



**Innovative Waste Kaikōura Ltd  
Statement of Intent  
2025/26 – 2027/28**

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# 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, the Kaikōura District Council (KDC).

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

- 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.
- 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.
- Management of the Transfer Station facility.
- 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.
- Operating and maintaining 7 Water schemes (Oaro, Ocean Ridge, Peketa, Urban, Fernleigh, Kincaid and East Coast)
- Operating and maintaining the Waste Water Treatment Plant and the Wastewater Reticulation network
- Undertaking maintenance activities on the stormwater network

IWK also provides the following services to KDC under contract:

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

IWK provides the following services to the wider Kaikōura District:

- Skip Hire service
- Business waste & recycling services
- Event Waste management

The SOI is reviewed annually with the Shareholder 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)  
Diane Brandish  
Craig Mackle  
Jacquie Boer  
Daniel Yallop

### **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

Our aspiration is to contribute to a thriving, sustainable future for Kaikōura, where we minimise waste, enhance our environment and empower individuals through education and awareness to protect and preserve our community for generations to come.

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**
  - Pay the living wage
  - Provide training and development opportunities
  - Provide local apprenticeships/cadetships where possible
- **Be innovative**
  - Partnership based contracts with KDC
  - Seek innovative ways to enhance services, including waste minimisation innovations that contribute to improved diversion performance
  - Seek alternative revenue opportunities and/or cost savings
- **Consider expansion and diversification within the district**
  - Assess alternative opportunities that are sympathetic with current operations and beneficial to KDC and the community.

Reporting to the Shareholder will include progress on the above objectives on a quarterly basis.

### 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 Shareholder. 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, 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 and in accordance with an annual Letter of Expectation received from the Shareholder. 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 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):

	2025/26	2026/27	2027/28
Revenue	2,797,035	2,851,926	2,892,088
Net Profit Before Tax	63,799	60,700	66,167
Return on Equity	9%	8%	8%
Equity	730,091	790,791	856,958
Fixed Asset turnover	3.6	4.2	5.0
Liquidity ratio (excl Holiday pay accrual)	1.5	2.0	2.4
Wages as % of Revenue	41%	41%	41%
R & M as a % of Revenue	1%	1%	1%

### Operational Performance Targets

In addition to the above financial performance measures, IWK will use the following measures to assess its performance of the 2025/26 financial year. These measures also correlate to the specific areas of focus as directed by the Shareholders Letter of Expectation.



Performance Targets	LoE Focus Area	Performance Measure 2024/25
<b>Client Satisfaction</b>	Client satisfaction and service	<p>98% of all urgent callouts, applicable to the contract are responded to within one hour (wastewater) or two hours (water) from the time of the notification to the time that service personnel attend 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>	Client satisfaction and service	<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>	Organisational culture	<p>5% reduction in TRIF (Total Recordable Incident Frequency) accident rates</p> <p>LTIFR (LTI per 200,000 hours worked) &lt;6</p> <p>Near Miss Reporting Rate (# NM/Total Hours worked) x 1000 (score of 2.0 or better)</p> <p>% of RRC Staff completed competency training (75% target)</p> <p>Staff Survey – IWK has a safe work environment (score of 4.0 or better)</p>
<b>Staff Engagement</b>	Staff wellbeing	<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>	Supporting the delivery of the KDC WMMP	24 Social media posts 6 Hard media adverts Invite schools to visit IWK on an annual basis 3 Public tours of the RRC
<b>Diversion from Landfill</b>	Service performance	55% or higher (as per Ministry for Environment methodology)

## 7. Financial Statements 2025/26, 2026/27 & 2027/28

The prospective financial statements for the years ending 30 June 2026, 2027 and 2028 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 District Council, 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, 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. 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. 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 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. 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 2025 to 30 June 2028. 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 to circumstances that IWK are unable to predict at this time and may include the current government's 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 the current contract rate.

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

Resource Recovery Centre – the budget has been compiled for general and greenwaste based on current tonnages and gate fees, with slight increases on tonnage over the subsequent years

3 Waters is based on contract amounts and contract provisions as well as proposed Capex works (KDC) 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 actual staffing required to run the various activities. Salary rates include an allowance for a 3% wage increase year on year and the continued objective of achieving the living wage.

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 1550 tonnes of general waste @ \$100 per tonne), 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 a nominal small increase in year one and then static for the following years.

Audit Fees – based on the agreed Audit Fee letter and remaining static for the following two years.

**INNOVATIVE WASTE KAIKOURA LIMITED**  
**Prospective Statement of Revenue & Expenses**  
**for the year ended 30 June 2026, 2027 and 2028**

	<b>BUDGET</b>		
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>REVENUE</b>			
Public Amenities	\$ 192,000	\$ 195,840	\$ 199,757
Rubbish Bags	\$ 35,000	\$ 35,700	\$ 36,414
Resource Recovery Centre	\$ 1,504,675	\$ 1,528,726	\$ 1,547,531
3 Waters	\$ 1,065,000	\$ 1,091,300	\$ 1,108,026
Other Income	\$ 360	\$ 360	\$ 360
<b>Total Revenue</b>	<b>\$ 2,797,035</b>	<b>\$ 2,851,926</b>	<b>\$ 2,892,088</b>
<b>DIRECT COSTS</b>			
Direct Labour	\$ 902,600	\$ 916,139	\$ 929,881
Direct Costs	\$ 982,944	\$ 997,688	\$ 1,012,653
<b>Total Direct Costs</b>	<b>\$ 1,885,544</b>	<b>\$ 1,913,827</b>	<b>\$ 1,942,534</b>
<b>GROSS PROFIT</b>	<b>\$ 911,491</b>	<b>\$ 938,099</b>	<b>\$ 949,554</b>
	33%	33%	33%
<b>EXPENDITURE</b>			
Staff Costs	\$ 275,900	\$ 284,889	\$ 288,936
Operating Expenses	\$ 356,164	\$ 365,829	\$ 366,582
Finance Costs	\$ 6,488	\$ 5,481	\$ 4,469
Depreciation	\$ 122,640	\$ 133,200	\$ 133,400
Professional Fees - Accounting	\$ 40,000	\$ 40,000	\$ 40,000
Professional Fees - Audit	\$ 46,500	\$ 48,000	\$ 50,000
<b>Total Expenditure</b>	<b>\$ 847,692</b>	<b>\$ 877,399</b>	<b>\$ 883,387</b>
<b>Operating Surplus/(Deficit) before Tax</b>	<b>\$ 63,799</b>	<b>\$ 60,700</b>	<b>\$ 66,167</b>
<b>Income Tax</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Comprehensive Surplus/(Deficit) after Tax</b>	<b>\$ 63,799</b>	<b>\$ 60,700</b>	<b>\$ 66,167</b>

*These Prospective Financial Statements are to be read in conjunction with the Notes to the Prospective Financial Statements.*

**INNOVATIVE WASTE KAIKOURA LIMITED**  
**Prospective Statement of Changes in Net Assets/Equity**  
**for the year ended 30 June 2026, 2027 and 2028**

	<b>BUDGET</b>		
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>EQUITY AT START OF YEAR</b>			
Opening Balance*	\$ 666,292	\$ 730,091	\$ 790,791
Total Comprehensive Surplus/(Deficit) after Tax	\$ 63,799	\$ 60,700	\$ 66,167
<b>EQUITY AT END OF YEAR</b>	<b>\$ 730,091</b>	<b>\$ 790,791</b>	<b>\$ 856,958</b>

*\*Opening Balance is based on the 2025 Forecast Budget*

**INNOVATIVE WASTE KAIKOURA LIMITED**  
**Prospective Statement of Financial Position**  
**as at 30 June 2026, 2027 and 2028**

	<b>BUDGET</b>		
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	\$ 199,110	\$ 335,486	\$ 483,744
Debtors & Other Receivables	\$ 228,837	\$ 232,662	\$ 235,171
Work in Progress	\$ 18,144	\$ 18,144	\$ 18,144
Income Tax			
<b>Total Current Assets</b>	<b>\$ 446,091</b>	<b>\$ 586,292</b>	<b>\$ 737,059</b>
<b>Non Current Assets</b>			
Property, Plant & Equipment	\$ 742,949	\$ 629,749	\$ 516,349
Deferred Tax Asset	\$ -5,641	\$ -5,641	\$ -5,641
<b>Total Non Current Assets</b>	<b>\$ 737,308</b>	<b>\$ 624,108</b>	<b>\$ 510,708</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,183,399</b>	<b>\$ 1,210,400</b>	<b>\$ 1,247,767</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Payables	\$ 162,397	\$ 165,409	\$ 167,147
Employee Benefit Liabilities	\$ 147,636	\$ 147,993	\$ 148,356
Income Tax	\$ -	\$ -	\$ -
GST	\$ 27,328	\$ 30,880	\$ 30,892
Current Loans	\$ 40,620	\$ 36,041	\$ 44,414
<b>Total Current Liabilities</b>	<b>\$ 377,981</b>	<b>\$ 380,323</b>	<b>\$ 390,809</b>
<b>Term Liabilities</b>			
Deferred Tax Liability	\$ -	\$ -	\$ -
Loans	\$ 75,327	\$ 39,286	\$ -
<b>Total Term Liabilities</b>	<b>\$ 75,327</b>	<b>\$ 39,286</b>	<b>\$ -</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 453,308</b>	<b>\$ 419,609</b>	<b>\$ 390,809</b>
<b>NET ASSETS</b>	<b>\$ 730,091</b>	<b>\$ 790,791</b>	<b>\$ 856,958</b>
<b>EQUITY</b>			
Share Capital	\$ 100	\$ 100	\$ 100
Retained Earnings	\$ 729,991	\$ 790,691	\$ 856,858
<b>TOTAL EQUITY</b>	<b>\$ 730,091</b>	<b>\$ 790,791</b>	<b>\$ 856,958</b>

*These Prospective Financial Statements are to be read in conjunction with the Notes to the Prospective Financial Statements.*



**INNOVATIVE WASTE KAIKOURA LIMITED**  
**Prospective Statement of Cash Flows**  
for the year ended 30 June 2026, 2027 and 2028

	<b>BUDGET</b>		
	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>CASH FLOWS FROM OPERATIONS</b>			
<b>Cash Provided From</b>			
Receipts from Customers	\$ 3,199,146	\$ 3,257,116	\$ 3,304,251
Interest Received	\$ 360	\$ 360	\$ 360
<b>Total Cash Provided From</b>	<b>\$ 3,199,506</b>	<b>\$ 3,257,476</b>	<b>\$ 3,304,611</b>
<b>Cash Applied To</b>			
Payments to Suppliers & Employees	\$ 2,819,641	\$ 2,872,488	\$ 2,911,971
Interest Paid	\$ 7,461	\$ 6,303	\$ 5,139
Net GST	\$ 177,368	\$ 178,689	\$ 185,330
Income Tax Paid	\$ -	\$ -	\$ -
<b>Total Cash Applied To</b>	<b>\$ 3,004,470</b>	<b>\$ 3,057,480</b>	<b>\$ 3,102,440</b>
<b>TOTAL CASH FLOWS FROM OPERATIONS</b>	<b>\$ 195,036</b>	<b>\$ 199,996</b>	<b>\$ 202,171</b>
<b>CASH FLOWS FROM INVESTING</b>			
<b>Cash Provided From</b>			
Receipts from Sale of Property, Plant & Equipment	\$ -	\$ -	\$ -
<b>Total Cash Provided From</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash Applied To</b>			
Payments to Acquire Property, Plant & Equipment	\$ 69,000	\$ 23,000	\$ 23,000
<b>Total Cash Applied To</b>	<b>\$ 69,000</b>	<b>\$ 23,000</b>	<b>\$ 23,000</b>
<b>TOTAL CASH FLOWS FROM INVESTING</b>	<b>\$ -69,000</b>	<b>\$ -23,000</b>	<b>\$ -23,000</b>
<b>CASH FLOWS FROM FINANCING</b>			
<b>Cash Provided From</b>			
Proceeds from Loans from Other Parties	\$ -	\$ -	\$ -
<b>Total Cash Provided From</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash Applied To</b>			
Repayments of Loans from Other Parties	\$ 55,389	\$ 40,620	\$ 30,913
<b>Total Cash Applied To</b>	<b>\$ 55,389</b>	<b>\$ 40,620</b>	<b>\$ 30,913</b>
<b>TOTAL CASH FLOWS FROM FINANCING</b>	<b>\$ -55,389</b>	<b>\$ -40,620</b>	<b>\$ -30,913</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>\$ 70,647</b>	<b>\$ 136,376</b>	<b>\$ 148,258</b>
<b>CASH BALANCES</b>			
Cash & Cash Equivalents at Beginning of Period	\$ 128,463	\$ 199,110	\$ 335,486
Cash & Cash Equivalents at End of Period	\$ 199,110	\$ 335,486	\$ 483,744
<b>NET CHANGE IN CASH FOR PERIOD</b>	<b>\$ 70,647</b>	<b>\$ 136,376</b>	<b>\$ 148,258</b>

*These Prospective Financial Statements are to be read in conjunction with the Notes to the Prospective Financial Statements.*

# 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 Company's 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 Times* 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 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, 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**

###### **(3) 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).

#### **(4) 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

### (1) 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).

### (3) 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).

### (4) 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

**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.