDATION

It is recommended that this report is received for information.

## 3. ACTIVITY UPDATES

### 1) Community Development

#### ***a. Community Development and Community Groups***

##### ***Pensioner Housing***

The new heat pumps are being enjoyed by residents in units 1 – 8 with lots of positive feedback. We have one tenant vacating this month and another who has advised that he will be vacating in coming months due to deteriorating health. We currently have eleven people on the waiting list.

##### ***Aging Well Kaikōura***

The Aging Well Kaikōura group is continuing their work and discussions around housing and wellbeing for the older people in our community. We are preparing to advertise to find a suitable person who can undertake a feasibility study and write an Age Friendly Strategy using the funding received from Office for Seniors Age Friendly Fund.

##### ***Takahanga Courts Redevelopment***

Work continues in obtaining alternative quotes for the redevelopment work at Takahanga Courts. The intention is to have prices back by the end of April that will then allow additional funding applications to be made. Catch ups have been scheduled to keep Users Group/Sports Clubs up to date on progress.

##### ***Community Networkers***

This monthly hui held every second Tuesday is now based at Heartlands -Te Whare Putea after being held at the Memorial Hall Supper Rooms for over 20 years. The first hui for 2024 was held on 13

February with 16 social service organisations present, including individuals, government agencies and community groups from both within and external to Kaikōura.

### ***Te Whare Putea (TWP)***

Financial Capability

This service continues to be in high demand. TWP has reapplied for the Financial Capability Funding and advised that the outcome will be available in the coming weeks.

### ***Heartlands***

The Heartlands office is developing into a true community space where people can drop in and ask questions. They hosted their first monthly Community BBQ on Thursday 12 April 2024. This will be held every second Thursday of the month from 11-1pm and everyone is invited.

### ***Food Bank***

With an 'Op Shop' grant, TWP will be providing school lunches. The community can pop into TWP on Mondays and gather food items to for children's school lunches.

In collaboration with New World Kaikōura, there is the opportunity for our community to donate \$20 towards food items.

### ***Housing***

MSD were providing Emergency Housing funding to assist Kaikōura situations, Te Whare Putea has been advised that that funding is come to an end.

### ***Food Reliance and Resilience***

The discussion with the Client Service Operations Manager for Marlborough and Kaikōura (Donna) included access to resources that could assist our community with the growth, education, and provision of food - 'food from the ground to the table'. Donna is very receptive and keen to further discussions. At this stage there is planning, identifying stakeholders, and developing a pathway for this body of work. This is in line with training programmes for MSD clients.

### ***Te Puna Reo o te Ahi Kaikōura a Tama ki te Rangī***

This is the first Puna Reo to be established in North Canterbury, from Kaikōura to Waimakariri and to the West Coast. The Puna is a whanau orientated early learning, care, and language centre providing bilingual acquisition of another language. Dedicated to Te Ao Māori but not 'hard and fast'. A place of cultural safety for all our community where the Kaupapa is very much focused on tamariki and the whanau promoting te reo and tikanga Māori in all centre activities.

### ***Maata Waka o Kaikōura***

Another Community-Led Kaupapa and Ari Boyd is the lead. Her standing in the community includes Whanau Ora Navigator, Kaikōura Māori Wardens (Co-ordinator) and sits on various community committees. A database is being developed and updated daily as we work through identifying people in our community who do not whakapapa to Ngāti Mamoe, Ngāti Kura, Ngai Tahu but choose to live and contribute to Kaikōura. They are very interested in gathering and being part of supporting the local iwi and the community, and the opportunity to have a voice with community issues.

### ***Te Tai o Marokura***

A 'Health Day at the Pa' at Takahanga Marae on Thursday 18 April 2024. There will be free immunisations and vaccines for all the family.

## ***b. Events***

### ***The Big Clothing Giveaway***

We assisted Plunket/Eco Art with their annual clothing exchange event that has been running for 10 days over April at the Memorial Hall. It garnered a fantastic response and was hugely valuable for our community – reusing and recycling children’s clothes and assisting those in need.

### ***Matariki Community Event***

Planning has begun for a night market style event on Thursday 4th July, collaborating with schools and other community groups. More information to come.

## ***c. Grants***

### ***Sports NZ***

- Total of 4 active projects received to date, for 2023-2024
- Next hui (the last for 2023-2024) is scheduled for 5 June 2024

The annual allocation along with a special one-off payment from Sport NZ, plus an amount rolled over (approved by Sport NZ), our total for 2023-2024 was \$19,824.41. The committee discussed and unanimously agreed to 2 funding rounds for 2023-2024, instead of the usual single round for the year. Four applications were received and approved after the two scheduled assessment hui with resulted with a balance of \$7,346.41 remaining. After much discussion, it was decided to schedule a third assessment hui for 2023-2024, this is scheduled for 5 June 2024.

### ***Creative Communities Scheme***

- Total of 12 projects remain active for 2023-2024.
- We have received a total of 2 queries plus 8 projects that were approved throughout the three rounds completed to date.
- 1 project was cancelled by the applicant and the funds were returned and added to the balance of funding available for round.
- The next scheduled hui is planned for 8 May 2024 (Round 4, final for 2023-2024). We have received 4 applications that are ready to be presented to the assessment committee to consider.

The annual allocation along with a special one-off payment from Creative NZ was received for 2023-2024. The special one-off payment was to be utilised for existing festivals/events that were affected because of Covid 19. The bulk of this funding was approved and allocated for the Christmas Festival Celebration that included a month-long programme of community led events culminating in a community wide celebration day.

### ***George Low Fund***

- We have 3 active projects.
- The next assessment hui will be scheduled for 2024-2025, to be confirmed and will be posted on KDC’s website.

### ***Community Initiative Fund***

- We have 6 active projects.
- The community fund is now closed for 2023-2024. The scheduled dates for 2024-2025, to be confirmed and will be posted on KDC’s website.

***d. Te Hā o Mātauranga***

***Youth Development***

- *Lateral Youth* - A successful term running from 4pm - 5.30pm instead of 5pm - 7pm. This group has attracted the younger age group - mainly year 7 and 8 students. Lateral Youth is having a break for term 2 and will be back again in term 3.
- *Lunchtime at the High school* - has continued throughout the term and is working well.
- *Puhipuhi camp* - a small group of young people were taken on another overnight camp to Puhipuhi Peaks in March.

***Upcoming Events –***

- The Fishing Club has planned a trip to the Marlborough Sounds to go fishing from a barge a month’s time.
- Two rafting trips with Clarence River Rafting
- A 3-day camp with Boyle River Activity Centre with targeted young people
- Zipline - targeted young people
- SADD - Students Against Dangerous Driving, 3-day event - E Burnett and 2 young people are off to Dunedin this weekend.
- UN Youth Aotearoa - Youth Declaration - 4-day event in Auckland, 2 youth council members are away today to this event.
- Special Effects Makeup - 2 days in April holidays. MYD will be visiting to view the programme in action.

***Kaikōura Education Aspirations***

We held our first meeting for 2024 last week. Hitaua Arahanga presented on Whanaungatanga, belonging and resilience. His key takeaways were:

***Belonging needs to be.***

- Culturally relevant.
- Included and accepted.

***Resilience is about whether people can.***

- Navigate to the resources necessary for success.
- Negotiate for the resources that are meaningful to them.

The group was keen to see S Beardmore develop a Theory of Change or Strategic Plan.

***Youth Employability Programme***

M Patterson and Aysia McMillan are running a very successful YEP course twice a week with a group of 7 boys from High School. This is a mix of ages, 13-17 and working really well together. Next term will include more of a focus on the work experience, work placement and career exploration parts of the programme.

***Driving***

We’ve had some amazing success the last couple of months with our learners’ passing tests:

	2023						2024						
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
Passed Learners	1	2	4	2	1	0	0		3	5			18



Passed Restricted	3	4	1	2	3	1	0		5	1			20
Passed Full	3	2	2	0	0	1	0		0				8
Mentoring Sessions	7	10	13	4	9	0	1		6				50
Driving Lessons	18	34	26	28	25	5	5		9				150
Defensive Driving Course	-	-					8		9				17
Passed Class 4 full	-	-	1										1
WTR	-	-					1						1

R Roche is working his way through his assessment task to become a defensive driving instructor.

### ***Youth Service***

We currently have 6 clients enrolled with Youth Service. These are 3 NEET and 2 YPP and 1 YP. Another one has moved through the service in the last month. E Burnett uses a variety of tools and ways to work with her clients including Ready to Rent courses, defensive driving, fun trips and activities, getting the young mums together, budgeting education and parenting programmes.

### ***MTFJ***

We have reached 29 sustainable placements with Youth, including 12 apprenticeships. Total placements are 45. A McMillan is still working on getting some micro credentials in place.

### ***e. Sport Tasman***

Between the 2<sup>nd</sup> and 10<sup>th</sup> of March, Sport Tasman (Saraya Brown) and Environment Canterbury (Jodie Hoggard) collaborated on a very successful Seaweek event in Kaikōura. Jodie and Saraya planned and delivered a fun week of activities focused on the ocean and the environment.

- Saturday the 2<sup>nd</sup> of March, we collaborated with the Hutton Shearwater Trust who took the community for a walk around the peninsula to the Hutton Shearwater Sanctuary.
- On Sunday the 3<sup>rd</sup> of March, thanks to the Seaweek Organisation, we were able to put on the movie 'Dolphin Kick' at the Mayfair Theatre for free. The theatre was filled with tamariki and parents.
- On Monday the 4<sup>th</sup> of March a Seaweek-themed quiz night was held at the Emporium, which had a great turnout of adult teams competing.
- On Wednesday, the 6<sup>th</sup> the museum did an educational talk for everyone in the community and gave them a chance to see the marine animals in their collection.
- On Thursday 7<sup>th</sup> March, a kayaking tour was organised for 11 rangatahi with Kaikōura Kayaks which was a huge success, and all participants had an amazing experience.
- On both Thursday, the 7<sup>th</sup> and Friday the 8<sup>th</sup> we managed to get the stormwater superhero's trailer to come to Kaikōura. This trailer was brought to the primary schools to talk to students from year 1 – year 8 about stormwater and the environmental impacts of contaminated stormwater, we helped assist and taught students Poi Rakau.
- In the afternoon on Friday the 8<sup>th</sup> we did a community beach clean-up. All primary schools were on board and many people within the community attended.

- On Saturday the 9<sup>th</sup> of March, Sport Tasman collaborated with Kiwi Surf Experience and got 12 Tamariki out on the water for a surf lesson. This surf lesson was exceptional, not only did the tamariki enjoy being coached by expert instructors, but they also had many pods of dolphins joining in the water next to them. We also had 'To Take Back Our Beach' playing at the Mayfair movie theatre, which was free to everyone in the community thanks to the Seaweek Organisation.
- On Sunday the 10<sup>th</sup> of March, there was an educational talk for the community at Mt Fyffe house which is a historical building here in Kaikōura.

Both Sport Tasman and Environment Canterbury were very pleased with how many people got involved in this year's Seaweek and how much pride our community has when it comes to our environment, beach, stormwater, and marine life.

***f. Kaikōura Health – Te Ha o te Ora***

Our current registered enrolled patient population is 4131 people (as at 31/03/2024). In March 2024, 53 patients transferred in (moved to the district) and 19 patients transferred out (moved out of the district). Of those transferring in nearly 50% were aged 60 + years.

At present 26% of the patient population is aged 65 years and over.

***Summer***

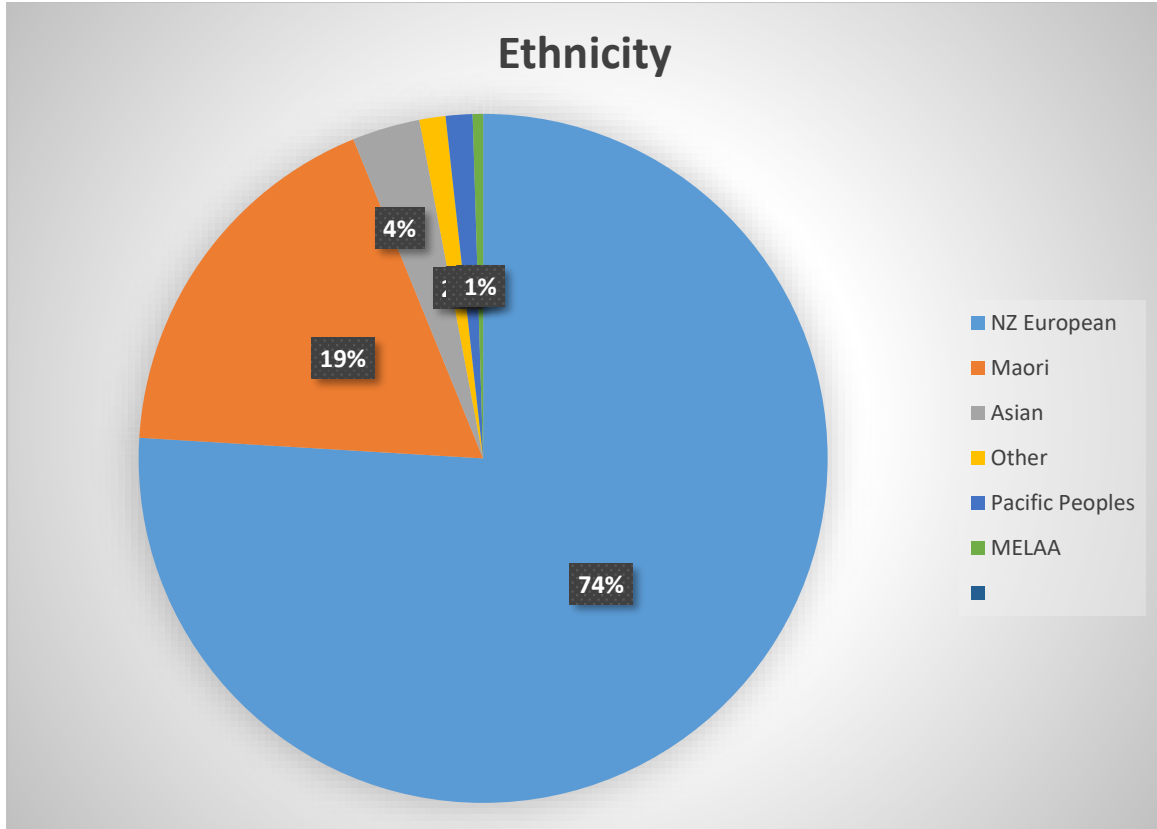
Like many services in the community, there was a significant uplift in casual (NZ residents) and visitor (overseas) patients over the summer which creates its own pressure for the service. Our urgent care clinics have been full every day with a mix of locals and visitors.

***Influenza season***

We continue to be part of the ESR Influenza Surveillance programme providing information and swabs to ESR each week which enable them to identify the current strains being seen in New Zealand. This information supports the ESR to identify which Influenza vaccinations are needed for the next Flu season.

We begin our flu vaccination clinics on Saturday 27<sup>th</sup> April and dates will be advertised shortly to the community.

**Ethnicity of enrolled patients by percentage**



MELAA= Middle Eastern /Latin American/African

**2) Kaikōura Emergency Management**

Our new EMO Alison Moore started this week on the 8<sup>th</sup> April. She is learning about our area and the role in the lead up to our Rū Whenua workshop on Friday 19<sup>th</sup> April. This is the first of many AF8 exercises for EOC staff, councillors, and anyone else involved in an Emergency Management activation. This is to prepare us for the national exercise coming up later in the year. Canterbury Group and Waimakariri EMOs are coming to facilitate this workshop.

**3) Library Dashboard**

We have changed the behaviour of our library users for the better - after implementing a charge for items that were later than 6 months, our library users return books and toys in a much timelier fashion. In fact, from August 2023 to March 2024, there has been a 70% reduction in late items. See our dashboard below with further information:

# KAIKOURA DISTRICT LIBRARY

DASHBOARD MARCH 2023

**MARCH 2024**  
**3,470**  
PEOPLE VISITED THE LIBRARY THIS MONTH

## YOU CAN! TWEEN EMPOWERMENT WORKSHOP

The library has facilitated two terms of Tween Empowerment Workshops in the library.

There has been great feedback on these workshops with teachers commenting on the increased confidence of the tweens participating in these workshops.

We always see the participants leave with a huge smile on their face and a skip in their step.

More of these workshops have been tentatively planned for the coming months.

BorrowBox has been such a success with our community we will soon be able to offer an additional eBook provider, Overdrive which will offer a whopping 12,000 more items to choose from!

### BORROWBOX ISSUES INCREASING

**30%** OF OUR BOOK ISSUES THIS MONTH WERE FROM BORROWBOX

**139%** INCREASE IN BORROWBOX ISSUES SINCE MARCH 2023

**6048** ITEMS ISSUED SINCE WE'VE HAD BORROWBOX

INDIVIDUALS WHO HAVEN'T BEEN TO THE LIBRARY FOR MANY YEARS ARE JOINING UP JUST FOR BORROWBOX!

#### BOOK STATISTICS SEPTEMBER

	21/22	22/23	23/24
ISSUES	1,724	2,330	2,811
RENEWALS	154	296	381
RETURNS	1,830	2,101	2,323

We implemented an upgraded overdue system in July 2023 which involved the invoicing of items which had been out on loan and were overdue by 6 months. We have noticed a 70% reduction from August 2023 to March 2024 of the number of books that need to be invoiced. Our customers are now returning books in a more timely manner.

**REMEMBER**

A WORLD CLASS LIBRARY SERVICE WHICH RETAINS ITS COMMUNITY VALUES

#### 4. FINANCIAL IMPLICATIONS AND RISKS

None – expenditure remains within budgets.

#### 5. COMMUNITY OUTCOMES SUPPORTED



##### Community

We communicate, engage 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

<b>Report to:</b>	<b>Council</b>
Date:	24 April 2024
Subject:	Planning Update Report
Prepared by:	Zach Burns – Planning Officer
Input sought from:	P Egan – LIMs & Administration Officer F Jackson – Policy Planner
Authorised by:	Peter Kearney – Senior Manager Corporate Services

## 1. SUMMARY

This report provides a general update of what is occurring in the planning department.

The key aspects to note are:

- LIM numbers continue to improve since the beginning of the year.
- A majority of Resource consents have remained processed in house (see attachment for details)
- District Plan Changes continue to progress.
- Central Government reforms remain a work in progress.

*Attachments:*

- Resource consents in progress

## 2. RECOMMENDATIONS

It is recommended that the Council receives this report for information.

## 3. BACKGROUND

### 3.1. Resource Consent Status

Attachment 1 includes a list of resource consents updated since the March 2024 Council report. The planning team has continued to resolve the outstanding deferred consents.

There has recently been several variations to previous consents, one of which is being processed by Resource Management Group as they previously had undertaken the initial consent and have opted for the consent to be processed by a consultant due to the consultant have previously processed the consent, rather than having Council’s Consent Planner get ‘up to speed’.

The concerns around Star link, and telecom communications continue to be raised as the Planning department continues to discuss the way forward internally with guidance requested from other District Councils within the Canterbury Region.

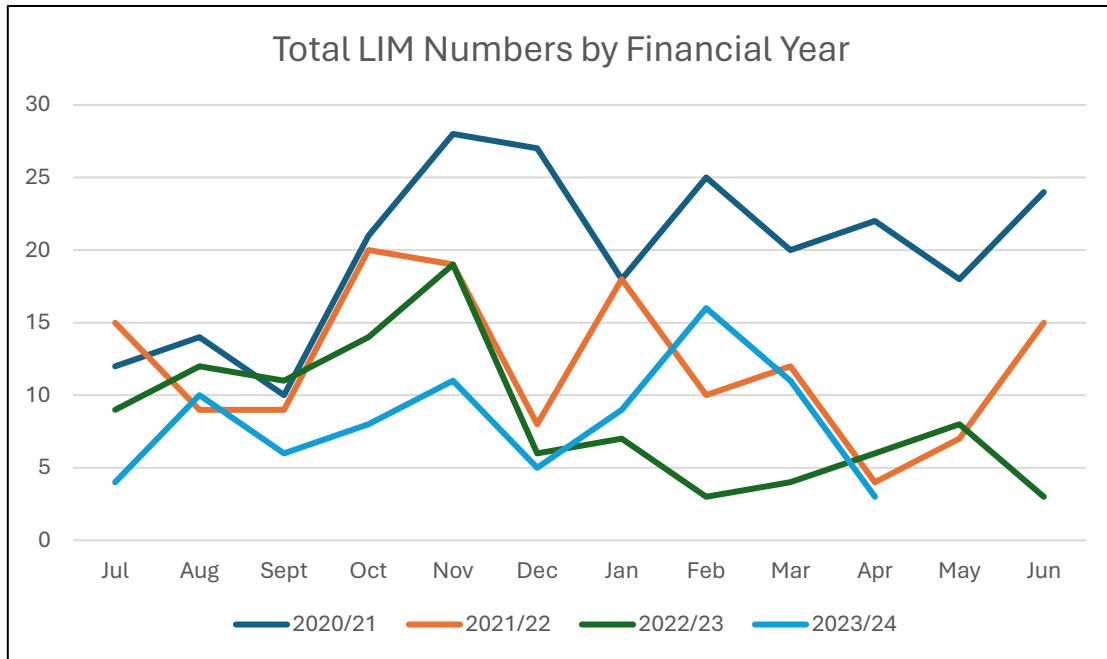
One of the recent applications (1941 & 1942) includes a subdivision of land just outside of the Kaikōura Township that is already under the permitted size for the general rural zone and the site is also located within Highly Productive Land (Class II Soil). The applicant is required to show that the loss of productive soils will have minimal impact on the rural zone.

Based on the data of consents submitted this financial year, the average days taken for consents is 18.2 days.

### 3.2. Land Information Memorandums

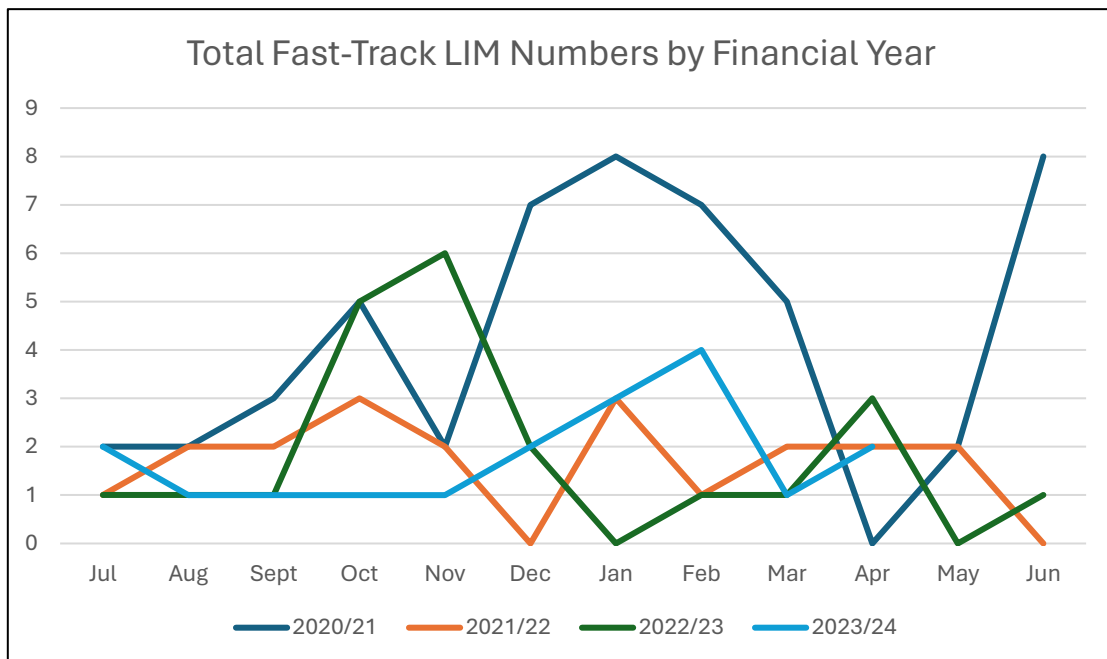
LIM numbers continue to improve for the financial year, although remain lower than previous years outnumbering 2022/23 considerably for this time of year in standard LIM numbers with the occasional fast-track LIM being processed. It seems from a rough glance around the district, the number of properties being placed on the market is certainly increasing, a number of which are properties that some potential purchasers are inquiring regarding potential to subdivision.

As we approach nearly a year since the back scanning project began, the Council LIMs Officer has found the process to have been extremely helpful due to the amount of scanning that has already taken place and all recent fast-track application have been able to processed within the permitted timeframe.



Although LIM numbers appear to be down for April, it is due to the data for this report has been taken from the 12<sup>th</sup> April. The view has been that as a LIM is complete and sent to the applicant, a new LIM request is entered, keeping the turnover consistent.

### 3.3. District Plan Review



#### 3.3.1. PC4 – Light Industrial Plan Change

In the last month, the Plan Change 4 hearing took place. Since then, the commissioners have met and discussed the proposal. It is likely that there will be a decision in the next 3 weeks.

### 3.3.2. PC5 – Dark Skies Plan Change

The notification period for Plan Change 5 is still in process. The submission period ends at the close of business on Friday 19<sup>th</sup> April. So far there have been 26 submissions, all in full support of the plan change. The next step is for public notice for further submissions. This is planned to begin on the 6<sup>th</sup> May for 10 days.

### 3.3.3. Spatial Plan

Council is currently awaiting for Rūnanga to draft text around the mana whenua context. Matt Hoggard & Freya Jackson will meet with Boffa Miskell to review the draft plan and define next steps.

### 3.3.4. District Plan

Plan Change 6 has been in discussion with the developers of Ocean Ridge. There has been recent discussions regarding the significance of Highly Productive Land, and whether or not the National Policy Statement for Highly Productive Land is applicable in this instance. Council has contacted other District Councils in the Canterbury Region and has received some information on the matter. The developers continue to prepare the proposal of the Plan Change.

## 4. Relevant Legislation

Resource Management Act 1991 (RMA) remains the relevant legislation.

### 4.1. Legislative Reforms Update

There have not been many updates in the space of the legislative reforms. However, in the March 2024 Ministry for the Environment update refers to changes for the following:

- Highly productive land
  - Reduce consenting barriers for infrastructure, housing and primary productive (part of the 100-day plan)
  - Exploring of definition of Highly productive land enabling flexibility
  - Consideration of ‘greenfield’ housing development
  - Review of submissions for two (2) potential amendments for NPS-HPL relating to development of:
    - New development of new specified infrastructure (renewable energy generation)
    - Intensive indoor primary production and greenhouses on HPL
- National Policy Statement FOR Natural Hazard Decision-Making (NPS-NHD)
  - Government consultation in September 2023 aiming to direct how decision-makers consider natural hazard risk in planning decisions – 102 submissions, mainly from Councils.

Council Staff continue to monitor the Government Reform Process

## 5. COMMUNITY OUTCOMES SUPPORTED



### Community

We communicate, engage and inform our community



### Development

We promote and support the development of our economy



### Environment

We value and protect our environment



### Future

We work with our community and our partners to create a better place for future generations



## Services

Our services and infrastructure are cost effective, efficient and fit-for-purpose

### ATTACHMENT 1

#### 1. Active and deferred Resource Consent, Flood Hazard Certificates and Other Consent Applications to 15<sup>th</sup> April 2024

“Deferred” applications are applications which have been placed on hold either on a request by the applicant or by Council requesting further information to better understand the effects of the proposed activity. Where applications are deferred the statutory processing clock (working days) is placed on hold.

No	RC ID	Applicant Name	RC Description	RC Location	Status / Notes	Days
1	1632	D & R NZ Ltd	Land Use (Mixed use building development)	26-36 West End	No change from June 2021 Council meeting. Deferred (s 92). Waiting for further information Neighbour’s approval was requested in September 2019 further information was requested in October 2019. A reminder was sent to applicant on the 20/07/2020. A follow up email has been sent in July 2021. Interim invoice has been sent. Further follow up has since taken place and proposal has been reduced. Outstanding rates and debts to Council has meant Council will not continue to process until payments have been cleared	10
2	1777	John Drew	Relocation of building platform, boundary setbacks breached.	1481 D State Highway 1	The matter has been passed on to our enforcement team. On 30 <sup>th</sup> May 2023 a geotechnical report has been provided, staff are still awaiting the landscape assessment, the application remains on hold. A further follow-up letter has been sent 1 <sup>st</sup> March 2024 requiring an update by 31 <sup>st</sup> March 2024.	18
3	1797	Elisha Dunlea	Two lot subdivision	190 Mt Fyffe Road	Applicant had originally withdrawn application but have now asked to have the application put back on hold under s 92(1) as the consent was ready to be issued. Processed by RMG. Council staff need to speak with the applicants about this consent. Council has followed up with the applicant on 21 <sup>st</sup> June 2023, 7 <sup>th</sup> July 2023, 18 <sup>th</sup> September 2023 and again on 9 <sup>th</sup> February 2024.	11



4	1870	Mark Baxter	Outdoor Dinning Area – Temporary Activity	21 West End	On hold by the applicant - Limited notification has closed, a submission has been received from the neighbour, plans are to be amended and neighbour has said they will give approval provided fence built Processed in house	65
5	1889	Kaikōura District Council	Earthworks in flood hazard area for Clarence/Waiatoa Bridge	Road reserve	Active Being processed by Resource Management Group S37 Issued for March 2024	89*
6	1892	Anthony Lund	Build a three bedroom dwelling with attached garage that intrudes the recession planes on north, East and West boundary of the property	148 South Bay Parade	Deferred Being processed by LMC	15
7	1895	Viatcheslav Meyn	To create 13 fee simple allotments including one access allotment and one balance allotment	427-671 Inland Road Kaikōura	Deferred Being processed in house Peer review has requested additional information and this is currently waited.	50
8	1908	Moanna Farms Ltd	Earthworks within landscape area	20 Moana Road	Deferred – awaiting payment Follow-up email sent 19 <sup>th</sup> March 2024	-
9	1925	Fisher and Farr	Visitor accommodation and construction of a residential unit in the Fault Avoidance/awareness overlay	12B Louis Edgar Pl	Deferred Being processed in house Awaiting structural engineer information, flood hazard assessment and further neighbour approvals. Illegal plumbing works are also being investigated, enforcement may be required.	16
10	1930	David Hamilton	4 lot subdivision and amalgamation locating a building platform in the fault avoidance area	759 Mt Fyffe Road	Active Processed in house Undertaking peer review of geotechnical investigation due to the complex nature of the site – multiple hazards potential including the fault avoidance area S37 to be issued due to complexity of consent. Peer review has identified the need to provide additional information.	43
12	1934	Ben Jurgensen	Flood hazard certificate	290 Red Swamp road	Deferred Processed in House Likely to be returned as it does not meet the criteria for a flood hazard certificate (Possible S88 return of application)	19
13	1913 *01	Ross Jolly	Variation to conditions of granted subdivision	250 Scotts Road	Granted Processed in house	
14	1940	Laura Finney	Visitor Accommodation	143 Torquay Street	Deferred Processed in house Further neighbour approvals required	9

15	1941	Brent Proctor	2-lot subdivision of land locating in the non-urban flood assessment area within mapped highly productive land	30 Old Beach Road	Active Processed in house	2
16	1942	Brent Proctor	Land Use – non-compliance with district plan standards in the general rural zone and transport standards	30 Old Beach Road	Active Processing in house	2
17	1943	Dayna Hamilton	2-lot subdivision in the general rural zone	849 State Highway 1	Active Processing in house	1
18	1831*01	Wolfbrook Ltd	Variation to consent	17 Yarmouth Street	Active Processing externally (RMG)	
19	1893*01	Wolfbrook Ltd	Variation to consent	17 Yarmouth Street	Active Processing externally (RMG)	

\*Section 37 Used – allowing doubling of timeframes

#### Resource Management (Discount on Administrative Charges) Regulations 2010

Was the application notified?	Was a hearing held?	Number of working days
Yes—public notification	Yes	130
	No	60
Yes—limited notification	Yes	100
	No	60
No	Yes	50
	No	20

#### July 2023 to March 2024 Resource Consent Compliance issued within Timeframes

Percentage within timeframes	Percentage outside of timeframes
79%	21%*

\*A number of these consents have been historic, and this reflects resolving these consents.

#### 2. Notified consents

Currently only one notified or limited notified consents are in progress:

- i. Mark Baxter has partly constructed the wall between the existing ROW [Right of Way] in an effort to obtain neighbours approval. The application still remains on hold at applicants request.

#### 3. Monitoring

Regular meetings are now occurring with Jo York (Regulator Team Leader) regarding visitors accommodation and non-compliance with planning issues.

#### 4. Road Stopping

Planning department is still in works with Road Metals Limited for their Road stopping application off State Highway 1. The operations team are progressing the White Morph Road stopping.

#### 5. General

- Project Information Memorandum processing is ongoing
- Land Information Memorandum processing is ongoing

<b>Report to:</b>	<b>Council</b>	<b>File #</b>
<b>Date:</b>	24 April 2024	
<b>Subject:</b>	Building and Regulatory Update	
<b>Prepared by:</b>	J York – Regulatory Services Team Leader	
<b>Input sought from:</b>	R Harding, F Buchanan	
<b>Authorised by:</b>	W Doughty – Chief Executive Officer	

### 1. SUMMARY

This is a routine report on recent activity in the BCA and regulatory areas of Council.

### 2. RECOMMENDATION

That the Council receives the report.

### 3. SUMMARY STATISTICS

#### BUILDING AND REGULATORY STATS FEB - MARCH 2024



### 4. BUILDING CONTROL

The following apply for the period March 2024

- Building Consent applications received **8**
- Building Consents issued **8**
- Code Compliance Certificate applications received **12**
- Code Compliance Certificates granted **9**
- Building Inspections conducted **147**
- Inspection failed percentage **50%**

## **5. SALE AND SUPPLY OF ALCOHOL ACT 2012**

### **Notable events:**

- Issue with a non-compliance, has been resolved and all parties have been educated.

## **6. FOOD ACT 2014**

- New Registrations – 2
- Completed Verifications – 0
- Ian Shaw maintained regular communication with Senior Advisor, Maggie Wan, MPI regarding Food Act matters and updates.
- Liaison has been maintained with Jo York and Ian Shaw regarding Environmental Health, Alcohol Licensing and Food Safety matters.
- One food complaint has been dealt with by MPI and case is now closed.
- Ian Shaw attended an MPI webinar held for registration authorities and verification agencies. MPI senior staff explained what the proposed levies were designed to cover. A series of projects are being developed which will involve the employment of around 38 additional staff at MPI (Note: this was before the Government announced significant staffing cuts). The projects cover an MPI “oversight” into food business performance and include:
  - Business Education and Support
  - Food Safety and Suitability Rules
  - Oversight of TA Regulatory Services
  - Oversight of Verification Systems Services
  - National Compliance Monitoring Programmes
  - Campaigns to Reduce Systems Non-Compliances
- The KDC submission regarding the proposed levy was prepared, signed and sent to MPI.
- Food complaint – the Food Safety Officer visited premises and observations were made and a discussion with the manager (owner away). The result was a warning letter and an unscheduled verification will be made.

## **7. HEALTH ACT 1956**

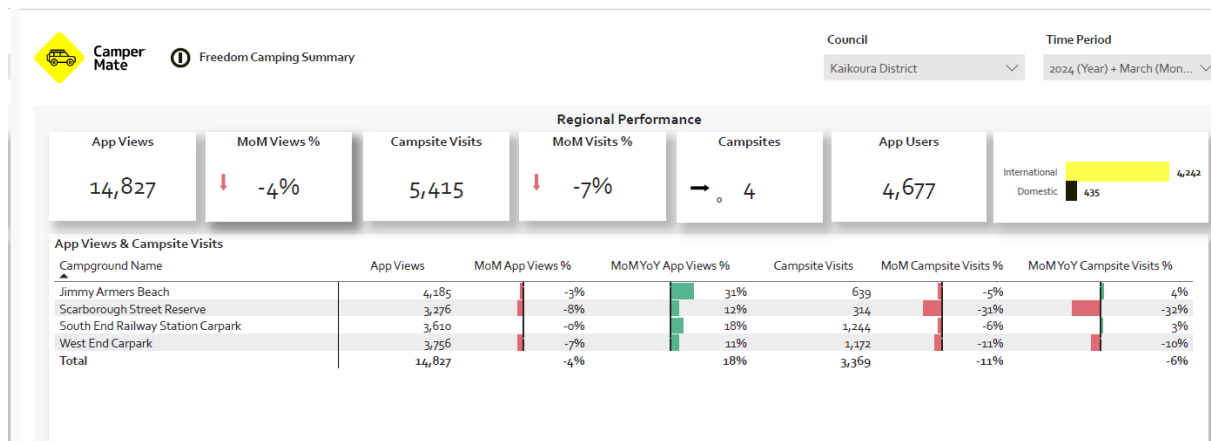
- Communications with a farm supply are ongoing and farmer is paying for ongoing costs of water sampling. He is installing a point of entry filtration and treatment system. This is ongoing and being monitored but Health Officer is satisfied with progression.
- The Health Officer and ECan are working with the owners of a building that needs to be removed and contains asbestos, this is being done by 28<sup>th</sup> April and owner is working with all parties to ensure materials are disposed of correctly.

## **8. REGULATORY SERVICES AND PARKING AND FREEDOM CAMPING**

The focus for the regulatory team for the next month.

- 10 Letters/Emails have been sent out for the removal of off-site signage, owners of signage have until end of June to remove or KDC will remove them at owners’ expense.
- Visitor Accommodation media plan in action to inform the community of the rules around Visitor Accommodation and how they can apply for relevant consents. We will be doing social media and newspaper advertising at the start of May, with letters going out to all owners by end of May.
- Regulatory and Building are currently up to date with illegal building works.

- Freedom Camping remains busy with most sites still full each night.



## 9. COMMUNITY OUTCOMES SUPPORTED

The work is in support of all/the following community outcomes.



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



**Environment**  
We value and protect our environment



**Future**  
We work with our community and our partners to create a better place for future generations

<b>Report to:</b>	<b>Council</b>	
<b>Date:</b>	24 April 2024	
<b>Subject:</b>	Destination Kaikōura – Jan – Mar 2024	
<b>Prepared by:</b>	L Bond – Destination Manager	
<b>Input sought from:</b>		
<b>Authorised by:</b>	W Doughty – Chief Executive Officer	

## 1. RECOMMENDATION

It is recommended that this report is received for information.

## 2. JANUARY 2024

### TOURISM MINISTER + NATIONAL MP VISIT

On the 11<sup>th</sup> January we had Tourism & Hospitality Minister – Matt Doocey & National MP – Stuart Smith visit Kaikōura. They were able to meet with representatives from 6 local businesses as well as the CE from KDC for a round table discussion. Followed by a site inspection of the Sudima Hotel and lunch at Hiku. Time with the Minister + Stuart Smith was productive with an opportunity to highlight some areas of concern as well as showcase & update on the various TIF & PGF funded projects we have going in Kaikōura.

### CRUISE SEASON 2023-24

Hosted 3 cruise ships during January:  
Coral Geographer – Silver Whisper x2



### BETHEL UNIVERSITY (MINNISOTA - USA)

Each January a group of around 30 students travel to New Zealand for what is called J-Term. Where they spend a month traveling around various regions of New Zealand studying ecology, geography & partake in talks with locals and experiencing activities. Each year spending 4 days in Kaikōura. I have hosted these groups over the last 4 years, spending a day with them and showing all that makes Kaikōura special.

### DATAHUB

We now have 7 RTO's pooling our funding and contracting a company to compile these monthly reports for us. Christchurch NZ - Hurunui Tourism – Development West Coast – Mackenzie Tourism – Visit Timaru – Tourism Waitaki and Destination Kaikōura.

Due to a funding shortfall Stats NZ have stopped providing MRTE (Monthly Regional Tourism Estimates) Data which means we are unable to gauge what the visitor spend is in regions. There is hope that this data collection will be reinstated in the next couple of months. Meanwhile the data that is available is primarily around accommodation.

<https://www.Kaikōura.co.nz/Kaikōura-industry-support/visitor-data/>

- January - the second month of the festive season - painted a good picture for tourism in Kaikōura, with a moderate increase in overnight visitation (guest nights: +6% vs. Jan '23), and a high

occupancy rate in the accommodation sector (commercial accommodation: 74%, short-term rentals: 72%).

- The increase in overnight visitation was carried by strong growth in international visitors staying in the region (international guest nights: +20% vs. Jan '23), a trend that closely resembles the national average (international guest nights: +20% vs. Jan '23) and is likely, in parts, related to an increase in international tourists coming to New Zealand (border arrivals by international passport holders: +25% vs. Jan '23).
- On the contrary, the number of domestic visitors staying overnight remained on par (domestic guest nights: -2% vs. Jan '23) with the previous year, again resembling the national average (domestic guest nights: -2% vs. Jan '23). The lower activity in the domestic market might be in part explained by a smaller pool of potential domestic travellers, as more Kiwis departed on overseas travels this year (border departures by NZ passport holders: +21% vs. Jan '23).
- The moderate decrease in short-term rental occupancy (-5%pt. vs. Jan '23) is softer than the national trend (-8%pt. vs. Jan '23).
- The positive increase in tourism activity was reflected by a considerable growth in tourism employment (filled jobs: +14%, employment earnings: +34%). The strongest growth in terms of jobs was seen in the 'Transport Services' sector (filled jobs: +33% vs. Jan '23).
- As expected, daily activity dropped towards the end of the month as indicated by a drop in occupancy in short-term rentals (from a high of 94% occupancy on the 4th of Jan to a low of 51% on the 31st of Jan). A peak towards the end of the month was seen on Friday the 26th of Jan (83% occupancy), coinciding with Kaikōura very own craft beer festival, held by Emporium Brewing

#### **SITE VISITS**

Glenstrae 4WD Farm Tours

Glenstrae Ridge Accommodation

My colleague Geraldine and I were able to take part in the 4WD experience as well as a site inspection at the new accommodation on the Glenstrae Farm – Glenstrae Ridge. An amazing off the grid accommodation offering.



#### **REGIONAL EVENTS FUND (REF) – meeting with event organisers around funding opportunities**

Regional Events Fund is designed to stimulate domestic tourism and travel between regions through holding events. This is intended to support the tourism and events sector and replace some of the spending from international tourists due to the border closure because of COVID-19.

#### **TOPS OF THE SOUTH TOURING ROUTE (TOTS)**

Development and planning (on going with bi-weekly meetings)

## TE KOROWAI HUI, DARK SKIES & KITI BOARD MEETING

Attend the monthly meetings.

## OPERATOR NEWSLETTER

Fortnightly e-newsletter to database of 223 Kaikōura business contacts.

### 3. FEBRUARY 2024

#### CRUISE SEASON 2023-24

Hosted 5 cruise ships during February:

Le Lapurouse x2

Silver Shadow

Silver Muse x2

It has been an incredible season with 16 out of 16 ships scheduled for Kaikōura being successful.

This season we had new ships visit our shores, all commenting on how welcoming plus beautiful Kaikōura is. A huge thank you to Mayor Craig Mackle for welcoming many of the ships this season, the cruise guests loved that the town Mayor was one of the first locals they would meet as they came ashore. I would also like to thank the shore handlers, harbour masters, volunteers, Sarah Wright from KDC and especially the operators who created many happy memories for our guests who came ashore.

Kaikōura continues to rate as one of the most welcoming & highly rated tender ports. We have the tentative schedule for the 2024-25 cruise season, so far we have 12 ships scheduled of which the majority of them are new (& smaller) ships to our region.

So far there is a national drop of about 200 port calls, with 19 from Silversea's alone. The main reasoning is the increased costs to operate in NZ and global competition. With ECAN's proposed increase in fees in the draft LTP (over 100% fee increase proposed) for Kaikōura & Akaroa this will begin to price small tenders' ports like ours out of contention. Something New Zealand Cruise Association & Mackey Shipping are talking to ECAN about. Destination Kaikōura & the KITI Board are also placing a submission around this.

#### Example of the proposed added cost to one of the smaller ships that visits Kaikōura:

##### Le Laperouse

<u>Kaikōura</u>	<u>2023/2024</u>	<u>2024/2025</u>	<u>Page on the Draft LTP</u>
Environment Canterbury	\$4,600.00	\$10,733.33	Page 243 Anchorage Charges
Kaikōura District Council	\$920.00	\$3,450	Page 242 Port Charges
Total	<b>\$5,520.00</b>	<b>\$14,183.33</b>	<a href="#">ECAN Draft LTP</a>

#### GATEWAY STUDENT THROUGH TE HA

Te Ha approached me at the end of last year regarding the possibility of having a Gateway student (Madi) who is interested in Tourism & Marketing shadow me for a 10-week period in 2024. This is a great opportunity to show Madi all that goes on in not only the RTO space but also introduce her to the various businesses that make up tourism (activities, transport, hospitality & retail). We have had 4 of our 10 sessions so far.



### **CHRISTCHURCH INTERNATIONAL AIRPORT (CIAL) HUI**

We were able to host Scott Calloway from CIAL for a round table update with various operators. Scott provided an overview of how the summer has gone in the airline front as well as an idea of what is on the horizon. Valuable insights for forward planning for our operators.

Scott also met with the Chair of the KITI Board & I to discuss an opportunity to work collaboratively with Visit Hurunui and Development West Coast and contract Taylor to represent all 3 regions in the China market. Part of his role will also be to re-introduce operators to working with the China market through one on one + workshop sessions as well as representing our region at in person events. Taylor officially started with all 3 regions on the 2<sup>nd</sup> April 2024 for a 3 year contract. This is a cost neutral opportunity.

### **GREAT WALK – WAIU-TOA/MOLESWORTH DISCUSSIONS**

In the National Party Tourism Policy document the first point listed is as follows:

A new Great Walk New Zealanders and visitors have long cherished the ten existing Great Walks managed by the Department of Conservation (DoC). To build on this legacy, National will establish a new Great Walk at Waiau-Toa/Molesworth in Canterbury so Kiwis and international visitors alike can enjoy more of New Zealand's unparalleled natural beauty. National will upgrade the walking track and facilities along the existing Waiau-Toa/Molesworth trail to deliver an 80-kilometre Great Walk in this unique part of the country.

Over the last 2 months Destination Kaikōura and Visit Hurunui have had various conversations with the Department of Conservation around what this looks like and next steps (there has also been a visit from DoC in region to look over the proposed walk). DoC has been tasked with putting together a paper to the Conservation Minister with their thoughts around this Great Walk. From the latest discussions things are not looking favourable in this going ahead as original campaign on. Both DK & Visit Hurunui will continue to advocate for our communities and the campaign promise made.

### **OPERATOR VISITS**

Middle Hill Mountain Bike Park  
Lavendyl Lavender Farm  
The Fairways Apartments  
Panorama Motels

### **RTNZ MEMBERS HUI / RTO & TNZ HUI**

Attended a 2-day event in Auckland. Day 1 all RTO's met to discuss the year ahead, covering a wide variety of subjects such as: funding challenges, airline capacity, cruise, regional collaboration etc... Day 2 was with teams from the Tourism New Zealand offices in AKL & WLG. Covered was an update on the Tier 1 markets and then 15 appointments sharing about all that is new in Kaikōura. Big 2 days but always good to meet with other RTO's and the TNZ team in person.

### **REGIONAL EVENTS FUND (REF) – meeting with event organisers around funding opportunities**

Regional Events Fund is designed to stimulate domestic tourism and travel between regions through holding events. This is intended to support the tourism and events sector and replace some of the spending from international tourists due to the border closure because of COVID-19.

### **TOPS OF THE SOUTH TOURING ROUTE (TOTS)**

Development and planning (on going with bi-weekly meetings)

## TE KOROWAI HUI, DARK SKIES & KITI BOARD MEETING

Attend the monthly meetings.

## OPERATOR NEWSLETTER

Fortnightly e-newsletter to database of 223 Kaikōura business contacts.

## 4. MARCH 2024

### ASTRO TOURISM WORKSHOP

Using funding through MBIE we are working with Omaka Observatory in hosting a Astro Tourism Workshop for 20 participants. (at time of writing we have 17 people sign up so far). This is being held on the 28<sup>th</sup> April. It is a full day workshop with half the time in the classroom and the second half out watching the night sky.

#### Workshop Highlights:

##### INTRODUCTION TO ASTROMONY

Our place in the universe, how to use a night sky map, types of stars etc...

##### NAVIGATING THE SKY

Tips & tricks, naming of stars & celestial objects, how to use telescope & binos.

##### HANDS ON SESSION

Setting up & aligning a telescope, reading star maps & how to present a typical 30min night sky tour.

### ALPINE PACIFIC TOURING ROUTE QUARTERLY MEETING

The 3 regions (CHC – Kaikōura & Hurunui) that make up the APTR + CIAL met in Hanmer Springs for our quarterly meeting. Discussions were had around the marketing plan for 2024, website updates, hosting famils and updating the signage around the 3 districts.

### CONSUMER NEWSLETTER

Sent out a consumer newsletter to our 8000 strong database. The focus of the newsletter was reasons to travel to Kaikōura during the upcoming school holidays as well as over the winter period. A call was put out to operators to provide specials for the school holidays and beyond, we ended up with 11 deals which feature on a page on our [website](#).

### AUTUMN – SCHOOL HOLIDAY TRAVEL – WINTER DIGITAL CAMPAIGN

On the back of the consumer newsletter, we also started an 8 week digital campaign aimed at families traveling through the autumn, school holidays and winter season. All online activity leading back to the deals page on the DK website. Examples of some of the artwork.





**FAMIL – NORTH AMERICA MARKET**

Working with Christchurch NZ & United Airlines we hosted Ellen, the editor of Hemispheres Magazine for 3 days 2 nights in Kaikōura. During that time experiencing Hapuku Lodge, Dolphin Encounter, Lisa Bond tour of town, Hapuku Kitchen, South Pacific Helicopters, The Pier Hotel. Hemispheres Magazine is United Airlines' inflight magazines. The magazine is circulated monthly and reaches **139 million passengers annually**.

**OPERATOR VISITS**

- Seaside Lodge
- Emporium Brewing
- Kaikōura Museum
- Seal Kayak Kaikōura

**REGIONAL EVENTS FUND (REF) – meeting with event organisers around funding opportunities**

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We value and protect our environment



**Future**

We work with our community and our partners to create a better place for future generations




# Quarterly Project Progress Report

## Kaikōura Marine Development Programme

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<b>Project Name</b>	Wakatu Quay	<b>Report Date (period)</b>	31 March 2024
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Project Approval	Name	Title	Signature	Date
Prepared By:	Wendy Walker	Project Manager		8/04/24
Reviewed By:	Chris Sturgeon	Programme Lead		8/04/24
Approved By:	Danny Smith	KMDP Chairperson		10/04/24

### Distribution List

Name	Role
Warren Gilbertson	MBIE Regional Manager
Governance Board Members	Governance Board
Will Doughty	KDC Chief Executive
Craig Mackle	Mayor
Kaikōura District Council	Councillors

### Overall Summary

<b>Summary</b>	<ul style="list-style-type: none"> <li>Design Team and Civil and Landscape Consultants engaged.</li> <li>Concept Design and Preliminary Design Completed</li> <li>Implemented updated Terms of Reference and set up Steering Group</li> </ul>
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### Status of Activities and tasks

Project Status	KEY	Completed on time	Late - WIP	Not yet due
	Milestones	Baseline Date	Forecast Date	Actual Date
Design RFP	28 <sup>th</sup> April	28 <sup>th</sup> April		Achieved
Concept Design Completed	30 <sup>th</sup> June	30 <sup>th</sup> June	29/09/21	Achieved
Commence Investor EOI process	30 <sup>th</sup> July 21	October 2021	27/10/21	Achieved
Project Delivery Timeframe and Milestone Review		January 2022	30/09/23	Milestones updated based on Staged Approach with KDC as lead investor/developer partner with MBIE

Milestones	Baseline Date	Forecast Date	Actual Date	Comments
Resource Consent Received		July 2022	08/08/23	Resource Consents granted with conditions
Offsite works Design and Tender – Road and Parking	June 2023	August 2022	16/05/23	50% Design drawings and Cost estimate to inform tender package received. (informed by changes to Resource consent)
Offsite works Design and Tender – Seawall slumping	May 2023	August 2022	22/06/23	Practical Completion Certificate issued.
Offsite works - Construction				To be programmed
Onsite works Design and Tender – Seawall Remediation		August 2022	22/06/23	Practical Completion Certificate issued
Complete Value Engineering		May 2022	June 2022	Completed
Complete Due Diligence		July 2022	June 2022	Completed
Complete Contractual arrangements with developer	June 2023	June 2023	June 2022	KDC Confirmed commitment to project and funding in absence of investor or co-funder
Complete Detailed Design & approvals process	October 2023	May 2024		Updated forecast dates are based on the Inovo Delivery Schedule Rev.5 December 2023
Complete Building Consent	February 2024	June 2024		
Onsite works - Construction	Jan 24 – June 2025			Scheduling subject to early contractor engagement advice
Release Construction (Buildings) Tender to market	February 2024	May 2024		
Commence Construction - Buildings	March 2024	July 2024		
Complete Building Construction	30 June 25	June 2025		

\*Re-baselined following approval of variation January 2023

## Report on Analysis & Actual Progress last Quarter

<b>Planned and achieved</b>	<ul style="list-style-type: none"> <li>• Design Team architects and consultants contracts approved by KDC . Work commenced</li> <li>• Completed Geotechnical analysis</li> <li>• Completed Concept Design and Preliminary Design for building, infrastructure and landscape</li> <li>• Preliminary Design approved by Governance Group</li> <li>• Commence Detailed Design for building, infrastructure and landscape</li> <li>• Engage Real Estate agent to find commercial hospitality tenant</li> <li>• Updated project timeline and budget forecast as new information came to hand.</li> <li>• Engaged Quantity Surveyor and Road and Parking Engineers</li> <li>• Updated Communications Plan for next 6 months.</li> </ul>
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<b>Planned but not achieved</b>	<ul style="list-style-type: none"> <li>Procurement Expressions of Interest invitation on GETS</li> <li>Complete Detailed Design of roading and carparking on Esplanade, Avoca &amp; Wakatu Quay.</li> <li>Identify preferred Construction Contractor for build and infrastructure</li> <li>Approve lease contract agreements for tenancy</li> <li>Complete Detailed Design for roading and carparking</li> <li>Update website</li> </ul>
<b>Not planned and achieved</b>	<ul style="list-style-type: none"> <li>Project and Design Update Workshop for Councillors</li> </ul>
<b>Resourcing</b>	<ul style="list-style-type: none"> <li>No change to current resourcing levels</li> </ul>
<b>Media &amp; Communications</b>	<ul style="list-style-type: none"> <li>Information provided to the Newsletter, on KDC Facebook</li> </ul>

### Issues Open this Period

Date	Issues No.	Description	Status	Priority	Owner	Proposed Resolution Date
30 Sept 21	1	Traffic Access and Parking – community opposition to upgrade of Wakatu Quay road	High	High	Project Lead	30 June 2023
30 Sept 22	2	<b>Delay in commencement of Detailed Design-</b> Clarification of developer and tenants' involvement <b>RESOLVED:</b> KDC is cofunder/developer	High	High	Project Lead	30 December 2023
30 Sept 22	3	<b>Financial impact from Timeline extension.</b> - as a result of delayed detailed design there is a burnrate cost that will need to be accommodated within current budget	High	High	Project Lead	31 January 2024

### Risks Open this Period

Date	Risk No.	Description	Likelihood	Mitigated	Owner
20 Dec 20	1	Poor Selection of Architectural Partner, unbuildable	Very High	Medium	Project Lead
20 Dec 20	2	Project not delivered on Time & Cost Parameters	High	Medium	Project Lead
15 May 21	3	Further Asbestos and metal discoveries	Very High	High	Project Lead
17 May 2022	4	Councillor workload may impact decision making timeframes	High	Medium	Project Lead

### Summary of Funding Received

Creditor	Date	Amount	% Project Drawn down
KDC Contribution		270,000	-
MBIE	10-Jun-20	600,000	6%
MBIE	17-Jun-21	2,000,000	20%
	15-Mar-23	1,000,000	10%
	12-Dec-23	2,000,000	20%
	<b>Total</b>	<b>5,870,000</b>	<b>58%</b>

Total Kanoa funding for the Wakatu Quay project is \$10,180,000. Next funding drawdown is due at completion of Detailed Design (end of May 2024).

## Summary of Potential Investor Funding

Note: This table has been updated at the end of March 2024.

Potential Funding	Funder	Level of Surety	Date of last advice

## Project Budget and Funding Allocation to date

Funder	Description	Amount
PGF	Project Management, Design etc	\$10,180,000
KDC	Site remediation	270,000
KDC	Investment contribution	800,000
Developer/investor TBC	Building construction	0
	<b>Target Project Cost</b>	<b>\$11,250,000</b>

## Summary of Expenditure to date

Current Budget Est.*	Actual \$'s spent to date	EAC (Estimate at completion)	Variance (%)
11,250,000	\$3,733,099	\$11,250,000	0%

\*Revised budget estimate based on Staged Approach and \$4800/m<sup>2</sup> construction costs.

## Expenditure to end of this quarter 31 March 2024

	Total Project Estimate	Sum of Actual (LTD)
⊕ Project Overheads	\$ 2,258,076	\$ 1,413,879
⊕ Feasibility & Site prep	\$ 1,175,530	\$ 1,172,780
⊕ Construction	\$ 2,537,600	\$ -
⊕ Design	\$ 1,044,516	\$ 485,157
⊕ External Works	\$ 1,877,261	\$ -
⊕ Civil Works	\$ 581,598	\$ 469,624
⊕ Off-site Works	\$ 1,516,018	\$ 173,659
⊕ Artwork	\$ 231,659	\$ 18,000
⊕ Pre Tenancy Handover	\$ 15,000	\$ -
<b>Grand Total</b>	<b>\$ 11,237,260</b>	<b>\$ 3,733,099</b>

## The Period Ahead – Next Quarter 1 April – 30 June 2024

<b>Planned</b>	<ul style="list-style-type: none"> <li>• Complete Detailed Design and receive Council approval for design</li> <li>• Lodge Building Consent application</li> <li>• Advertise Registration of Interest for Construction Contract on GETs</li> <li>• Identify preferred Construction Contractor for build and infrastructure shortlist</li> <li>• Develop Construction Contractor contracts</li> <li>• Seek Tenders from Construction Contractor shortlist</li> <li>• Develop marketing materials to support tenant search</li> <li>• Find potential tenants with support of advisors</li> <li>• Approve lease contract agreements for tenancy</li> <li>• Update project timeline and budget forecast as new information comes to hand.</li> <li>• Complete Detailed Design for roading and carparking and receive Engineer's estimate</li> </ul>
<b>Resourcing</b>	<ul style="list-style-type: none"> <li>• No additional inhouse project resources required.</li> <li>• Ongoing engagement with professional services for procurement, consenting and technical services.</li> </ul>

### Recommendation:

It is recommended that the Council receives this report for information.



<b>Report to:</b>	<b>Council Meeting</b>
<b>Date:</b>	24 April 2024
<b>Subject:</b>	Discretionary Grants Fund – Progress / Completion Reports
<b>Prepared by:</b>	W Doughty – Chief Executive Officer
<b>Input sought from:</b>	B Makin – Executive Officer
<b>Authorised by:</b>	W Doughty – Chief Executive Officer

## 1. EXECUTIVE SUMMARY

To receive progress and completion reports from organisations whose projects had received funding through the Discretionary Grants Fund (the “Fund”) for the financial years 2022-2023 and 2023-2024.

### 2022-2023 FY

Completion Reports Attached:

- KORİ

### 2023-2024 FY

Quarterly Progress Reports Attached:

- Sports Tasman
- Kaikōura Youth Council

Completion Reports Attached:

- Kaikōura Squash Club
- Kaikōura A&P Association
- Kaikōura Dark Sky Trust
- Kaikōura Red Cross

## 2. RECOMMENDATION

It is recommended that the Council receives these reports for information.

## 3. BACKGROUND

The application period for funding from the 2023/2024 financial year ran from 1<sup>st</sup> March to 31<sup>st</sup> March 2023, with decisions being made at the April Council meeting. Successful applicants received funding after 1 July 2023. A number of quarterly progress and completion reports have already been provided to Council. A further two quarterly progress reports and four completion reports for the Financial Year 2023/24 are presented for consideration today together with one completion report from the 2022/23 funding allocation.

The following organisations have already submitted completion reports throughout the financial year 2023-2024:

- Kaikoura Miniature Rifle Club
- Kaikoura Lions Club
- The Mayfair Arts and Culture Centre
- Takahanga Bowling Club
- Kaikōura Museum
- Kaikōura Bowling Club
- Te Hā o Mātauranga

The remaining completion reports will be due by 30<sup>th</sup> June 2024.

#### 4. COMMUNITY OUTCOMES SUPPORTED



##### **Community**

We communicate, engage and inform our community



##### **Development**

We promote and support the development of our economy



##### **Environment**

We value and protect our environment



##### **Future**

We work with our community and our partners to create a better place for future generations

<b>Report to:</b>	<b>Council</b>	<b>File #</b>
<b>Date:</b>	24 April 2024	
<b>Subject:</b>	Completion Report Kaikōura Ocean Research Institute Inc. (KORI)	
<b>Prepared by:</b>	Dr Jody Weir	
<b>Input sought from:</b>		
<b>Authorised by:</b>	Will Doughty – Chief Executive Officer	

## 1. EXECUTIVE SUMMARY

The purpose of this report is to provide Kaikōura District Council with a ‘completion’ report for the funding provided to KORI to help towards the development of a marine programme for Kaikōura.

## 2. COMPLETION OVERVIEW

Completion is not quite an accurate term in this case, as the work to weave together a base of marine programmes in Kaikōura continues to this day, with discussions with EnviroSchools, Innovative Waste Kaikōura and EnviroHub Aotearoa happening just this week.

The \$3,000 granted by Council to KORI provided partial compensation for my (Jody Weir) time. While in the past many ideas have been marinating, this funding allowed me to allocate dedicated (paid) time towards processing these ideas and developing the scope and case for what is possible. Due to personal economic changes and a stretch of being very ill for close to 5 months, the time I have allocated to this project has been spread over the past 1.5 years. I have kept track of hours spent however, and estimate it to be almost 600 hours spent in the past 1.5 years, towards this project (roughly 5\$ an hour J).

In this time, it has been confirmed that Kaikōura is the ideal place to build this kind of programme, one that integrates our marine environment into a long-running, established research and education mecca. In the Kaikōura Marine Strategy document, published 10 years ago, there is a recommendation for connecting our marine environment to both mainstream curriculums and to broader international institutions. While there has been general agreement on thinking that this is a good idea, for it to come to fruition required, and continues to require, dedicated personnel.

Research and information gathering included in person and virtual meetings/interviews with 18 local educators (from ECE, primary, secondary and tertiary) as well as 8 field programme directors (from programmes in New Zealand, Canada, the United States and Madagascar) and investigating programmes online. I also spent a considerable amount of time learning what enables groups like Conservation Kids New Zealand, EnviroHub Marlborough and other environmental educators to deliver successful programmes, including participating in them myself.

Some key conclusions from my research include:

- 1) A dedicated, paid, programme coordinator is vital for these programmes to be successful and stand the test of time. Positions for 20 – 40 hours per week seem to be very effective.
- 2) One paid coordinator can allow for hundreds of volunteers to become involved.
- 3) Youth internships or positions to assist with the development and delivery of public events helps to develop locals who are connected to place, knowledgeable and passionate.
- 4) Teachers and schools have many demands on their time. They all seek ready prepared, curriculum linked resources. Locally we have heard a desire for assistance with this, from ECE, primary, secondary levels and tertiary programmes that come to Kaikōura.
- 5) Species focused programmes tend to be the most popular, with many other themes connecting through that main species.
- 6) Once developed, educational resources can be adapted to be suitable for ECE, primary, secondary and tertiary levels.

- 7) Public, community events, that are welcoming to the whole family are very powerful ways of strengthening community, family and environmental values. These need to be free to attend and include place-based activities and learnings.
- 8) Starting with 4 programmes, one to fit with each school term and focusing on 4 of our star species (humpback whales, banded dotterels, little penguins and New Zealand fur seals), would be an excellent first step. Each area should be adapted and connected to different curriculums as well as a Saturday morning event that could be open to anyone to join.
- 9) A separate workshop or mini-course for adults would be well received by the community. This could potentially also match the 4 key species.
- 10) Training and resources for teachers, to enable them to be confident with each of the programmes developed would be ideal. Again, workshops or courses just for teachers have been used in other places and could be quite successful here.
- 11) Once the first programmes are developed, these could be repeated in following years and new programmes could be developed. Eventually (perhaps in 3 years time depending on funding), a programme per month, that included a public event, resources for primary and secondary schools, a mini-course for adults and a workshop for teachers would be ideal.
- 12) As more has been learned about the diversity of human beings, there is now an important focus on increasing inclusivity and access to these types of learnings as widely as possible. These learnings ought to be applied throughout the development, delivery and follow up of each programme.

### 3. COMMUNITY OUTCOMES SUPPORTED

Exploring the potential for a marine field programme for Kaikōura supported all four of the community outcomes listed below.

**Community:** I am directly communicating and engaging with our community through interviews/conversations and upcoming surveys with local individuals, local organisations, and local businesses. I have also been listening to other organisations in other communities to learn what works for them, and how we might align a process that works here.

**Development:** A marine field programme centred in Kaikōura would definitely promote and support the development of our economy by driving business to existing local companies and providing additional job opportunities for operating the developed programme. Eventually, a programme that attracted participation from outside of Kaikōura could contribute to our economy on a similar level as tourism. While most of our tourists currently only stay in town for one to a few days, this programme could draw people here for weeks and/or months. This would benefit local accommodation providers, etc.

**Environment:** At every step this programme strives to take best measures to value and protect our environment. A dedication to cherish, understand and work in and with our changing environment is a pillar of this initiative.

**Future:** A future with a marine field programme centred in Kaikōura will provide a much brighter place for future generations. In particular, I constantly hear of our youth needing to leave Kaikōura for secondary school or afterwards, to learn and develop skills to find employment in the marine space, whether that be academic research, or trade skills. What if they could stay *here* to learn? What if we could draw people from other towns or countries to learn about *this* place? Like any parent, I want the very best for my 4-year old, and I want the very best to be available to him right here, in Kaikōura.

<b>Report to:</b>	<b>Council</b>	
<b>Date:</b>	24 April 2024	
<b>Subject:</b>	Sport Tasman Quarterly Review	
<b>Prepared by:</b>	Ryan Edwards, Sport Tasman	
<b>Input sought from:</b>	Saraya Brown – Kaikōura Community Advisory	
<b>Authorised by:</b>	W Doughty – Chief Executive Officer	

## 1. EXECUTIVE SUMMARY

Sport Tasman is one of 14 charitable regional sports trusts that support New Zealanders to be more physically active. As a sports trust, we aim to improve community wellbeing and we ensure physical activity, recreation, sport, and play are our key enablers. As a charity, we work alongside our communities in Kaikōura, Marlborough, Buller, Nelson and Tasman to create almost one million physical activity opportunities across Te Tau Ihu (Top of the South Island).

## 2. PROGRESS OVERVIEW/ OR COMPLETION OVERVIEW

Using the locally lead approach and insights gathered from the wider community, over the past 3 months, Sport Tasman has delivered and supported over 12 different community events that have provided physical activity opportunities for tamariki, rangatahi and whānau. During these events and other community engagement consultations, this has allowed Sport Tasman to connect with over 20 different providers and community partners.

These 12 different community events have seen over 500 tamariki and rangatahi experience the benefits of connecting, building relationships, and engaging with other youth. We have seen strong examples of whakawhanaungatanga, whakapiki Wairua, me `a rātou Hauora.



### **Funding - Tu Manawa**

Sport NZ - Tū Manawa funding is administered by Sport Tasman in our region, and is to support activation based around Play, Active Recreation and Sport for tamariki and rangatahi.

Over the past 3 months alone, a total of \$16,050 has been released into the wider Kaikōura community, with a current application of \$12,000 awaiting a decision.

### **3. FOCUS OVER THE NEXT 3 MONTHS**

We are in the early stages of planning a 6-week program partnering with a local Māori health provider working with a group of disengaged rangatahi from Kaikōura High School. We hope to give these students the tools to be self-motivated, critical thinkers who strive to be successful in their studies. Through insights from the college, these students are completely disinterested in the academic curriculum, unmotivated, disruptive and have low self-esteem. We hope that this program can teach them life skills, improve their mental health, connect them to their whakapapa, give them independence and increase their self-esteem.

Early conversations are occurring around an additional project involving water safety and education, significant local landmarks, and the impact we as humans can have on the local environment.

### **4. COMMUNITY OUTCOMES SUPPORTED**

Sport Tasman continues to support and manage the Kaikōura Community Pool. Although this has seen some challenges towards the back end of the summer, this is a valued and important facility to the community.

Sport Tasman (Saraya Brown) is involved with the Takahanga steering group and will continue to advocate for the sporting community.



#### **Community**

We communicate, engage 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

<b>Report to:</b>	<b>Council</b>	
<b>Date:</b>	24 April 2024	
<b>Subject:</b>	Progress Report Kaikōura Youth Council	
<b>Prepared by:</b>	Vicki Gulleford	
<b>Input sought from:</b>		
<b>Authorised by:</b>	W Doughty – Chief Executive Officer	

### 1. EXECUTIVE SUMMARY

The purpose of this report is to provide an update on the progress of Kaikōura Youth Council following the funding to help towards delivering youth led opportunities.

### 2. PROGRESS OVERVIEW

We have spent \$3,937.45 of the grant so far, providing meeting costs, Te Wiki o Te Reo Māori activities, Mental Health Awareness Week activities, survey costs, Xmas crafts for the market, Pool Party, hui with Hurunui Youth Council, uniforms and Puhi Camp costs.

We have quite a few activities planned for the next few months.

Thank you for continuing to support Kaikōura Youth Council.

### 3. FOCUS OVER THE NEXT 3 MONTHS

- a. Youth Week
- b. LTP Consultation and submission
- c. Restructure of Youth Council

### 4. COMMUNITY OUTCOMES SUPPORTED



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We communicate, engage and inform our community



#### Development

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#### Services

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#### Environment

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#### Future

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<b>Report to:</b>	<b>Council</b>
<b>Date:</b>	24 April 2024
<b>Subject:</b>	Completion Report – Kaikōura Squash Club
<b>Prepared by:</b>	Haylee Tehuia-Claxton
<b>Input sought from:</b>	Dan Fleming (President), Vic Prince (Project Manager/ Committee Member)
<b>Authorised by:</b>	W Doughty – Chief Executive Officer

### 1. EXECUTIVE SUMMARY

The purpose of this report is to provide a completion report following the funding to help towards [Kitchen Upgrade & Accessible Bathroom Installation].

### 2. COMPLETION OVERVIEW

We have installed an accessible bathroom equipped with accessible features (automatic light, wheelchair friendly shower, seat in shower, extra long tap handles).

We have also renovated our kitchen facilities which is a hub for our annual tournaments and is the engine behind the tournaments which is our main fundraising events. The kitchen is much more user friendly and away from people walking past with was unhygienic and unsafe in such a crowded room.

Both facilities are now already in full use by our club members.

Happy to have anyone come by and check it out!

### 3. COMMUNITY OUTCOMES SUPPORTED



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#### Future

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<b>Report to:</b>	<b>Council</b>	
<b>Date:</b>	Wednesday 24 <sup>th</sup> April 2024	
<b>Subject:</b>	Competition Report, Kaikōura A&P Assn	
<b>Prepared by:</b>	Laura Koopmans, Kaikōura A&P Administrator	
<b>Input sought from:</b>	n/a at this stage	
<b>Authorised by:</b>	W Doughty – Chief Executive Officer	

## 1. EXECUTIVE SUMMARY

The purpose of this report is to provide a completion report following the funding issued to the Kaikōura A&P association in support our annual A&P show held on Saturday 24<sup>th</sup> February 2024

## 2. COMPLETION OVERVIEW (1<sup>ST</sup> JANUARY – 31<sup>ST</sup> MARCH)

January kicked off this year for us with an action-packed month full of entries, planning and advertising and with no shortage of dramas in the lead up to our annual show there was always something to keep us busy. February bought with it the power pack of volunteers who get behind the scenes of our community day, helping out at working bees and sub committees and putting all the finishing touches together for our showday.

The month of March following the show is our chance to come together, summarise the event and brainstorm for future shows. We spend this time thanking our sponsors, volunteers and everyone who helped and supported the show this year.

The theme for this year was ‘Happy Days’ to show case the brilliant hard-working locals in Kaikōura, to get them away from farms and offices and come out and have a fun filled day with their families. With over 1400 people through the gate this year including 40 trade sites and 10 local producer stalls, 6 demonstrations sites, 164 equestrian riders, countless sponsors and helpers, and over 150 more general public admissions reaching just shy of 1000 tickets sold this year to the general public there was no shortage of people enjoying a fabulous sunny day out.

The support and feedback we have received shows all who attended had a wonderful family filled day with a number of free entertainment options for all to gratefully enjoy.

From engaging with silly billy and silly Milly our roving clowns, testing the hand at framing obstacles within the Harcourts future farmers competition, admiring the “Duck Mans” handy work with his outstanding heading dog and team of ducks, marvelling at Harkaway farmers fibre and fleece displays, being treated to a wonderful display of equestrian events and a great chance to experience all that our farming community has to offer.

Between sheep and wool displays, tractors and machinery, through to an absolutely brilliant local primary school displays, and with one of the busiest produce exhibitions shed had in years.

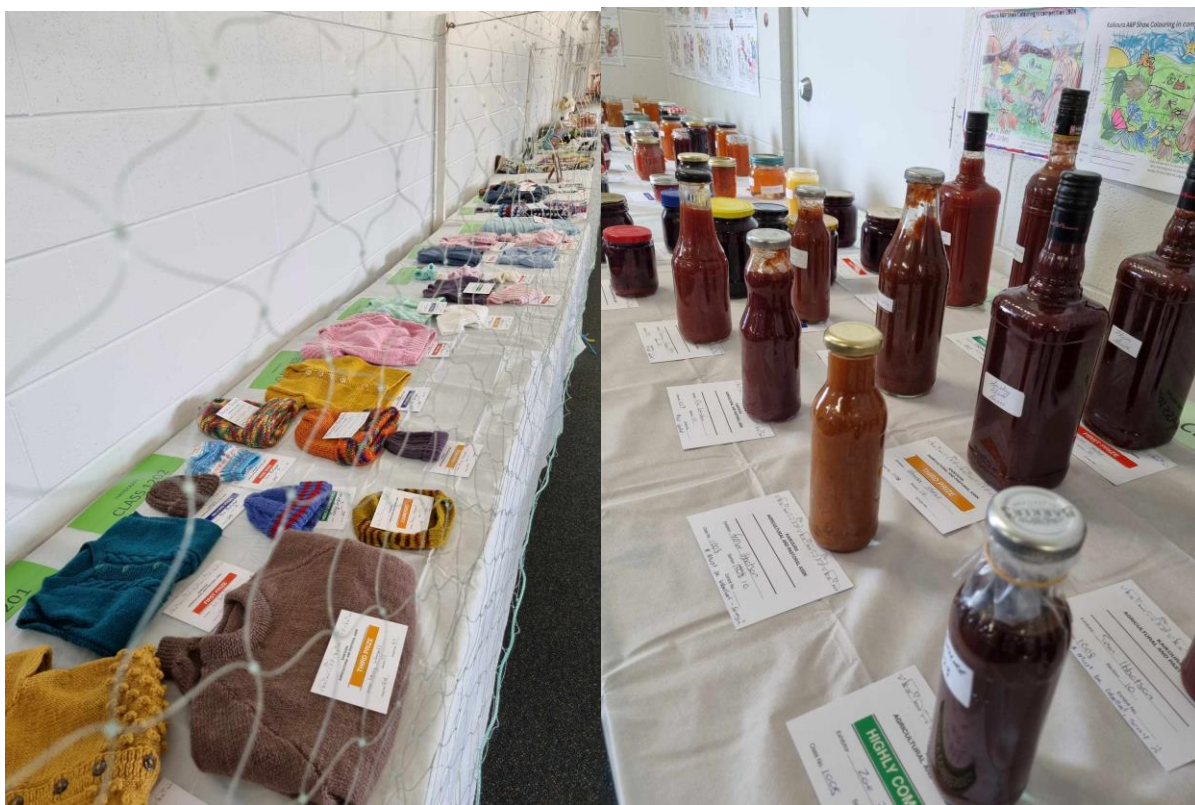
Entries were booming this year due to allowing day entries through out the sheds, strong advertising and media outlets played a huge role in encouraging new entrants and especially children to get behind the show and display their hard work.

So many local businesses get behind us each year for our show day, your support has helped us fund a number of these to be apart of the day including Kaikōura liquid waste, Kaikōura waste services, Kaikōura Trotting club, Kaikōura Star and NC News. All these businesses contribute significantly to the success of the show and with the media outlets especially being a great way to reach our wider communities and encourage so many more people to come to our town for the weekend.

We put in place a couple of significant changes to show day this year, and as with any change there were teething issues so back to the drawing board on a few things for next year but the most successfully change made was to our main marquee location. Relocating the bar area proved to be a

ripping success, including a couple of well-placed indoor-outdoor gardens created a well-rounded safe and inclusive environment for families to enjoy show day.

We were thrilled to be able to provide a space for so many local producers to be apart of show day this year, both with in this tent space for food and beverage companies and within the original marquee area for demonstrations and Kaikōura based activities to truly show case what Kaikōura has to offer.





### 3. FOCUS OVER THE NEXT 3 MONTHS

The Kaikōura A&P committee wishes to thank everyone at the Kaikōura District council for your support of this year's A&P show it is greatly appreciated and has gone a long way into making this day possible for our community.

The next few months are a chance for our hard-working committee to have a few well earned months off before planning gets underway early August for the 2025 show held Saturday 22<sup>nd</sup> February. We cannot wait to see what another year has in stall for us all and we hope to be able to provide another fantastic event for everyone in our community to enjoy and be involved in.

### 4. COMMUNITY OUTCOMES SUPPORTED



#### Community

We communicate, engage 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

<b>Report to:</b>	<b>Council</b>
<b>Date:</b>	24 April 2024
<b>Subject:</b>	Completion Report - Kaikōura Dark Sky Trust
<b>Prepared by:</b>	Colette Doughty
<b>Input sought from:</b>	
<b>Authorised by:</b>	W Doughty – Chief Executive Officer

**1. EXECUTIVE SUMMARY**

The purpose of this report is to provide a completion report following the funding to help towards the Dark Sky Sanctuary application work.

**2. COMPLETION OVERVIEW**

The funding provided was used to support the project co-ordinator role from May 2023 until March 2024. During this time the role supported several projects in the steps towards achieving International Dark Sky Accreditation. These were primarily:

- 2.1 PRIVATE PLAN CHANGE** – adopted by Mayor and Councillors and in public submission stage.
- 2.2 LIGHTING INVENTORY** – completed for both Sanctuary and Community.
- 2.3 NIGHT SKY QUALITY** – continuing to record night sky readings at 16 locations across the district.

**2.4 EDUCATION & OUTREACH** – 2024 events and outreach plan created. Successful IDA week with two free community events which were very well attended. Winter stargazing series underway with monthly free community evenings. Currently working through the creation of an online educational resource for parents and teachers. IDA Night Sky Talk held at the Museum on 4<sup>th</sup> April.



**2.5 DRAFT APPLICATION** – draft Sanctuary application completed and in the second review stage with the IDA NZ point of contact. Community application to be started shortly and won't take long.

### 3. COMMUNITY OUTCOMES SUPPORTED



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Report to:	Council	File #
Date:	24 April, 2024	
Subject:	Kaikoura Red Cross "Crafty Place" Completion Report	
Prepared by:	Marlene Ingram	
Input sought from:		
Authorised by:		

- "The Crafty Place" continued to fulfil a need, in the Kaikoura Community. It has been a place where groups have met, on a regular basis. Mondays and Thursdays, from 10am to 2pm Knitters, Embroiderers, Cardmakers and those who crochet, get together. Patchworkers meet on Wednesday mornings and Thursday evenings. The embroidery group meets on the 2nd and 4th Tuesdays of the month.
2. **RECOMMENDATION** THAT the Council receives this report.

3. "The Crafty Place," as it is known, was started after the Kaikoura Earthquake. It is a place where people can meet and do crafts together. Originally, it was set up at 22 Beach Road but that property was sold, so a new venue had to be found. Luckily, the room at Advert Media was empty, so we were able to move in there. It is an ideal space, with very good lighting, large tables, ideal for quilt making, comfortable chairs, easy access, and parking at the rear of the building. Ladies, new to Kaikoura, have joined the group, and have appreciated the opportunity to get to know others, while doing their knitting etc. We have appreciated the support of the Kaikoura District Council's Discretionary Grant.

6. **COMMUNITY OUTCOMES SUPPORTED**



**Community**  
We communicate, engage 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