

Part Four: Financial information & rates

Financial Overview

The entire local government sector in New Zealand is grappling with cost increases associated with maintaining critical infrastructure, more stringent national standards (such as for drinking water), higher insurance premiums and audit fees, plus many more cost increases. Kaikōura is no different. With our basic cost of operating estimated to cost 20% more now than a year ago, without any change to the level of service we provide, developing a cost-effective Long-Term Plan for the next ten years has been quite a challenge.

Debt is at \$7.3 million as we enter the term of this Long-Term Plan and is not expected to exceed \$10 million within the next 10 years. The Council plans to borrow to fund the roading backlog of work for the first three years and will also borrow for the District Plan rolling review for all 10 years of the LTP. This is a conscious decision from the Council to optimise its use of debt and to address the backlog of road surface renewals before any roads deteriorate further.

The proposed rates increase for 2024/2025 is 14.5%, and the average rates increase across the 10-year period is less than 5%. Fortunately, due to growth in the number of rateable properties in the district the actual impact on individual properties is generally lower than 12% in 2024/2025 (as opposed to the 14.5% total increase for that year). That is because these new houses, businesses and subdivisions start paying their share of the rates and so they absorb some of the rates increase.

The Council has also received substantial financial support to complete some very major projects, including:

- Up to \$10.88 million to develop a new retail/hospitality/community facility at Wakatu Quay (from the Provincial Growth Fund PGF),
- A 95% subsidy from Waka Kotahi (NZTA) enabling the construction of the Waiau-Toa (Clarence River) Bridge, plus fords and protection works,
- \$1.9 million to develop the Link Pathway.

This immense financial support that has been received or pledged, and the rebuild of Council-owned essential infrastructure and the resulting extremely low renewal profile, puts the Kaikōura district in a sound financial position going forward.

Notwithstanding this, the Council is acutely aware that ongoing rates increases that are higher than the household cost price index are not affordable in the medium to long term, especially for households on fixed incomes. We will endeavour to seek out more efficient ways of working, which is likely to include more shared services with other local authorities especially in the areas of building control, IT, and procurement.

Prospective Statement of Comprehensive Revenue & Expense for the financial year ended 30 June

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue											
Revenue from rates	9,243	10,538	11,603	12,344	13,194	13,624	13,718	13,974	14,443	14,447	14,688
Water meter charges	140	230	235	242	248	254	260	266	272	278	283
User fees & charges	1,735	1,923	1,920	1,997	2,086	2,167	2,269	2,325	2,401	2,443	2,511
Grants & subsidies	20,483	15,039	17,122	3,113	1,381	1,403	1,441	1,419	1,502	2,981	1,558
Development contributions	44	62	97	101	102	104	106	109	110	111	118
Finance income	3	57	46	57	47	59	68	66	59	60	54
Other revenue	113	685	341	344	349	560	629	611	592	606	409
Total revenue	31,761	28,533	31,364	18,197	17,406	18,172	18,491	18,769	19,379	20,927	19,621
Operating expense											
Personnel	3,836	4,126	4,325	4,462	4,602	4,704	4,803	4,899	4,997	5,093	5,190
Depreciation & amortisation	6,247	6,239	6,113	6,263	6,343	6,175	6,249	6,318	6,497	6,597	6,817
Finance expense	327	392	488	527	530	519	517	506	485	461	543
Other expenses	8,633	8,947	8,869	8,987	9,220	9,290	9,462	9,528	9,831	9,985	10,086
Total operating expenses	19,044	19,705	19,795	20,239	20,695	20,688	21,032	21,252	21,810	22,136	22,635
Net surplus/(deficit)	12,717	8,828	11,570	(2,041)	(3,289)	(2,516)	(2,541)	(2,483)	(2,431)	(1,209)	(3,015)
Other comprehensive income											
Gains on asset revaluation	-	8,591	-	-	12,224	-	-	30,412	-	-	35,578
Movement in provisions	-	-	-	-	-	-	-	-	-	-	-
Fair Value Gains through Equity	-	88	65	255	250	245	239	244	237	242	235
Total other comprehensive income	-	8,679	65	255	12,475	245	239	30,656	237	242	35,813
Total comprehensive income	12,717	17,507	11,634	(1,786)	9,186	(2,271)	(2,302)	28,173	(2,194)	(967)	32,798

Prospective Statement of Revenue & Expense (by group of activities) for years ended 30 June

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Revenue											
Roading	14,865	11,529	16,635	4,588	3,801	3,869	3,979	4,077	4,289	4,366	4,462
Water supplies	1,388	1,666	1,929	2,223	2,352	2,502	2,394	2,500	2,608	3,979	2,561
Wastewater	758	1,269	1,319	1,345	1,353	1,435	1,533	1,552	1,602	1,616	1,645
Stormwater	57	113	130	133	136	139	144	144	148	152	154
Refuse & recycling	421	444	484	491	499	507	574	583	596	610	621
Facilities	7,843	7,215	4,300	2,482	2,318	2,579	2,750	2,712	2,694	2,715	2,466
Leadership & governance	86	45	64	47	48	69	50	51	73	53	54
Building & regulatory	1,049	1,027	1,063	1,086	1,100	1,122	1,144	1,163	1,185	1,207	1,227
Community services	583	249	35	36	37	38	39	39	40	41	42
District development	549	656	664	866	934	1,011	956	1,004	1,051	1,100	1,145
General rates	4,158	4,351	4,758	4,819	5,029	5,088	5,098	5,123	5,270	5,269	5,425
Finance revenue	3	57	46	57	47	59	68	66	59	60	54
Total revenue	31,761	28,621	31,429	18,452	17,657	18,417	18,730	19,013	19,617	21,169	19,855
Operating expense											
Roading	4,129	4,612	4,819	4,994	4,964	4,997	5,050	5,087	5,275	5,320	5,404
Water supplies	2,389	2,365	2,434	2,533	2,589	2,608	2,691	2,717	2,788	2,894	3,088
Wastewater	1,554	1,779	1,818	1,848	1,882	1,879	1,935	1,958	2,009	2,045	2,074
Stormwater	236	252	267	270	274	275	280	281	291	294	296
Refuse & recycling	698	647	703	724	743	751	768	773	785	798	814
Facilities	4,418	4,001	3,991	4,131	4,204	3,997	4,071	4,075	4,075	4,133	4,183
Leadership & governance	1,468	1,924	1,657	1,398	1,398	1,513	1,484	1,576	1,643	1,652	1,654
Building & regulatory	1,689	1,717	1,844	1,816	1,968	1,897	1,995	1,964	2,058	2,047	2,131
Community services	1,599	1,369	1,190	1,216	1,243	1,269	1,306	1,322	1,350	1,378	1,405
District development	864	1,038	1,071	1,309	1,429	1,501	1,452	1,499	1,538	1,574	1,584
Total operating expenses	19,044	19,705	19,795	20,239	20,695	20,688	21,032	21,252	21,810	22,136	22,635
Net surplus/(deficit)	12,717	8,916	11,634	(1,786)	(3,038)	(2,271)	(2,302)	(2,239)	(2,194)	(967)	(2,780)

Prospective Statement of Changes in Equity for financial years ended 30 June

	2024 An-Plan \$000	2025 Forecast \$000 Year 1	2026 Forecast \$000 Year 2	2027 Forecast \$000 Year 3	2028 Forecast \$000 Year 4	2029 Forecast \$000 Year 5	2030 Forecast \$000 Year 6	2031 Forecast \$000 Year 7	2032 Forecast \$000 Year 8	2033 Forecast \$000 Year 9	2034 Forecast \$000 Year 10
Equity at start of year (1 July)	289,138	303,776	321,283	332,918	331,131	340,318	338,046	335,745	363,918	361,724	360,757
Comprehensive revenue and expense											
Net surplus/(deficit)	12,717	8,916	11,634	(1,786)	(3,038)	(2,271)	(2,302)	(2,239)	(2,194)	(967)	(2,780)
Gains on asset revaluation	-	8,591	-	-	12,224	-	-	30,412	-	-	35,578
Total comprehensive income	12,717	17,507	11,634	(1,786)	9,186	(2,271)	(2,302)	28,173	(2,194)	(967)	32,798
Equity at end of year (30 June)	301,855	321,283	332,918	331,131	340,318	338,046	335,745	363,918	361,724	360,757	393,555

Prospective Statement of Financial Position for financial years ended 30 June

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Current assets											
Cash & cash equivalents	1,615	1,682	1,948	2,318	2,093	1,598	1,972	1,931	1,694	1,641	1,516
Receivables	2,175	1,956	2,149	1,260	1,206	1,257	1,278	1,298	1,340	1,446	1,356
Prepayments	185	254	254	254	254	254	254	254	254	254	254
Other financial assets	20	20	20	20	20	20	20	20	20	20	20
Inventory	-	330	330	330	330	330	330	330	330	330	330
Total current assets	3,995	4,243	4,702	4,182	3,903	3,460	3,854	3,833	3,637	3,691	3,476
Non-current assets											
Other financial assets	177	207	207	207	207	207	207	207	207	207	207
Forestry	2,155	2,521	2,521	2,521	2,521	2,521	2,521	2,521	2,521	2,521	2,521
Investment property	9,236	7,478	10,572	10,827	11,078	11,323	11,562	11,806	12,043	12,285	12,520
Property, plant & equipment	298,294	316,712	327,808	326,317	335,278	332,226	329,325	356,295	353,109	350,877	382,680
Intangible assets	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	309,862	326,917	341,107	339,872	349,083	346,277	343,614	370,829	367,880	365,889	397,927
TOTAL ASSETS	313,857	331,160	345,809	344,054	352,987	349,737	347,468	374,661	371,517	369,581	401,403
Current liabilities											
Payables & deferred revenue	1,537	1,612	1,627	1,658	1,705	1,726	1,759	1,779	1,829	1,859	1,884
Employee entitlements	304	257	257	257	257	257	257	257	257	257	257
Borrowings	-	1,000	1,000	1,300	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities		2,869	2,884	3,215	1,962	1,983	2,016	2,036	2,086	2,116	2,141
Non-current liabilities											
Borrowings	8,300	6,300	9,300	9,000	10,000	9,000	9,000	8,000	7,000	6,000	5,000
Provisions	1,445	225	225	225	225	225	225	225	225	225	225
Other term liabilities	416	483	483	483	483	483	483	483	483	483	483
Total non-current liabilities	10,161	7,008	10,008	9,708	10,708	9,708	9,708	8,708	7,708	6,708	5,708
Equity											
Accumulated equity	130,831	143,790	155,323	153,633	150,823	148,331	145,608	142,952	140,595	139,224	136,241
Special reserves & funds	4,380	2,378	2,479	2,383	2,155	2,376	2,797	3,214	3,377	3,782	3,985
Asset revaluation reserves	166,644	175,115	175,115	175,115	187,340	187,340	187,340	217,751	217,751	217,751	253,330
Total equity	301,855	321,283	332,918	331,131	340,318	338,046	335,745	363,918	361,724	360,757	393,555
TOTAL LIABILITIES & EQUITY	313,857	331,160	345,809	344,054	352,987	349,737	347,468	374,661	371,517	369,581	401,403

Prospective Statement of Cashflows for financial years ended 30 June

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Cashflow from operating activities											
Receipts from rates	9,243	10,767	11,838	12,858	13,442	13,879	13,978	14,240	14,715	14,725	14,971
Interest income	3	57	46	57	47	59	68	66	59	60	54
Receipts from other revenue	21,609	16,871	19,287	6,445	3,971	4,183	4,424	4,444	4,563	6,035	4,685
Interest paid	(327)	(392)	(488)	(527)	(530)	(519)	(517)	(506)	(485)	(461)	(543)
Payments to staff & suppliers	(12,520)	(13,938)	(13,179)	(13,417)	(13,776)	(13,973)	(14,232)	(14,408)	(14,779)	(15,047)	(15,251)
Net cash from operating activities		13,366	17,504	5,142	3,154	3,628	3,721	3,836	4,074	5,312	3,916
Cashflow from investing activities											
Purchase of property, plant & equipment	(18,447)	(13,308)	(17,207)	(4,772)	(3,079)	(3,123)	(3,348)	(2,877)	(3,311)	(4,365)	(3,041)
Purchase of investments	(4,436)	(3,891)	(3,030)	-	-	-	-	-	-	-	-
Proceeds from sale of assets	150	-	-	-	-	-	-	-	-	-	-
Reduction in provisions	-	-	-	-	-	-	-	-	-	-	-
Net cash from investing activities	(22,733)	(16,899)	(20,238)	(4,472)	(3,079)	(3,123)	(3,348)	(2,877)	(3,311)	(4,365)	(3,041)
Cashflow from financing activities											
Proceeds from borrowings	3,000	2,000	4,000	1,000	1,000	-	-	-	-	-	-
Repayment of borrowings	-	(2,000)	(1,000)	(1,000)	(1,300)	(1,000)	-	(1,000)	(1,000)	(1,000)	(1,000)
Net cash from financing activities	3,000	-	3,000	-	(300)	(1,000)	-	(1,000)	(1,000)	(1,000)	(1,000)
Total net cashflows	3,000	(3,533)	266	370	(225)	(495)	374	(41)	(237)	(53)	(125)
Opening cash	3,340	5,215	1,682	1,948	2,318	2,093	1,598	1,972	1,931	1,694	1,641
Closing cash	1,615	1,682	1,948	2,318	2,093	1,598	1,972	1,931	1,694	1,641	1,516
Represented by:											
Cash & cash equivalents	1,615	1,682	1,948	2,318	2,093	1,598	1,972	1,931	1,694	1,641	1,516

Forecast Funding Impact Statement for financial years ended 30 June

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	4,159	4,351	4,758	4,819	5,029	5,088	5,098	5,123	5,270	5,269	5,425
Targeted rates	5,224	6,417	7,080	7,767	8,413	8,790	8,880	9,117	9,445	9,455	9,546
Subsidies & grants for operating purposes	1,903	992	801	817	790	805	820	835	850	865	879
Fees and charges	1,735	1,923	1,920	1,997	2,086	2,167	2,269	2,325	2,401	2,443	2,511
Interest & dividends from investments	3	57	46	57	47	59	68	66	59	60	54
Fuel tax, fines & other revenue	113	685	341	344	349	560	629	611	592	606	409
Total sources of operating funding (A)	13,137	14,424	14,946	15,800	16,713	17,470	17,765	18,077	18,617	18,698	18,824
Application of operating funding											
Payments to staff and suppliers	12,470	13,074	13,193	13,449	13,822	13,994	14,265	14,428	14,828	15,078	12,375
Finance costs	327	392	488	527	530	519	517	506	485	461	543
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	12,797	13,466	13,682	13,976	14,352	14,513	14,782	14,934	15,313	15,539	15,819
Surplus (deficit) operating funding (A – B)	340	958	1,265	1,824	2,361	2,957	2,983	3,143	3,304	3,160	3,005
Sources of capital funding											
Subsidies & grants for capital expenditure	18,580	14,047	16,321	2,296	591	598	620	584	653	2,117	679
Development contributions	44	62	97	101	102	104	106	109	109	111	118
Increase (decrease) in debt	1,426	-	3,000	-	(300)	(1,000)	-	(1,000)	(1,000)	(1,000)	(1,000)
Gross proceeds from sale of assets	150	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	20,200	14,109	19,418	2,397	393	(298)	726	(307)	(238)	1,228	(203)
Application of capital funding											
Capital expenditure											
- To meet additional demand	5,271	3,891	3,091	-	140	33	430	-	-	1,451	-
- To improve level of service	9,286	8,102	6,244	741	615	588	462	335	336	343	349
- To replace existing assets	8,326	4,906	10,903	4,031	2,324	2,502	2,456	2,542	2,975	2,571	2,692
Increase (decrease) in reserves	(2,343)	(1,832)	444	(551)	(325)	(465)	361	(42)	(245)	23	(239)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	20,540	15,067	20,682	4,221	2,754	2,658	3,709	2,835	3,066	4,388	2,802
Surplus (deficit) of capital funding (C – D)	(340)	(958)	(1,265)	(1,824)	(2,361)	(2,957)	(2,983)	(3,143)	(3,304)	(3,160)	(3,005)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Reconciliation Between Surplus in Prospective Statement of Revenue and Expense and Surplus (Deficit) of Operating Funding in Funding Impact Statement years ended 30 June

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
SURPLUS/(DEFICIT) OF OPERATING FUNDING	340	958	1,265	1,824	2,361	2,957	2,983	3,143	3,304	3,160	3,005
<i>Add Items in capital funding</i>											
Subsidies for capital expenditure	18,580	14,047	16,321	2,296	591	598	620	584	653	2,117	679
Development Contributions	44	62	97	101	102	104	106	109	109	111	118
<i>Add non-cash items in Profit and Loss</i>											
Vested Assets	-	-	-	-	-	-	-	-	-	-	-
Gains/(loss) on sale fair value movement	-	88	65	255	250	245	239	244	237	242	234
Less Depreciation	(6,247)	(6,239)	(6,113)	(6,263)	(6,343)	(6,175)	(6,249)	(6,318)	(6,497)	(6,597)	(6,817)
NET SURPLUS (DEFICIT) BEFORE TAXATION	12,717	8,916	11,634	(1,786)	(3,038)	(2,271)	(2,302)	(2,239)	(2,140)	(967)	(2,780)

Depreciation & amortisation expense by group of activities

The table below has been including in accordance with Part 1, section 5(4) of the Local Government (Financial Reporting and Prudence) Regulations 2014. The purpose of this table is to specify, in relation to each group of activities, the combined depreciation and amortisation expense for assets used directly in providing the group of activities.

This information was previously included in the now obsolete Cost of Service Statements, however under the financial reporting regulations the funding impact statement format excludes non-cash/accounting transactions such as depreciation.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Roading	2,479	2,600	2,706	2,807	2,831	2,829	2,845	2,861	3,022	3,039	3,056
Water supplies	978	891	862	878	899	880	903	922	949	1,002	1,176
Wastewater	788	845	828	834	841	816	829	841	865	874	883
Stormwater	139	140	139	140	140	138	139	139	145	145	145
Refuse & recycling	76	65	64	66	68	64	64	64	63	63	63
Facilities	1,645	1,585	1,477	1,485	1,494	1,358	1,362	1,366	1,312	1,316	1,317
Leadership & governance	100	108	31	43	57	73	89	104	117	131	146
Building & regulatory	-	1	1	1	1	1	1	1	1	1	1
Community services	43	4	7	9	12	15	18	21	24	27	30
District development	-	-	-	-	-	-	-	-	-	-	-
Total depreciation & amortisation	6,248	6,239	6,113	6,263	6,343	6,175	6,249	6,318	6,497	6,597	6,817

Those same Financial Reporting and Prudence Regulations require the Council to specify the amount to be received from targeted rates for metered water supply (commonly referred to as water meter charges).

These rates per cubic metre had not increased for more than 15 years. For the 2025 financial year, therefore, the Council has fully reviewed the cost of providing water on a per cubic metre basis and has increased this rate from \$1.00 to \$2.10 per m³. The Council has also slightly increased the half-yearly meter maintenance rate and the special meter reading fees.

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Water meter charges	140	230	235	242	248	254	260	266	272	278	283

Capital projects (inflated) for the financial years ended 30 June

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Roading											
Glen Alton Bridge	4,987	2,000	8,053	1,337	-	-	-	-	-	-	-
Jordan Stream Bridge	-	300	510	-	-	-	-	-	-	-	-
NCTIR haul roads renewal	443	-	-	-	-	-	-	-	-	-	-
Bridge renewals	-	-	102	52	53	55	56	57	58	59	60
Sealed road resurfacing	552	562	599	607	416	425	434	442	451	460	469
Unsealed road metalling	198	187	180	197	33	19	44	67	209	213	217
Drainage kerb & channel	72	155	158	162	81	83	85	86	88	90	92
Sublayer rehabilitation	460	330	337	344	352	360	368	375	382	390	397
Traffic services	66	70	72	73	75	77	78	80	81	83	85
Safety improvements	300	160	163	167	171	175	178	181	186	189	193
Blue Duck & Puhi Puhi	800	-	-	-	-	-	-	-	-	-	-
IAF project	6,995	6,439	5,550	-	-	-	-	-	-	-	-
Footpaths	100	250	255	261	267	273	278	142	145	148	151
Total roading	14,973	10,452	15,978	3,200	1,448	1,465	1,521	1,431	1,600	1,632	1,663
Water supplies											
Urban pipe renewals	-	141	144	188	188	192	196	201	205	210	214
Urban Torquay St main	-	-	31	-	-	-	-	-	-	-	-
Urban Esplanade main	-	-	77	105	339	348	356	364	372	380	388
Urban Rorrison Rd main	-	-	-	-	-	-	-	46	-	-	-
Urban structure renewals	20	-	-	-	-	-	-	-	-	-	-
Urban treatment	45	20	-	21	11	69	-	6	-	-	-
Urban plant	30	-	-	-	-	-	-	-	-	-	-
Toby boxes & meters	-	25	26	26	27	28	28	29	30	30	31
IAF Water Mains	-	-	-	-	-	-	-	-	-	1,451	-
Ocean Ridge pipe renewal	30	-	-	-	-	-	-	-	-	-	-
Peketa structures	-	3	3	3	3	3	3	3	4	4	4
Peketa treatment	-	-	-	-	-	22	-	-	-	-	-

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Fernleigh structures	15	10	61	63	81	22	22	23	40	12	12
Fernleigh treatment	-	3	-	-	3	-	-	-	-	-	-
Oaro structures	-	7	7	7	41	7	-	38	-	-	-
Oaro treatment	-	3	-	-	-	-	-	-	-	-	-
Kincaid structures	50	23	13	23	23	24	23	31	32	33	33
Kincaid treatment	95	90	-	-	-	-	-	-	-	-	-
Kincaid tobies & meters	-	9	9	9	9	10	10	10	10	10	11
East Coast pipe renewal	61	-	-	153	-	-	-	-	118	-	-
East Coast structures	-	5	8	21	-	164	-	-	-	-	-
Total water supplies	346	338	379	621	726	888	638	751	811	2,129	693
Wastewater											
Structure renewals	24	34	47	196	263	257	365	369	378	385	394
Pump station renewals	155	120	154	74	-	55	-	-	-	-	-
Pump renewals	-	100	51	52	50	51	51	62	55	56	57
Pipe renewals	-	-	26	-	-	-	-	-	22	-	-
Treatment & odour control	-	225	10	5	10	6	21	6	6	6	6
Overflow prevention	-	-	-	-	108	-	396	-	-	-	-
Total wastewater	179	479	288	327	431	369	833	437	461	447	457
Stormwater											
Lower Ward St culverts	-	-	-	21	-	-	-	-	-	-	-
Greys Lane improvements	-	-	-	-	-	55	-	-	-	-	-
Renewals	-	10	10	10	11	11	11	11	12	12	12
Total Stormwater	-	10	10	31	11	66	11	11	12	12	12
Refuse & Recycling											
Landfill closure	500	400	197	-	-	-	-	-	-	-	-
Transfer station construct	250	-	-	-	-	-	-	-	-	-	-
Recycling site improvemts	-	-	-	59	-	-	11	-	-	-	-
Total Refuse & recycling	750	400	197	59	-	-	11	-	-	-	-

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Facilities											
Airport – water services	-	-	7	83	-	-	3	3	3	6	6
Airport – new wastewater	-	-	61	182	-	-	-	-	-	-	-
Airport – reseals	-	-	-	20	96	-	-	-	29	-	-
Airport – projects	40	-	-	-	-	-	-	-	-	-	-
Harbour – reseals	-	-	-	-	52	76	-	-	-	-	-
Harbour – renew slipway	-	-	-	-	-	-	111	-	-	-	-
Harbour – renewals	50	5	-	-	-	-	-	-	-	-	-
Old wharf buildings	-	20	-	-	-	-	-	-	-	-	-
Pensioner housing	40	20	61	21	21	22	22	23	23	23	24
Tree replacement	-	25	-	126	53	-	-	-	-	-	-
Memorial Hall	-	-	-	-	-	65	-	-	-	-	-
Parking area reseals	32	12	20	-	9	-	-	66	-	-	27
Civic Centre renewals	20	-	20	4	4	4	4	4	235	5	5
Public toilets West End	790	390	-	-	-	-	-	-	-	-	-
Public toilets Churchill Pk	90	60	-	-	-	-	-	-	-	-	-
Public toilets Mill/Beach	-	100	-	-	-	-	-	-	-	-	-
Playgrounds	55	-	-	-	-	-	-	-	-	-	-
Security cameras (CCTV)	10	-	-	-	-	-	-	-	-	-	-
Community Courts	25	168	-	-	-	-	-	-	-	-	-
Peninsula Lookout	85	-	-	-	-	-	-	44	-	-	-
Wakatu Quay project	4,436	3,891	3,091	-	-	-	-	-	-	-	-
Link Pathway	836	400	-	-	-	-	-	-	-	-	-
Town Centre	-	35	-	-	75	33	33	-	-	-	-
25 Beach Rd (OpShop)	5	-	-	-	-	-	-	-	-	-	-
Total Facilities	6,514	5,125	3,260	436	309	200	174	140	290	34	62

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Leadership & Governance											
Office furniture & equip	15	15	15	16	16	16	16	17	17	18	18
Computers & software	46	46	47	48	49	50	51	52	53	54	55
Vehicles & plant	28	-	31	-	55	33	55	-	29	-	42
Total Leadership & Gov	89	61	93	64	120	99	123	69	100	72	115
Community Services											
Library books & resources	32	32	33	33	34	35	36	36	37	38	38
Total Community service	32	32	33	33	34	35	36	36	37	38	38
Total capital projects	22,883	16,899	20,239	4,	3,079	3,123	3,348	2,878	3,311	4,365	3,041

Special reserves & funds

Reserves are money set aside by the Council for a specific purpose, and are part of equity. They are often used to separate a funding surplus of an activity and may or may not be matched by cash balances held. The Council defines its special reserves as those that are funded by a targeted rate – and therefore must only be used for the purpose of the targeted rate. Where an activity is funded by a targeted rate, any variations from annual budgets because of timing of projects and/or unplanned expenditure are recorded in these special reserves to keep any surpluses or deficits separate from other activities. Special funds are established

where the Council has received a grant, or raised a loan, or has some other specific revenue to undertake a project, and so it sets aside those funds to track spend against it.

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2024 \$000
Special reserves						
Kaikōura water cohort	This reserve is funded by targeted rates that have been equalised across the water supplies listed, and this reserve separates all funding and expenditure for these water supply activities. By funding as a cohort, smaller supplies such as Peketa and Oaro benefit from being part of a larger funding pool.	Kaikōura urban water Suburban water Ocean Ridge water Peketa water Oaro water	678	-	(46)	632
Footpaths & streetlights	This reserve is funded by targeted rates and separates any surpluses or deficits from the footpaths and streetlighting activities separate from other activities.	Footpaths Streetlights	(323)	-	-	(323)
Roading	This reserve is funded by targeted rates and separates any surpluses or deficits from the roads and bridges activity separate from other activities. From 2021 onwards this reserve includes deficits from the earthquake rebuild programme.	Roads & bridges	(1,058)	-	-	(1,058)

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2034 \$000
Special reserves						
Harbour	This reserve is funded by targeted rates and separates any surpluses or deficits from harbour activities separate from other activities.	Harbour	208	33	-	241
East Coast water	This reserve is funded by targeted rates and separates any surpluses or deficits from the East Coast water activity separate from other activities.	East Coast water	(21)	-	(1)	(20)
Kincaid water	This reserve is funded by targeted rates and separates any surpluses or deficits from the Kincaid water activity separate from other activities.	Kincaid water	74	-	(445)	(371)
Fernleigh water	This reserve is funded by targeted rates and separates any surpluses or deficits from the Fernleigh water activity separate from other activities.	Fernleigh water	19	-	(21)	(2)
District Plan	This reserve is funded by targeted rates and separates any surpluses or deficits from district planning activities separate from other activities.	District planning	(11)	-	-	(11)
Civic Centre	This reserve is funded by targeted rates and separates any surpluses or deficits from the Civic Centre separate from other activities.	Civic Centre	(280)	-	(266)	(546)
Stormwater	This reserve is funded by targeted rates and separates any surpluses or deficits from stormwater activities separate from other activities.	Stormwater	161	-	(156)	5

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2024 \$000
Special reserves						
Wastewater	This reserve is funded by targeted rates and separates any surpluses or deficits from wastewater (sewerage) activities separate from other activities.	Wastewater	140	-	(51)	89
Stock control	This reserve is funded by targeted rates and separates any surpluses or deficits from stock control activities separate from other activities.	Stock control	18	-	-	18
Roading emergency	This reserve is funded by targeted rates and sets aside approximately \$200,000 as a balance to be used if roads and bridges are damaged in an event, to commence urgent repairs.	Roads & bridges	174	656	-	830
Recycling	This reserve is funded by targeted rates and separates any surpluses or deficits from recycling activities separate from other activities.	Recycling	158	-	-	158
Tourism & Commercial	This reserve is funded by targeted rates and separates any surpluses or deficits from tourism and marketing activities separate from other activities.	Tourism	(50)	-	-	(50)
Special funds (Council-created)						
Social services	Funded by donations, this fund is used for social wellbeing initiatives	District grants & events	5	-	-	5
Tourism strategy	To hold funds set aside for district tourism activities	Tourism	35	-	-	35
George Low	A bequest set aside for recreational facilities for the youth of Kaikōura.	District grants & events	61	9	-	70

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2034 \$000
Special funds (Council-created)						
Forestry	Funded by capital distributions from the Marlborough Regional Forestry and logging sales, this fund is set aside for strategic purposes at the discretion of the Council.	Forestry	807	1,202	-	2,009
Reserve development	Funded by the parks & reserves development contribution, this fund is to upgrade existing, or develop new parks & reserve assets.	Parks & reserves	141	584	-	725
Community facilities	Funded by grants, loans, and other revenues, this fund is used to upgrade existing, or develop new community facilities.	Community facilities	983	157	-	1,140
Landfill site aftercare	Funds are set aside annually to accumulate a fund to rehabilitate the landfill site once the landfill is closed.	Solid waste	-	-	-	-
Landfill development	Funds have been set aside to help fund the cost of capping the landfill and reconfiguring the site.	Solid waste	-	-	-	-
Mayoral fund	Funded by donations, the Mayoral fund may provide assistance to those suffering severe financial hardship, subject to certain criteria.	District grants & events	26	4	-	30
South Bay feasibility study	Funded by the Provincial Growth Fund (PGF), this fund has been established to track the South Bay feasibility study project.	Community facilities	-	-	-	-
Pensioner flats	Funded by rent reviews and loans, this fund separates housing for the elderly activities from other activities.	Housing for the elderly	(26)	-	-	(26)

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2024 \$000
Special funds (Council-created)						
Library grants	Funded by grants, this fund tracks the spend of those grants received.	Library	2	-	-	2
Building accreditation	Funded from building accreditation levies (a specific user fee charged to building con) this fund will cover the cost of the two-yearly Building Control accreditation process.	Building control	74	12	-	86
Financial sustainability (FCS)	Funded from the Department of Internal Affairs (DIA), this fund tracks the spend on the Financial & Corporate Sustainability project.	Corporate & financial services	78		(75)	3
Wakatu Quay (PGF project)	Funded by the PGF, this fund has been established to track the Wakatu Quay development project.	Community facilities	-	-	-	-
Airport	Funded by airport revenues and loans, this fund sets aside airport activities from any other activity.	Airport	(41)	-	-	(41)
Freedom Camping (TIF)	Partially funded by the Tourism Infrastructure Fund (TIF), this fund sets aside freedom camping activities until such time as funds are depleted	Responsible (freedom) camping	68	(31)	-	37

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2034 \$000
Special funds (Council-created)						
Significant Natural Areas	Established by a grant from the Department of Conservation, this fund is distributed to landowners (by application) to help them protect areas of significant biodiversity.	Environmental planning	22	-	-	22
Waste minimisation	Funded from Ministry for the Environment waste levies, this fund is set aside for projects identified in the Council’s Waste Minimisation Plan.	Recycling	142	23	-	165
Creative communities	Funded from Creative NZ, this fund is available to community groups and individuals (by application) for their creative art projects	District grants & events	12	2	-	14
Legal challenges	This fund sets aside up to \$100,000 on unspent legal budgets from District Planning, as a balance that is available to be used if/when there is a legal challenge to any Council decision.	District planning	100	-	-	100
Family Violence	Funded by grants from the Ministry of Social Development, this fund pays for a Family Violence coordinator and/or related projects.	Family Violence	52	-	-	52
Environmental Planning	A carry-over from unspent funds in 2021, this fund is for grants to organisations that meet environmental objectives, and/or related projects.	Environmental Planning	3	-	-	3

Long-term Plan Disclosure Statement for the period commencing 1 July 2024

What is the purpose of this statement?

The purpose of this statement is to disclose the Council’s planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its Long-Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

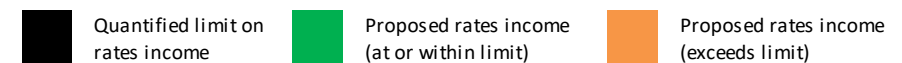
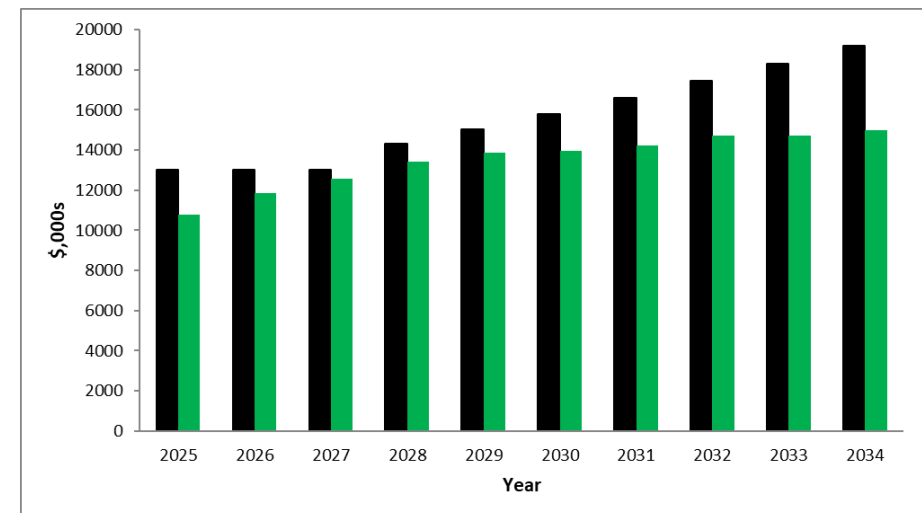
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

- Its planned rates income equals or is less than each quantified limit on rates; and
- Its planned rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

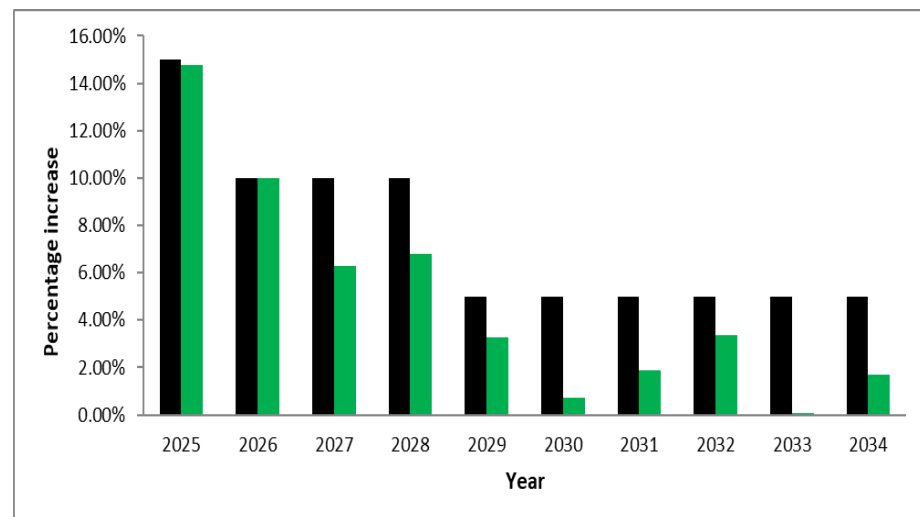
The following graph compares the Council’s planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is that rates do not exceed \$13 million in the first three years (2024 to 2027) and thereafter total rates are controlled by the percentage limit on rates increases (below).



The Council will remain within its self-imposed limit on rates income.

Rates (increases) affordability

The following graph compares the Council’s planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is 15% for 2025, 10% for 2026 to 2028, and the Local Government Cost Index (LGCI) plus 3% for each of the years thereafter.



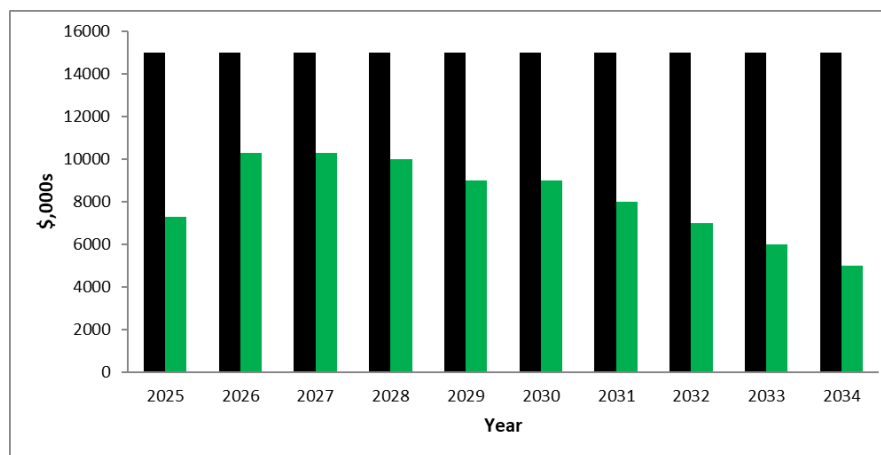
Quantified limit on rates increase
 Proposed rates increase (at or within limit)
 Proposed rates increase (exceeds limit)

The Council will remain within the quantified rates increase limits for each year of the Long-Term Plan 2024-2034.

Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares the Council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan.

The quantified limit is that total debt does not exceed \$15 million.



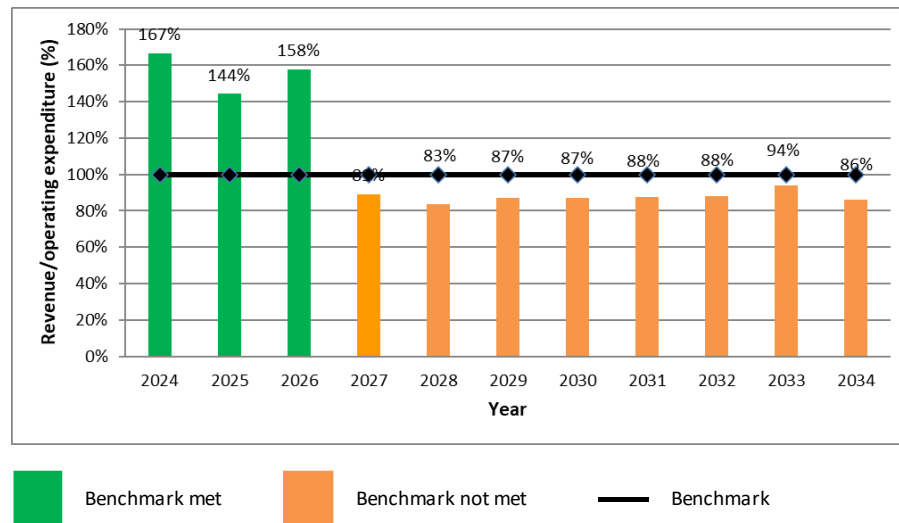
Quantified limit on debt
 Proposed debt (at or within limit)
 Proposed debt (exceeds limit)

The Council does not expect external borrowing to exceed \$10.3 million in the ten-year period, which is well within the self-imposed limit of \$15 million.

Balanced budget benchmark

The following graph displays the Council’s planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



The Council does not meet the balanced budget benchmark from the 2027 financial year onwards, due to the conscious decision not to fund depreciation. The Council takes the view that, when assets do need to be replaced, we will seek alternative sources of funding such as grants or subsidies in the first instance or raise loans if no other funds are available. The result of this strategy is that it is possible – and even likely – that the Council will not cover all operating expenses in every year of the Long-Term Plan due to our conscious decision not to fully fund depreciation.

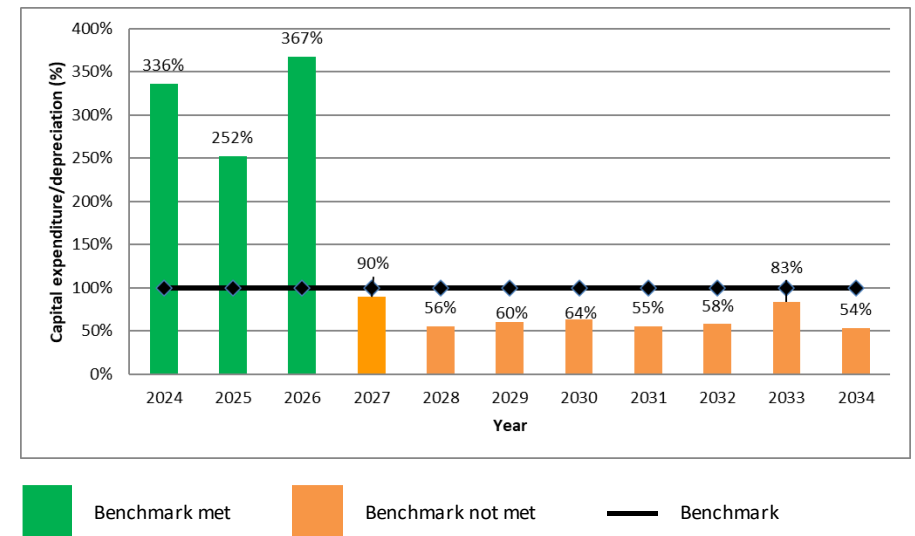
Depreciation is a non-cash expense, and so the amount of cash on hand that the Council holds is not affected by this decision.

Essential services benchmark

The following graph displays the Council’s planned capital expenditure on network services as a proportion of expected depreciation on network services.

The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

Essential services in this context is limited to roading, water, wastewater, and stormwater services only, and does not include community facilities or other capital projects such as Wakatu Quay or the Link Pathway (for example).



An important feature of this Long-Term Plan is the fact that, because of the extent to which the Council’s essential infrastructure has been rebuilt

following the 2016 earthquake, there is very little renewal expenditure required for at least the next 10 (if not 30) years.

There are only two capital projects of significance during the Long-Term Plan, both attributable to roading.

The first is the replacement of the Glen Alton Bridge which spanned the Waiau-Toa (Clarence) River and was destroyed during the earthquake. The project has suffered ongoing delays due to opposition from the Rūnanga and the impact of that opposition to obtaining consents and procurement of materials. Work is planned to be completed by December 2026.

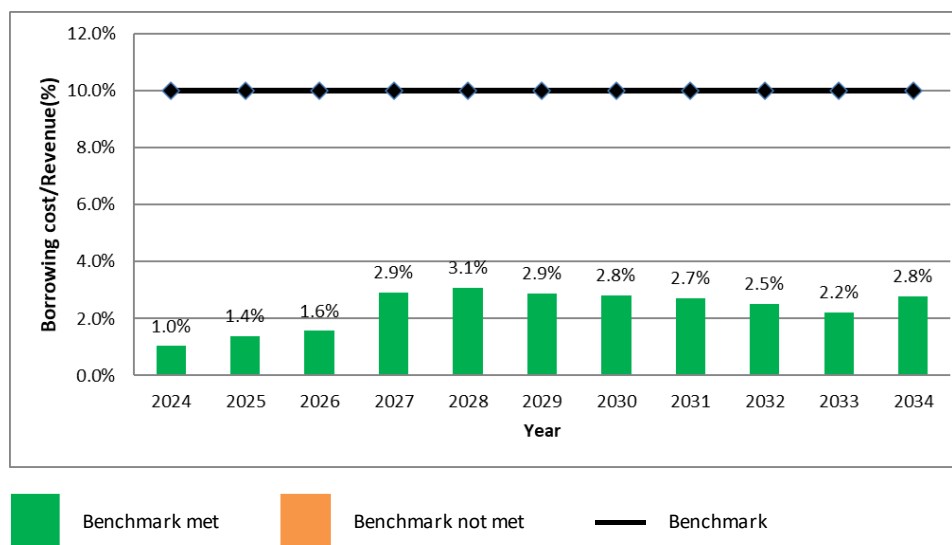
The second is the extension of roads and shared pathways from Ludstone Road through to Ocean Ridge, known as the IAF project because it is partially funded by the Infrastructure Acceleration Fund (now renamed the Kanoa Fund). That new route is forecast to be completed by June 2026.

Debt servicing benchmark

The following graph displays the Council’s planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council’s population will grow slower than the national population is projected to grow, it meets

the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



As the graph shows, the Council is well within this benchmark and is forecast to remain so for the foreseeable future.

Significant Forecasting Assumptions

The financial information included in this Long-Term Plan is a forecast based on assumptions that the Council can reasonably expect to occur, along with the actions it reasonably expects to take, as at the date the forecast was prepared. We recommend caution to readers if this prospective financial information is used for any purpose other than as a Long-Term Plan prepared under the Local Government Act 2002.

The assumptions include an assessment of certain factors that might impact on the Council and the community, including consideration of how the population might change over the next 30 years, funding of Council services, and financial environment, and external factors such as climate change, local government reform, and government legislation.

The actual results are likely to vary from the information disclosed, and such variations may be material. Particularly, there is a great deal of uncertainty surrounding the status of COVID-19 restrictions and the return of visitors to the district. There is also significant uncertainty about the form and function of any government-initiated reforms, particularly the three-waters reform. Both issues are so uncertain, and potentially have such an impact on the Council and our community, that there is little option but to assume status quo until there is more certainty upon which to plan.

The main assumptions underlying the forecast information, based on predictions from both internal and external sources, are as follows.

Assumption	Risk	Level of uncertainty	Impact
Population growth and demographic changes			
<p>It is assumed (because of a lack of firm evidence to the contrary) that the resident population of the Kaikōura district in 2024 is similar to that at the 2018 census, but that the population will in future grow at an annual rate of approximately 1.5%, based on projected house construction numbers, an assumption of an average of 2.7 persons per household and that two-thirds of dwellings are permanently occupied.</p> <p>Such projected population increase is not dissimilar to the 'High' projection for the District from Statistics NZ.</p>	<p>If population growth is higher than what is assumed, the Council and community may face challenges in obtaining the required resources (in particular, staff resources) to effectively respond to it.</p>	<p>Medium</p>	<p>Shortages of suitably qualified staff may adversely impact service delivery and result in increased costs to ratepayers.</p>

Assumption	Risk	Level of uncertainty	Impact
<p>Stronger growth than previous is expected because of increased proposed housing developments. The most significant demographic change will be an increase in the proportion of residents aged over 65, forecast to increase by around 40% over 10 years (an extra 300 people in this age group). Approximately two-thirds of dwellings in the district will be permanently occupied, with most of the remainder being holiday homes. We consider that at least 75% of population growth will be within the existing Kaikōura urban area or within two kilometres of it.</p>	<p>If population growth is higher than what is assumed it is likely to create challenges associated with greater proportions of older residents.</p>		<p>If population decreases, the Council can lower the financial impacts by slowing its capital spend, and/or revising its annual budgets.</p>
	<p>If population growth is less than expected, revenue from development contributions, user fees, and other revenue may be less than forecast.</p>		<p>The increase in the proportion of residents aged over 65 can be accommodated within available properties, although there is currently no specialist private aged care provider, due to the medical complexities and costs for a provider within a small population. Unless this changes, high-needs elderly will likely need to use facilities in other districts.</p>
<p>Subdivisions and housing development</p>			
<p>A new 67-lot subdivision at Mt Fyffe Road/Ludstone Road has recently been granted consent and is linked with a further 315-lot subdivision which extends the residential area of Ocean Ridge. Both subdivisions are referred to as the IAF¹ project. Due to the nature of subdivisions, the timing of the new lots being created could be as much as eight years from the date the</p>	<p>If subdivision and housing growth is higher than assumed, then revenue from development contributions could be higher than forecast, and there would be more rateable properties in the district to absorb future rates requirements.</p>	<p>Medium</p>	<p>The IAF project is substantial for Kaikōura and requires the developer to create new roads, footpaths, streetlights, water and wastewater assets and recreational areas.</p>

¹ Infrastructure Acceleration Fund

Assumption	Risk	Level of uncertainty	Impact
<p>consent is granted. We assume that the new lots will be phased in over time (averaging 29 per annum).</p> <p>The building of new dwellings usually doesn't occur in the same year as new lots are created – for various reasons; the lot may need to be sold, building designs need to be finalised, building consent needs to be granted, and only then can construction begin (which can take over a year). We assume that new dwellings will also be ongoing and averaging 30 per annum (this includes building on existing bare land). We also assume that over two-thirds of all building in the district will be at the two IAF sites, which is similar to the assumption that population growth will occur within the existing Kaikōura township or within 2km of it.</p>	<p>If growth is lower than assumed, then development contribution revenue could be lower than forecast, which potentially may result in the Council raising loans to meet the cost of some growth-related projects. Note the IAF project is subject to a separate developer agreement and the contributions will not be less than stated in that agreement.</p>		<p>The Council is, however, looking into the benefits of extending the existing Kaikōura urban water services to Ocean Ridge, to ensure a secure supply to the expanded area.</p> <p>Subdivisions and new dwellings on existing road, water and wastewater networks generally don't require new assets to be developed, but incrementally this growth places additional demand on existing assets that therefore could need increased capacity in the future.</p> <p>For now, Kaikōura's urban water and wastewater assets can serve a community of 7,500 people, which should be more than adequate for the foreseeable future.</p>
Land use & development			
<p>We assume the Kaikōura economy will have a "slightly positive" outlook, and that agriculture and tourism-related activities continuing to be dominant elements of the district's economy. Agriculture will remain largely unchanged, with the effects of climate change</p>	<p>The local economy will slow due to factors outside of Council control. A slowing of the local economy will impact on environmental, social, cultural and</p>	<p>Low/Medium</p>	<p>There are no obvious economic drivers that raise concern about our communities existing infrastructure to service development. A steady increase in both international and</p>

Assumption	Risk	Level of uncertainty	Impact
<p>resulting in increased risk from storm events offsetting any potential gains from the warmer climate.</p> <p>The tourism sector – although buoyant – is still very dependent on international travellers. International economic conditions will have a key influence on tourist numbers. Current Ministry of Business Innovation & Employment data shows visitor arrivals to New Zealand are expected to grow 4.0 per cent a year. Domestic tourism within Kaikoura is also expected to increase with the recently completed Kaikōura Zipline Adventures adding much needed land-based activities.</p> <p>Future projected land-based tourist activities for Kaikoura include Wakatu Quay Development, a Great Walk multi-day tramping track between Molesworth and Waiau-toa/Clarence River, the completion of the Whale Trail and the Kaikōura Springs Ltd proposed hot pool along the Esplanade. Although uncertainty exists about the completion dates, they will result in increased domestic tourism.</p> <p>The increase in tourism will result in additional demands on other businesses. Additional business growth will be adequately meet by Kaikoura Business Park Limited who are in the process of rezoning 20ha of rural land to light industrial land to support the growth of Kaikōura.</p>	<p>economic effects. It is very difficult to predict.</p>		<p>domestic tourism is expected. The proposed new light industrial area south of Kaikōura is likely to attract some new businesses as well as freeing up land for redevelopment within the urban area of Kaikōura.</p>

Assumption	Risk	Level of uncertainty	Impact
Staffing			
<p>We assume we will be at or near fully resourced over the forecast period and that we have access to the necessary human, financial, and technological resources to execute our planned initiatives.</p>	<p>That key service personnel may leave and not be replaced readily. Ideally with peoples notice period there is some ability to find replacement staff or ensure suitable cover is in place. With the limited population size and restricted availability of houses to rent, attracting new staff expediently can be difficult.</p>	<p>Medium</p>	<p>Loss of key technical, regulatory, compliance or accounting/finance functions could have a major impact on our ability to carry out required functions. Mitigation of this risk would include collaboration with neighbouring councils for shared service support and/or use of consultants and contractors for critical service requirements. The use of external resources would likely be at a premium to any budgeted staff costs and put pressure on rates or debt.</p>
COVID-19 and other pandemics			
<p>Our forecasts rest on the assumption that no pandemics will disrupt global operations within the next 10 years, allowing for a stable and predictable business environment.</p>	<p>Another pandemic outbreak causing the lockdown of the countries borders would be devastating for a tourism reliant economy only just seeing the recovery from Covid-19. Despite the experiences gained from the Covid-19 pandemic the possibility of another virus that is more virulent remains a major risk.</p>	<p>Very High</p>	<p>With a large dependence on tourism, the borders being closed again for extended times and or domestic travel being restricted would see an impact to budgeted user charges and potentially impact on the ability of rate payers to pay their rates across all sectors.</p>

Assumption	Risk	Level of uncertainty	Impact
Geo-political tensions and war			
<p>We anticipate no significant escalation in geopolitical tensions or war events that could adversely impact our operations or market dynamics required to secure resources.</p>	<p>An escalation of tensions and or war in the Middle East or Europe due to events in Israel, Yemen or Ukraine. This would likely see fuel costs substantially increase putting further pressure on inflation and interest rates as well as severely curtail the tourism sector.</p> <p>Escalations in the Middle East region as Yemen conflict escalates off the back of the Israel / Palestine conflict creates further fears of additional countries being sucked in if Iran or USA becomes directly involved. China’s purchase of Russian oil may ease the sanctions pressure on Russia allowing them ability to resource their efforts in Ukraine and escalate the conflict to other NATO members.</p>	<p>Very High</p>	<p>High fuel costs, higher interest rates, reduced demand for sustainable products and a likely reduction in tourism.</p>

Assumption	Risk	Level of uncertainty	Impact
Supply chains			
<p>Our supply chains will exhibit resilience and reliability, ensuring business continuity over the next 10 years. This assumes that suppliers will maintain stable production and distribution processes, mitigating potential disruptions. We rely on the assumption that our supply chain partners will adopt robust risk management strategies, incorporating measures to address potential challenges such as natural disasters, geopolitical shifts, or economic fluctuations. Additionally, we anticipate advancements in technology and logistics that will contribute to the efficiency and adaptability of supply chains, allowing for quick responses to emerging challenges.</p>	<p>Lingering supply chain disruptions from border closures are not resolved and that isolated yet major events in key supplier countries has a knock on effect to our ability to source key materials or staff.</p>	<p>Medium/Low</p>	<p>Currently are not reliant materially on supply of materials from overseas whilst the COVID-19 experience has forced many businesses to reconsider their supply chain risk and minimise single supplier hubs.</p> <p>If this becomes a reality the mitigation options would be to consider any inventory that can be repurposed, deferral of projects, or stopping certain projects, to ensure critical BAU continues.</p>
Legislative reform – Water, Wastewater & Stormwater (Three-waters)			
<p>National prioritised investment in three waters is likely to occur. The establishment of the \$1.2 billion Regional Infrastructure Fund is likely to see a push for additional capital works. Given that the earthquake rebuilds improved the resilience of our three water systems additional substantial central government funding for three waters is unlikely. It is possible a push for PPP, Tolling and value capture rating to fund infrastructure over the current government term. Central Government’s 100-day plan requires repeal of Three Water Legislation and immediate stop-work notice to be placed on Three Waters.</p>	<p>Council receives little to no additional funding for three waters. With annual civil construction cost inflation exceeding 15% per annum in December 2022 cost of renewals of services will increase</p>	<p>Low</p>	<p>If the current rating models stay as is ratepayers will be forced to meet the increase in civil construction costs.</p>

Assumption	Risk	Level of uncertainty	Impact
Legislative reform – the Resource Management Act (the RMA)			
<p>The coalition agreements require a review of the Resource Management Act which includes the need for farmers to farm, to get more houses built, and to enhance the primary sector. Objectives speak of simplifying the planning system and related statutes including the Public Works Act and the Reserves Act, streamlining the plan preparation process in Schedule 1 of the RMA. Proposals include amend the Building Act and the Resource Consent system to make it easier to build granny flats or other small structures up to 60sqm requiring only an engineer’s report, and to cease implementation of new Significant Natural Areas and seek advice on the operation of existing Significant Natural Areas as part of the Government’s programme to reform the Resource Management Act. The agreement goes as far as including a need to Replace the Resource Management Act 1991 with new resource management laws premised on the enjoyment of property rights as a guiding principle.</p>	<p>Uncertainty exists as to the final structure of the resource management reform. Current legislation must be complied with and work programmes and resources will be committed to resulting in work programmes being significantly altered as a result of new legislation</p>	<p>Medium</p>	<p>RMA reform requires additional unprogrammed work resulting in additional unforeseen costs</p>

Assumption	Risk	Level of uncertainty	Impact
Legislative reform – Future for Local Government			
<p>The recent national elections resulted in a move from centre left to centre right. Philosophically this should result in a move from centralisation to devolution, resulting in more decisions made at a local level. Coalition agreements seek to introduce financial incentives for Councils to enable more housing, including considering sharing a portion of GST collected on new residential builds with councils</p>	<p>Current funding models change</p>	<p>High</p>	<p>Uncertainty is created within rating models</p>
New drinking water standards and reporting requirements			
<p>We assume that the technical requirement for compliance with the NZ Drinking Water Standards (DWS) are not further increased, but that compliance with those standards will be more vigorously pursued (potentially by a new drinking water regulator).</p>	<p>If the technical requirements were to increase, such as to include a mandatory requirement for fluoridation of drinking water for example, the cost of those requirements would need to be added to the Council's LTP budgets and funded by loans and/or targeted rates.</p>	<p>Low</p>	<p>The Council has already moved to address many recommendations of the Havelock North Inquiry in the projects undertaken in 2021, and in its infrastructure planning.</p>

Assumption	Risk	Level of uncertainty	Impact
Grants & Subsidies			
<p>Waiau-Toa (Clarence River) Bridge We assume that NZTA will provide 95% funding of a project to construct a new bridge over the river at Glen Alton to replace that lost in the 2016 earthquake.</p>	<p>Complex technical issues combined with opposition from some parties has resulted in substantial delays in project delivery and ongoing uncertainty, which could potentially result in NZTA withdrawing its support for the project or not 95% funding all of the associated cost.</p>	<p>Medium</p>	<p>Because of the likely high cost of the project (in excess of \$13 million) any limitations on NTZA’s 95% subsidy would have a major financial impact on the Council, and when combined with the potential for significant ongoing maintenance costs after construction, could make the project unaffordable, which could in turn result in other liabilities falling on Council.</p>
<p>Waka Kotahi (NZTA) funding Every three-years, Waka Kotahi (NZTA) funds most of the Council’s roading expenditure currently at a rate of 51%. The LTP forecasts are based on the assumption that NZTA will not fund the entire proposed roading programme, but instead will fund 80% by value of the Council’s submitted 2024-27 NLTP programme, excluding the Waiau-Toa Clarence River Bridge, and 80% of the Council’s total roading programme each year thereafter.</p>	<p>The risk is that the funding received is significantly less than 80% of the submitted program value.</p> <p>It is known that a substantial shortfall exists between NZTA’s available funding for the Canterbury region and the applications for that funding which have been received.</p> <p>To receive subsidy on 80% of KDC’s program would be substantially better than the region wide average.</p> <p>Whilst it is considered that the Council has a strong case for above average proportional funding, previous experience has been disappointing.</p>	<p>Medium</p>	<p>A lower proportion of the program being funding would increase the financial burden on the Council and/or require the extent of program works to be reduced.</p>

Assumption	Risk	Level of uncertainty	Impact
Climate Change			
<p>We assume that climate change will have significant effects on the district (such as temperature or rainfall) during the term of this LTP; although not as extreme as other areas within Canterbury based on the technical reports to date. We assume that any significant effects on the district could not realistically be mitigated by actions taken by the Council. We assume that climate change predictions do not differ materially from current expert reports. **</p> <p>The 2016 earthquake caused uplift of the coastal areas of the district that might otherwise have been vulnerable to rises in sea-level. The topography of the district can cause significant issues in wet weather events. The Council will consider climate change impacts in planning for infrastructure assets.</p> <p>The Council has significantly increased its budgeted spend on drainage maintenance and renewal, to increase the capacity of roadside drainage and stormwater systems, and to undertake regular clearing of these systems to ensure high rainfall events do not result in overflows or damage to roads and properties.</p> <p>We have also committed to setting funds aside to accumulate a larger emergency resilience fund to respond to emergency events, and to contributing to Environment Canterbury’s Climate Action Plan.</p>	<p>If a severe climate-related event were to occur, the Council may not have adequate asset or hazard planning in place.</p> <p>The Council has taken account of current climate change predictions in its District Plan natural hazards chapter.</p>	<p>Medium</p>	<p>The Council will consider climate change impacts in planning for infrastructure assets. The Council always has in place a minimum of \$2 million buffer in its borrowing capacity, to facilitate the Council’s response to a natural disaster, including a severe weather event. Waka Kotahi (NZTA) would likely provide funding assistance at a higher subsidy rate than the usual 51%, for emergency repairs to district roads and bridges. Additional funding for major costs to remedy damage to Council infrastructure will, where necessary, be debt funded.</p>

**** Sea Level rise Impact:**

MfE (2017) presents current sea level rise projections. For Canterbury, the projected increases in sea level from a 1986-2005 baseline out to 2120 range from 0.55 – 1.06 m (under the same RCP scenarios used for the temperature increase projections). Most of the Kaikōura rivers have relatively steep gradients, thus any increases in sea level, due to climate change, should not have a significant impact on flood levels upstream of river mouths. By comparison, Lyell Creek has a relatively gentle gradient making it more susceptible to sea level increases. However, during the November 2016 Kaikōura Earthquake Sequence, ground levels at the Lyell Creek mouth uplifted by around 0.8 m relative to sea level. Therefore, any impacts on flooding due to sea level rise are likely to be minimal – especially since the SH1 bridge over Lyell Creek acts as a constriction to flood flows, limiting the flow able to be conveyed along Lyell Creek to the sea

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Kaikoura Fans Flood Modelling investigation report – Ecan February 2020 report No. R20/15

Air temperature

MfE (2016) presents projected changes in annual mean temperature for four scenarios of future radiative forcings, known as ‘Representative Concentration Pathways (RCPs)’. These represent different pathways of human development and greenhouse gas emissions. For Canterbury, the average projected increases in annual mean temperature from a 1986-2005 baseline out to 2101-2120 range from 0.7 – 3.6 °C.

Kekerengu, Hāpuku and Oaro floodplain investigation Report No. R19/04 January 2019

Rainfall

In general, rainfall varies more significantly spatially and temporally than temperature. For the east coast of the South Island, summer is likely to become wetter, and winter and spring drier (MfE, 2016).

Kekerengu, Hāpuku and Oaro floodplain investigation Report No. R19/04 January 2019

Assumption	Risk	Level of uncertainty	Impact
Capital projects			
<p>We assume that capital projects will be delivered in accordance with the scheduled timeframes set out in the LTP.</p>	<p>Project management and delivery resources are insufficient or otherwise inadequate, contributing to delays in project initiation. There may be unforeseen changes in project scope, delays in obtaining resource consents or other unforeseen and uncontrollable factors that create delays in project completion</p>	<p>Low for most projects Medium for IAF funded works, High for Waiiau-Toa/ Clarence Bridge project</p>	<p>Delays in renewals may potentially have adverse effects of levels of service. Delays may reduce public and partner confidence in Council.</p>
<p>We assume that capital projects will be delivered within the budgets indicated in the LTP.</p>	<p>That costs exceed estimates due to potential combinations of initial underestimation, higher than expected inflation and lack of competition for works. Because of the small scale and isolation of KDC’s infrastructural activities there is often not recent comparable works upon which to base estimates, and limited competition for smaller works does not provide well defined ‘market rates’ for these items.</p>	<p>Medium</p>	<p>Higher project costs likely to translate into higher rates and debt, potential adverse effect on community perceptions of Council. A potential doubling effect of financial impact where higher costs are in NZTA subsidised roading projects as cost overruns are likely to require 100% local funding.</p>

Assumption	Risk	Level of uncertainty	Impact
Asset revaluation			
<p>Council-owned land and buildings, roading, and three-water assets are subject to a revaluation of their carrying value every three years. These revaluations are assumed to be adjusted per the rates of inflation specified below.</p>	<p>If these assets were to be revalued higher or lower than forecast, or the assets remaining useful life were to be different to the current useful life predictions, then the depreciation expense is likely to be higher (or lower) than forecast.</p>	<p>Low</p>	<p>The Council does not fund depreciation, so there would be no impact on the rates requirement. Instead, there would only be an impact on asset values and depreciation expense. If depreciation were to be higher than currently forecast, this would increase the operating deficits of the Council (or reduce its surpluses if applicable), but would have no cash impact.</p>
Significant assets			
<p>That the revaluation of roading and 3 waters assets as at 30 June 2022 reasonably reflects the likely cost of future asset renewals once adjusted for inflation.</p>	<p>The revaluation of assets at 30 June 2022 underestimates the actual cost of future asset renewals even when adjusted for inflation.</p> <p>The 2022 revaluation was peer reviewed and based upon new sets of estimated unit cost rates provided by WSP consultants which were very substantially higher than what had been adopted in previous revaluations, and which were in some cases significantly higher than what had been achieved in recent works</p>	<p>Low</p>	<p>An underestimation of asset replacement costs would likely translate into increased levels of Council debt.</p>

Assumption	Risk	Level of uncertainty	Impact
Asset condition			
<p>That assessments based on informal observation of poor condition assets and a linkage between estimated asset age and condition for other assets will provide an acceptably reliable approach to asset condition assessment.</p>	<p>Use of asset age as an indicator of condition may not be entirely reliable, resulting in over or underestimation of longer-term renewal requirements and levels of service.</p>	<p>Medium</p>	<p>Limited to medium/long term effects because short term renewal or improvement programmes are ground-truthed by inspections of assets.</p>
Asset life			
<p>Useful life of assets is recorded in asset management plans or based upon professional advice (the Statement of Accounting Policies details the useful lives by asset class).</p>	<p>If the useful life of an asset is significantly shorter than expected, then the asset will need to be replaced sooner than planned and budgeted for. If the useful life of an asset is longer than expected, then the asset could be replaced sooner than it needed to be.</p>	<p>Medium / Low</p>	<p>The Council maintains its asset database with the latest known condition. Ideally assets are replaced just in time. Earlier replacement would put more pressure on the Council’s capital programme, financing costs, and rates requirement. Late replacement can lead to more urgent repairs and higher operating costs. The Council will only replace an asset where its condition and/or performance have been affected, rather than replace an asset that is deemed to still be functioning well regardless of remaining useful life.</p>

Assumption	Risk	Level of uncertainty	Impact
Sources of funds for replacing assets			
The sources of funds will occur as projected.	If funding is not received as projected, then the Council would need to borrow instead.	Low	If required, the Council is well placed to borrow as required and remain within its LGFA covenants. An increase in loan servicing costs of \$107k is a 1% increase to rates, and that cost would remain until the loan(s) are repaid.
Securing external funding			
New, or refinancing of existing, borrowings can be achieved on acceptable terms (from funding sources that comply with the Council’s Treasury Management Policy).	If new borrowing cannot be accessed to refinance existing debt or for new loans (such as the Council was in breach of its LGFA covenants and was unable to borrow from LGFA or a suitably graded bank), then the Council would need to borrow from unconventional sources or default on its debts.	Very Low	The Council is well placed to borrow as required and remain within its LGFA covenants. There is plenty of lending capacity to also secure a further lending facility from banks if this is necessary.
Emissions Trading Scheme (ETS)			
That Council’s application for an exemption in respect of the carbon credit liabilities in respect of the harvesting of the South Bay Forest will be successful.	If the application is not successful Council could face a substantial financial liability for carbon credits if the forest is not replanted within 5 years.	Medium	Financial liability upwards of \$500,000 if exemption not granted and replanting in suitable species does not occur.

Assumption	Risk	Level of uncertainty	Impact
Relationships			
The Council aims to retain an open, transparent, and respectful relationship with Te Rūnanga O Kaikōura.	That the relationship stagnates or deteriorates.	Medium	Changes to key management personnel at either organisation could have an impact on the future relationship and, in addition, changes to government legislation could result in an unintended shift due to government mandate.
Resource consent compliance			
That Council’s operational activities are conducted in compliance with conditions of associated resource consents and that achieving such compliance does not result in higher than expected capital or operational cost.	That current non-compliances with resource consent conditions in respect of wastewater treatment and the former landfill site require greater cost to resolve than is currently expected.	Low Reliant on decisions of Environment Canterbury	Modest additional costs may impact on rates and debt levels. Potential damage to Council’s reputation if compliance is not achieved.
Economic Development projects			
Wakatu Quay	That the project does not receive the stated government subsidies. MBIE have committed to providing the remaining funds for the project subject to key milestones. The most critical milestone was the investor funding of \$0.8m which Council has committed to cover via loan funding	Low	Very High The full cost of the project is in excess of \$10m which would be unlikely for Council to afford through rates or through debt and stay within covenant levels.

Assumption	Risk	Level of uncertainty	Impact
Hot Pools	That the project does not go ahead, and the Council loses a forecast revenue stream. The project has so far received very positive indicative community support, is still to go through the relevant legislation processes however which could cause either delays or project closure.	High	Medium The largest impact will be on the multiplier effect to the community by having a seasonally diversified tourist attraction. For the Council, if the project does not go ahead, the impact will be the loss of a revenue stream independent of rates and potentially an increase in costs to remediate the site or attempt the process again.
Interest rates			
<p>The Council borrows from the Local Government Funding Agency (LGFA) and is therefore able to borrow at interest rates much lower than retail. We assume the following average rates of interest on borrowing:</p> <p>Existing loans are at the current weighted average interest rate of 4.0%</p> <p>July 2024 to June 2025 6.5%</p> <p>July 2025 to June 2026 6.0%</p> <p>July 2026 to June 2034 5.0%</p> <p>We assume interest rates on deposits will be 2.75%</p>	<p>If interest rates increase to levels higher than forecast, the cost of borrowing would increase. The Council reviews its budgets annually and so any increase in borrowing costs would be reflected in the subsequent year's increase to rates for ratepayers. It is considered unlikely that interest rates would ever increase significantly without strong signals in the economy triggering the Council's ability to adjust its budgets.</p>	Low	<p>The Council's planned level of debt is not expected to exceed \$10 million in the next ten years.</p> <p>A one percent increase in the loan interest rate is a \$10,000 annual cost for every \$1 million the Council borrows, or up to \$100,000 per year. If there were to be much higher interest rate than predicted, the Council has the option to delay some loan-funded projects.</p>

Assumption	Risk	Level of uncertainty	Impact
Inflation			
<p>The financial information is based on the adjustments for inflation detailed in the following pages. The Council has used the Business & Economic Research (BERL) forecasts of price level changes to adjust future year's variable costs and revenues, relative to the type of activity (operational or capital). Further details about the specific assumptions for inflation are stated below.</p>	<p>If inflation were to be higher than the BERL economic forecasts, then all the following items will be underestimated in dollar terms:</p> <ul style="list-style-type: none"> • User fees & charges • Operating expenses (excluding loan interest and depreciation) • Capital expenses <p>If these items were to be underestimated, then this has a flow on effect to all the financial statements in this document.</p>	<p>Medium/Low</p>	<p>Dependent upon the extent of the variation from actual costs to budget, an increase inflation beyond the BERL forecast could result in an increase in rates and debt servicing, and/or a slowing of the capital work programme.</p>
Fair value of investment property			
<p>It is assumed that the value of investment property increases by the BERL capital index throughout the ten years of this Long-Term Plan.</p>	<p>The actual investment property fair value movements may not reflect actual market conditions.</p>	<p>Low</p>	<p>Fair value gains and/or losses are non-cash movements which have no impact on rates, debt, or any other funding sources the Council may rely on.</p>

Inflation

Local government cost adjustors, per annum % changes

	Planning & regulation	Roading	Community	Water & environment	Local Government Cost Adjustor - Opex	Local Government Cost Adjustor - Capex
2025	0.0	0.0	0.0	0.0	0.0	0.0
2026	2.1	2.0	2.0	2.5	2.2	3.0
2027	2.2	2.3	2.2	2.7	2.3	2.2
2028	2.1	2.3	2.2	2.6	2.3	2.4
2029	2.0	2.2	2.1	2.5	2.2	2.3
2030	1.9	2.1	2.0	2.3	2.1	2.2
2031	1.9	2.0	1.9	2.3	2.0	2.1
2032	1.9	2.0	1.9	2.2	2.0	2.1
2033	1.8	2.0	1.9	2.1	1.9	2.0
2034	1.8	1.9	1.9	2.1	1.9	2.0

Local government cost adjustors, cumulative % change

	Planning & regulation	Roading	Community	Water & environment	Local Government Cost Adjustor – (LGCI) Opex	Local Government Cost Adjustor – (LGCI) Capex
2025	0.0	0.0	0.0	0.0	0.0	0.0
2026	2.1	2.0	2.0	2.5	2.2	3.0
2027	4.35	4.35	4.24	5.27	4.55	5.27
2028	6.54	6.75	6.54	8.0	6.96	7.79
2029	8.67	9.09	8.77	10.7	9.31	10.27
2030	10.73	11.39	10.95	13.25	11.6	12.7
2031	12.84	11.39	13.06	15.86	13.84	15.06
2032	14.98	13.61	15.21	18.4	16.11	17.48
2033	17.05	15.89	17.4	20.89	18.32	19.83
2034	19.16	18.2	19.51	23.43	20.57	22.23

In applying each of the above inflation factors, the following categories have been used:

	Roading	Water & environment	Community activities	Planning & regulatory	LGCI Opex
Roads & bridges	X				
Footpaths & streetlights	X				
Water supplies		X			
Wastewater		X			
Stormwater		X			
Refuse & recycling		X			
Parks & reserves			X		
Facilities & properties			X		
Airport			X		
Harbour			X		
Forestry			X		
Leadership & governance					X
Building control				X	
Statutory planning				X	
Animal control				X	
Regulatory functions				X	
Community development			X		
Emergency management			X		
Library services			X		
Grants & events			X		
District planning & policy				X	
Tourism & marketing					X
Economic development					X

Note we have used these cost indices for both operating and capital expenses, and have used the LGCI capex table for all revaluation movements.

Rating Funding Impact Statement

This Rating Forecast Impact Statement (Rating FIS) should be read in conjunction with the Council’s Revenue & Financing Policy. That Policy sets out, for every activity the Council provides, how that activity will be funded having considered who benefits from that activity (or who contributes to the cost). Where the Council has decided that rates are an appropriate way to fund all or part an activity, that Policy also determines whether this be by way of general rates, uniform annual general charges, or targeted rates.

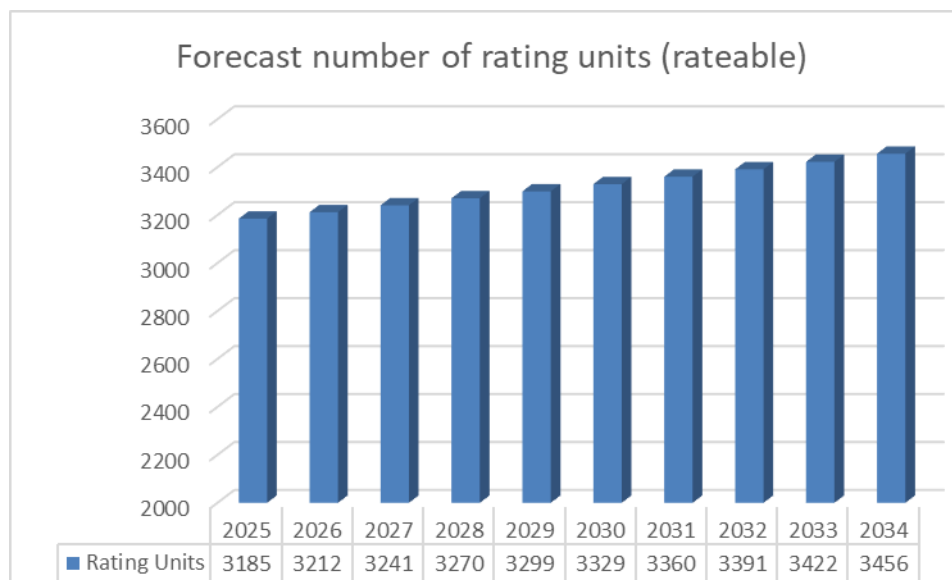
Rates are set under the Local Government (Rating) Act 2002 (the Act) as at 1 July each year, and are for the financial year 1 July to 30 June.

Rating database information

The Council estimates its rating database will hold the following values as at 1 July 2024. Note the most recent district valuation was performed by independent valuers as at 1 August 2021. These valuations are audited by the Office of the Valuer General.

Rating database estimate at 1 July 2024				
	Count	Capital value \$000	Land value \$000s	Area (Ha)
Rateable	3,076	2,304,749	1,363,315	91,262
Non-rateable	256	115,827	60,618	105,934
Part non-rateable	8	5,401	3,421	447
Total rating units	3,340	2,425,977	1,427,354	197,643
Separately used or inhabited parts of a rating unit				3,164

The Council estimates the number of rating units will increase roughly in line with the forecast for Vicarage Views and Ocean Ridge, plus nominal growth for the new business park and ongoing subdivisions. This growth is forecast to average 29.2 new lots created per year.



The rating system

The following pages set out what your rates are used for, and how they are calculated.

Definitions

The following pages refer to several categories of property, and several types of rates. The following definitions should be helpful to determine which rates apply to certain property.

Commercial property

All rateable properties in the district:

- a) Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or
- b) Used principally for visitor accommodation for commercial reward for not less than five persons, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, or camping ground; or
- c) Used as licensed premises under the Sale and Supply of Alcohol Act 2012.

General rate

The general rate is a rate set for all rateable properties within the Kaikōura district and is based on the property's capital value. The Council has set a rating differential of 0.8:1 on the general rate for rural and semi-rural properties. The objective of the differential rate is to acknowledge that rural and semi-rural properties are predominantly farmland with high capital values (in comparison with their urban counterparts) but that their capital value does not necessarily reflect the services they receive or have access to.

Self-contained and serviced

All rateable properties within the area serviced by the Kaikōura sewerage system, and used principally for short term accommodation, but limited to those properties with motel-type units, including motels, motor lodges, motor inns, motel apartments, serviced apartments, and serviced holiday cottages, each of which contain a private or ensuite bathroom, with bedding, linen and cooking facilities provided, and which are serviced daily.

Separately used or inhabited part of a rating unit

A "separately used or inhabited part of a rating unit" is defined as

- (1) any part of a rating unit that is used or inhabited by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement (whether formal or informal), or
- (2) Any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use. Without limitation, the following are separately used parts of a rating unit:
 - Individual flats or apartments
 - Separately used or leased commercial areas which are comprised in one rating unit, including each shop within a mall (for example)
 - A business that employs more than one FTE who does not reside on site
 - Single rating units which contain multiple uses such as a shop with a dwelling or commercial activity with a dwelling
 - A building or part of a building that is used, or can be used as an independent residence
 - A manager's residence within a hotel or motel

An independent residence is defined as a liveable space with its own kitchen, living and toilet/ bathroom facilities that can be deemed to be a

secondary unit to the main residence. Note: a kitchen is defined as any space, facilities and surfaces for the storage, rinsing, preparation and/or cooking food, the washing of utensils and the disposal of wastewater, including, for example a food preparation bench, sink, cooking appliance(s), refrigerator, and may include other kitchen appliances.

The following are not considered to be separately used parts of a rating unit:

- A residential sleep-out or granny flat that does not meet the definition of an independent residence
- A hotel room with or without kitchen facilities
- A motel room with or without kitchen facilities
- Individual storage garages/sheds/portions of a warehouse
- Individual offices or premises of business partners
- Bars or areas within sports club facilities where alcohol is sold and/or consumed under a Club Licence

Where a rating unit is identified as having more than one separately used or inhabited part available to be used, but it is not actually separately used or inhabited, then it shall be assessed as having separately used or inhabited parts and the ratepayer may apply annually for remission of rates on the unused part(s). The remission would only be available where the unused part(s) are unused for the entire rating year. Where a remission has been granted, and it is discovered that the part(s) were actually used during that rating year, that rating unit will not be eligible for remission of rates for unused part(s) for any subsequent rating year.

Small accommodation property

All rateable properties providing short-term accommodation for commercial reward, but not meeting the criteria of a commercial property. For the avoidance of doubt, this means (having not met the

criteria of a commercial property in the first instance), all rateable properties that provide short-term visitor accommodation, and which are;

- a) not used principally and exclusively for commercial or industrial purposes (other than for visitor accommodation). Examples may include a residential dwelling where the principal use is residential, but visitor accommodation is also provided on the property (whether within the dwelling or in separate units); or a residential dwelling where the principal use is a holiday home for the owner, which is rented out as a holiday home for commercial reward (including Air B&B style accommodation); or any other property not principally commercial/industrial, but which provides visitor accommodation, or
- b) if they are used principally for visitor accommodation, the property only provides for no more than four persons. This includes any property providing short-term accommodation such as small bed & breakfasts, but not including long-term rental accommodation.

These properties are subject to the visitor accommodation charge, and may also be subject to separate sewer charges. These rates are applied on a per separately used or inhabited part of a rating unit.

Targeted rates

Targeted rates enable the Council to identify specific properties that it considers receive the greatest benefit from, or create the greatest need for, the Council's various activities. Targeted rates can be applied on a number of categories of rateable property, including (for example):

- the use to which the land is put,
- the provision of a service to the land,
- the availability of a service to the land,
- the location of the land

Targeted rates may be either a rate based on a property's value, or a set dollar amount per annum. Unless otherwise specified throughout the following pages, where a targeted rate is applied, this is a rate based on a property's capital value; and where a uniform targeted rate is applied, this refers to a fixed (uniform) dollar amount per annum regardless of property value.

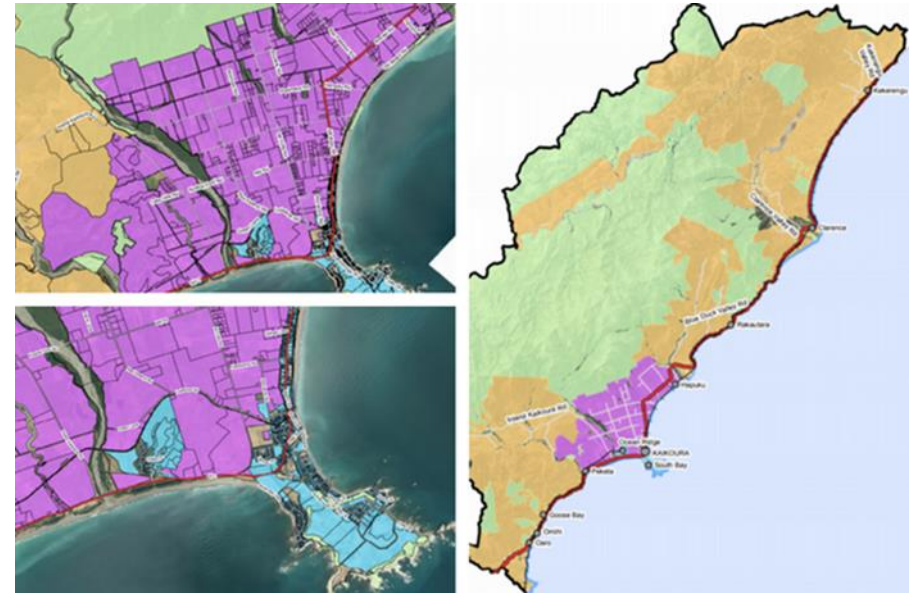
The Council has chosen to apply most of its uniform targeted rates to separately used or inhabited parts of a rating unit, to remain consistent with the principles of the uniform annual general charge. In some instances, however, such as the registered premises charge, or sewerage charges, these are applied subject to certain other factors.

The Council will not be inviting lump sum contributions in respect of any targeted rates.

Uniform Annual General Charge (UAGC)

This shall be a fixed amount per separately used or inhabited part of a rating unit, for all rateable land within the district.

Rating Areas



The above map shows each of the rating areas.

Urban area for rating purposes

The pale blue area is the current urban area for rating purposes. It includes the Kaikōura peninsula, South Bay, Ocean Ridge, Beach Road from the West End to Mill Road, the southern length of Ludstone Road from the West End to (and including) Vicarage Views, and the northern length of Ludstone Road from the West End to (and including) the Kaikōura High School. As the town grows, this area may be extended to incorporate new areas as appropriate to meet the intent of these rates – i.e., in areas where property is able to connect to the Urban water supply or wastewater systems, or where footpaths, streetlights, or stormwater is developed.

Semi-rural area for rating purposes

The purple area on the map is the semi-rural area for rating purposes. It is an area defined for its proximity to urban services, and therefore has no

relationship to the size, land use, or value of individual properties within, or outside of, this area. The semi-rural area extends to the Hapuku River in the north, and to the Kahutara River to the south (thereby including the villages of Hapuku and Peketa). This area also extends inland to the foothills of Mt Fyffe and west on the Kaikōura Inland Road as far as (but not including) Kowleigh Farm.

Rural rating area

The remainder of the district is rural, with rateable properties portrayed in pale orange. Effectively the rural area for rating purposes is all rateable property that is not located within either the Urban or Semi-rural rating

areas. Department of Conservation (DoC) land is shown in pale green, and while it makes up a significant part of the district, this land is non-rateable.

Utilities

Utilities are as defined by the Resource Management Act (1991), and include Council-owned water, wastewater, and stormwater systems, as well as electricity, telecommunications, and railway networks.

Rates for the financial year from 1 July 2024 to 30 June 2025

General rates

General rates	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
General rate					
<p>The general rate funds the general operations of the Council, including general management, community services, communications, strategy & policy, economic development, environmental planning, the net costs of statutory planning, building control, dog control, forestry, community facilities, general parks and reserves, and a portion of public toilets and traffic control.</p> <p>The general rate may also fund the same activities as the UAGC, because the UAGC lever provides for costs to be transferred to the general rate where necessary to remain under the 30% cap on rates set on a uniform basis, as required by the Local Government (Rating) Act 2002 (the Rating Act).</p>	Urban & Utilities 1:1	All rateable property within the Urban area, and all rateable property within the district defined as Utilities	Rate in the \$ of capital value	0.00128041	1,520,524
	Semi-Rural and Rural 0.8:1	All rateable property outside the Urban area except for property defined as Utilities	Rate in the \$ of capital value	0.00102433	1,134,499
Uniform Annual General Charge (UAGC)					
<p>The UAGC also funds the general operations of Council, including landfill and recycling operations, governance, library services, sports fields, playgrounds, cemetery, walkways, public halls, swimming pool, general environmental health, and emergency management.</p> <p>The Council uses a UAGC lever to transfer costs to or from the general rate where necessary to remain under the 30% cap required by the Rating Act.</p>	None	All rateable property within the district	Fixed \$ amount per separately used or inhabited part of a rating unit	742.14	2,348,117

Targeted rates applied across the whole district

The earthquake levy, district planning rate and the civic centre charge (as below), apply to all properties within the district. They are separate targeted rates for the purposes of transparency and accountability, rather than for the purpose of targeting certain categories of land.

Targeted rates	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Earthquake levy					
This rate funds the net costs of earthquake response and rebuilding, including loan servicing costs relating to earthquake work (most notably roading) and, once those costs are covered, to build resilience reserves which can be used for current and future emergency event response and rebuilding.	None	All rateable property within the district	Fixed \$ amount per separately used or inhabited part of a rating unit	40.00	126,560
District Planning Rate					
This rate funds the net costs of district planning, including development of the Kaikōura District Plan.	None	All rateable property within the district	Rate in the \$ of capital value	0.00013268	304,521
Civic Centre Rate					
The Civic Centre rate funds the net costs (after lease revenues) of the museum, library, and civic offices building	None	All rateable property within the district	Fixed \$ amount per separately used or inhabited part of a rating unit	134.84	426,628

One of the main outcomes of the rating review completed in 2023/2024 was the removal of the Roothing Rate, which had been assessed on capital value of every property in the district, without differentials applied. That rate has now been replaced by two new rates, the Roothing Differential Rate and the Roothing Fixed Rate, which work in conjunction with each other to ensure that commercial, rural and semi-rural properties contribute more to the cost of roading through the roading rate differentials, while the fixed rate helps to alleviate impacts on higher valued properties in those rating categories.

Targeted rates	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Roading Differential Rate					
This rate funds the net operating and capital costs (after subsidies) for maintenance and upgrading of the district's roading and bridges network.	Urban & Utilities 1:1	All rateable property within the Urban area (except for property defined as Commercial), plus all rateable property within the district defined as Utilities	Rate in the \$ of capital value	0.00054393	518,899
	Semi-Rural and Rural 1.2:1	All rateable property outside the Urban area (except for property defined as Commercial and/or defined as Utilities)	Rate in the \$ of capital value	0.00065271	708,484
	Commercial 2:1	All rateable property defined as Commercial (and excluding property defined as Utilities)	Rate in the \$ of capital value	0.00108785	213,753
Roading Fixed Rate					
This rate funds the net operating and capital costs (after subsidies) for maintenance and upgrading of the district's roading and bridges network.	None	All rateable property outside the Urban area (except for property defined as Utilities)	Fixed \$ amount per separately used or inhabited part of a rating unit	200.00	236,200

Targeted rates for specific categories of land or services

Rates on the following pages are targeted rates for specific categories of land or property and apply to specific services.

The Council will not accept lump sum contributions (as defined by Section 117A of the Local Government (Rating) Act) in respect of any targeted rate.

WATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Kaikōura Water Annual Rate²					
This water rate funds the net costs of the supply, treatment, upgrading and maintenance of the Kaikōura water cohort, which includes the Kaikōura Urban water supply, as well as partially subsidising the net costs of the Suburban, Ocean Ridge, East Coast village, Peketa, and Oaro water supplies.	Full charge 1:1	All rateable properties connected to the Kaikōura water supply.	Fixed \$ amount per separately used or inhabited part of a rating unit	541.55	1,053,850
	Half charge 0.5:1	All rateable properties situated within 100 metres of any part of the Kaikōura water supply, but not connected to the supply.	Fixed \$ amount per separately used or inhabited part of a rating unit	270.77	30,056
Kaikōura Water Loan Rate					
This water rate funds the loan servicing costs of the Kaikōura Urban water supply.	None	All rateable properties situated within 100 metres of any part of the Kaikōura water supply.	Fixed \$ amount per separately used or inhabited part of a rating unit	-	-

² Note that, for the Kaikōura and Suburban water supplies, certain properties are “extraordinary consumers”, such as agricultural/pastoral properties in the Suburban area, plus commercial and accommodation premises, or properties with a swimming pool, for example. These properties are metered and water meter charges apply in addition to the applicable rates above.

WATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Suburban Water Rate					
This water rate contributes to the cost of the supply, treatment, upgrading and maintenance of the Suburban water scheme.	None	All rateable properties within the Suburban water area ³ and connected to the Suburban water scheme.	Fixed \$ amount per Suburban water unit (1,000 litres per day)	541.55	27,619
Ocean Ridge Water Rate					
This water rate contributes to the costs of supply, treatment, upgrading and maintenance of the Ocean Ridge water supply.	Full charge 1:1	All rateable properties connected to the Ocean Ridge water supply.	Fixed \$ amount per separately used or inhabited part of a rating unit	541.55	41,158
	Half charge 0.5:1	All rateable properties situated within 100 metres of any part of the Ocean Ridge water supply, but not connected to the supply.	Fixed \$ amount per separately used or inhabited part of a rating unit	270.77	20,308
Kincaid Water Rate					
This water rates funds the supply, treatment, upgrading, and maintenance of the Kincaid water supply.	None	All rateable properties connected to the Kincaid rural water supply.	Fixed \$ amount per Kincaid water unit (1,000 litres per day)	184.77	121,208
Fernleigh Water Rate					
This water rates funds the supply, treatment, upgrading, and maintenance of the Fernleigh water supply.	None	All rateable properties connected to the Fernleigh rural water supply.	Fixed \$ amount per Fernleigh water unit (1,000 litres per day)	631.78	199,010

³ The Suburban water area is from the Waimangarara water intake and the Kaikōura flats area including properties on Postmans Road, McInnes Road, Brunells Road, Schroders Road, Mt Fyffe Road, Schoolhouse Road, and Red Swamp Road north of Postmans Road.

WATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
East Coast Rural Water Rate					
This water rates funds the supply, treatment, upgrading, and maintenance of the East Coast water supply, the costs as identified to relate predominantly to the rural part(s) of the supply.	None	All rateable properties connected to the East Coast water supply (excluding those properties within the Clarence Village water supply area).	Fixed \$ amount per East Coast water unit (1,800 litres per day)	690.00	83,490
East Coast Village Water Rate					
This water rates funds the supply, treatment, upgrading, and maintenance of the East Coast water supply, as identified to relate predominantly to the Clarence village part(s) of the supply.	None	All rateable properties situated within the Clarence Village area, being that area from the East Coast water intake near the Clarence River to where the rail line runs adjacent to State Highway One and incorporating all properties to the south of Clarence Valley Road and State Highway One to the Clarence River or the rail line as applicable.	Fixed \$ amount per East Coast water unit (1,800 litres per day)	541.55	8,665
Oaro Water Rate					
This water rates contributes to the costs of supply, treatment, upgrading, and maintenance of the Oaro water supply.	None	All rateable properties connected to the Oaro water supply.	Fixed \$ amount per separately used or inhabited part of a rating unit	541.55	38,991

WATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Peketa Water Rate					
This water rates contributes to the costs of supply, treatment, upgrading, and maintenance of the Peketa water supply.	None	All rateable properties connected to the Peketa rural water supply.	Fixed \$ amount per separately used or inhabited part of a rating unit	541.55	10,831
Water Meter Charges <i>The following two water rates will be billed separately from the rates invoice, twice annually.</i>					
Volumetric charges: This water rate contributes to the cost of the supply, treatment, upgrading and maintenance of the Kaikōura water supply.	None	All rateable properties connected to any water supply and with a metered connection to that supply.	Fixed \$ amount per cubic meter of water usage which exceeds 365m ³ per annum (or 183m ³ per six months as read)	2.10	209,000
Meter Maintenance Charge: This water rate contributes to the cost of reading, maintaining and renewing water meters, and contributes to the general costs of the Kaikōura water supply.	None	All rateable properties connected to any water supply and with a metered connection to that supply.	Fixed \$ amount per water meter	60.00 (30.00 invoiced twice a year)	20,600

A special one-off meter reading, such as for a final reading on change of ownership, incurs a \$75.00 meter reading charge which is billed at the time of reading the meter.

WASTEWATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Sewerage Loan Rate					
This rate funds the loan servicing costs of the Kaikōura sewerage system.	None	All rateable properties within the area serviced by the Kaikōura sewerage system (which includes the Kaikōura township, South Bay, Ocean Ridge, and parts of the Kaikōura flats), or within 100 metres of any part of that system.	Rate in the \$ of capital value	0.00000448	3,737
Sewerage Charge					
This wastewater targeted rate contributes to the costs of sewage collection, treatment, disposal, upgrading, and maintenance of the Kaikōura sewerage scheme.	Full charge 1:1	All rateable properties connected to the Kaikōura sewerage system (which includes the Kaikōura township, South Bay, Ocean Ridge, and parts of the Kaikōura flats).	Fixed \$ amount for the first water closet per separately used or inhabited part of a rating unit (plus a targeted rate for each additional water closet or urinal if applicable, please refer to the following pages).	624.95	1,115,533
	Half charge 0.5:1	All rateable properties within the area connected to the Kaikōura sewerage system, not being either commercial or self-contained and serviced (see definitions on the following page).	Fixed \$ amount for each water closet and urinal after the first, within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal. ⁴	312.47	7,811

⁴ A rating unit used primarily as a residence for one household will not be treated as having more than one water closet or urinal.

WASTEWATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Sewerage Charge – Self-contained & serviced					
This wastewater targeted rate contributes to the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.	None	All rateable properties connected to the Kaikōura sewerage system, and used principally for short term accommodation, but limited to those properties with motel-type units, including motels, motor lodges, motor inns, motel apartments, serviced apartments and serviced holiday cottages, each of which contain a private or ensuite bathroom, with bedding, linen and cooking facilities provided, and which are serviced daily.	Fixed \$ amount for each water closet and urinal after the first within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.	200.00	99,200
Sewerage Charge – Commercial (additional)					
This wastewater targeted rate contributes to the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.	None	All rateable properties within the Kaikōura urban area used principally for commercial and/or industrial purposes; or used as a licensed premise under the Sale and Supply of Alcohol Act 2012; or used for providing short term accommodation for commercial reward, but not including rateable properties defined as Self Contained and Serviced.	Fixed \$ amount for each water closet and urinal after the first within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.	350.00	108,150

WASTEWATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Sewerage Half Charge (Available)					
This wastewater targeted rate contributes to the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.	Half 0.5:1	All rateable properties situated within 100 metres of any part of the Kaikōura sewerage system, but not connected to the system.	Fixed \$ amount per separately used or inhabited part of a rating unit	312.47	64,681
STORMWATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Stormwater rate					
This rate funds the costs of stormwater disposal, loan servicing, upgrading and maintenance of the Kaikōura Stormwater scheme.	None	All rateable properties within the Kaikōura urban area.	Rate in the \$ of capital value	0.00011299	126,851

REFUSE & RECYCLING	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Kerbside Recycling Charge					
The kerbside recycling charge covers the costs of the fortnightly kerbside recycling collection service as well as contributing to the cost of operating the Resource Recovery Centre where recyclable materials are sorted, compacted, and transported to markets outside the district.	None	All rateable properties within the Kaikōura urban area, or on the periphery of the urban area and receiving the kerbside collection service, except for commercial properties and properties in the West End, but this rate will apply where a property is a residential dwelling in nature but deemed commercial by virtue of the number of visitors accommodated.	Fixed \$ amount per separately used or inhabited part of a rating unit	140.75	240,123

It is the intention of the above rate to capture all properties that have access to the kerbside collection service, whether they use the service or not. The Council's contractor does not use the rating areas when making the decision how far to extend the service, therefore some properties outside the urban area do have access to the kerbside collection. The contractor doesn't provide the standard kerbside collection service to commercial properties (these are assumed to have separate arrangements that they each pay for separately), and cannot safely provide the kerbside service in the West End as the collection vehicle is unable to turn in the confined space.

The rates on the following pages, namely the Footpath & Streetlight Rate, the Harbour Rate, and the Town Centre Rate, use the rating areas on page 48 to apply rating differentials. It is the purpose of the differential to acknowledge that properties within the urban area benefit most from urban-type services, properties on the outskirts of the township benefit to a lesser extent, and properties further away from the town benefit least of all.

	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Footpath & Streetlight Rate					
The Footpath & Streetlight Rate funds the net costs of maintaining, upgrading and operating footpaths and streetlights, including electricity and loan servicing costs.	Urban 1:1	All rateable property within the Urban area	Rate in the \$ of capital value	0.00014988	169,139
	Semi-rural 0.75:1	All rateable property within the Semi-rural area	Rate in the \$ of capital value	0.00011241	65,848
	Rural 0.25:1	All rateable property outside the Urban and Semi-rural rating areas.	Rate in the \$ of capital value	0.00003747	19,551
Harbour Rate					
The Harbour Rate funds the net costs of operating the harbour facilities, including South Bay and the North and Old Wharves, including loan servicing costs.	Urban 1:1	All rateable property within the Urban area	Rate in the \$ of capital value	0.00003392	38,171
	Semi-rural 0.75:1	All rateable property within the Semi-rural area	Rate in the \$ of capital value	0.00002544	14,904
	Rural 0.25:1	All rateable property outside the Urban and Semi-rural rating areas.	Rate in the \$ of capital value	0.00000848	4,425

	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Town Centre Rate					
The Town Centre Rate funds the net costs of town centre maintenance and upgrading of the West End, including cleaning and servicing the West End public toilets, maintenance of the town paving, village green, carpark and all associated loan servicing costs.	Urban 1:1	All rateable property within the Urban area	Rate in the \$ of capital value	0.00006608	74,574
	Semi-rural 0.75:1	All rateable property within the Semi-rural area	Rate in the \$ of capital value	0.00004956	29,033
	Rural 0.25:1	All rateable property outside the Urban and Semi-rural rating areas.	Rate in the \$ of capital value	0.00001652	8,620

Targeted rates for Commercial and/or Visitor Accommodation properties

Commercial businesses use, and contribute to the need for, certain services that a residential household or rural property does not. The commercial rate and accommodation sector charge ensure that these types of property continue to contribute to the costs of activities and services that they benefit from.

	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Commercial Rate					
The commercial rate funds the net costs of tourism and economic development, the annual grant paid to the visitor centre, and a portion of territorial authority regulatory functions, traffic control, harbour facilities, and public toilets.	None	All rateable properties in the district: <ul style="list-style-type: none"> Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or Used principally for visitor accommodation for commercial reward for not less than five persons, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, or camping ground; or Used as licensed premises under the Sale and Supply of Alcohol Act 2012; or Used for the provision of utilities infrastructure 	Rate in the \$ of capital value	0.00197312	442,595
Accommodation Sector Rate					
The accommodation sector rate funds the same activities as the commercial rate.	None	All rateable properties providing accommodation for commercial reward, but not meeting the criteria of a commercial property, and for the avoidance of doubt, including any property providing short-term accommodation for up to four persons , such as small bed & breakfasts, baches rented out as holiday homes, and other visitor accommodation such as Air B&B-style, but not including long-term rental accommodation.	Fixed \$ amount per separately used or inhabited part of a rating unit	600.00	118,200

	Differential	Category	Factor	2024/2025 Rate (incl. GST) \$	2024/2025 Total Amount (incl. GST) \$
Registered Premises Rate					
The registered premises charge funds the net costs of alcohol licensing, food and health safety inspections, and environmental health.	None	All rateable properties undertaking a licensed activity, such as premises where alcohol is sold or consumed, food premises, camping grounds, funeral directors, or hairdressers.	Fixed \$ amount per license (whether an alcohol licence, food premises licence, camping ground licence, funeral directors licence, or hairdressers licence)	728.46	79,038
Harbour Special Operator Rate					
This rate funds the net costs (after user fees), of the South Bay harbour facilities (including operations, capital work, and loan servicing costs). The differential aims to align with the area of the harbour that is predominantly for the exclusive use of the special operators ⁵ .	85% of total revenue to be collected from the rate	No. 1: The rateable property used as the primary ticketing office of Whale Watch Kaikōura (which is identified as a special operator of the harbour facilities at South Bay)	Rate in the \$ of capital value	0.05977802	97,438
	15% of total revenue to be collected from the rate	No. 2: The rateable property used as the primary ticketing office of Dolphin Encounter (which is identified as a special operator of the harbour facilities at South Bay)	Rate in the \$ of capital value	0.01011469	17,195

Please refer to the sewerage charges on pages 57-59 as they pertain to certain commercial properties, and also to the water meter charges on page 56 for commercial properties that are metered.

⁵ The special operators that are assessed for the Harbour Special Operator Rate will not be assessed for the Harbour Rate on page 60.

Rate assessments, invoicing, and penalties

Rates are set as at 1 July each year, and are due and payable to the Kaikōura District Council. The previous pages identify each proposed rate for the 2024/2025 financial year. Note that all amounts are GST inclusive, whereas those amounts within the Forecast Funding Impact Statement (on page 8) exclude GST.

These rates, their differentials, categories, and factors, are assumed to apply for each of the ten years of this Long-Term Plan. Notwithstanding this, the Council may review and publicly consult on its rating mechanisms within that period.

For rates other than volumetric water meter charges, rates are invoiced quarterly by instalment. Those instalment dates, the period they cover, and their due dates for the 2024/2025 financial year are as follows:

	For the period:	Last date for payment:
Instalment 1:	1 Jul 2024 to 30 Sep 2024	20 September 2024
Instalment 2:	1 Oct 2024 to 31 Dec 2024	20 December 2024
Instalment 3:	1 Jan 2025 to 31 Mar 2025	20 March 2025
Instalment 4:	1 Apr 2025 to 30 Jun 2025	20 June 2025

A 10% penalty will be added to any portion of the instalment remaining unpaid after the relevant last date for payment. An additional 10% penalty will be added to all previous year's rates unpaid at 20 July and 20 January.

Penalty dates are:

	Last date for payment:	Date penalty is applied:
Instalment 1:	20 September 2024	21 September 2024
Instalment 2:	20 December 2024	21 December 2024
Instalment 3:	20 March 2025	21 March 2025
Instalment 4:	20 June 2025	21 June 2025
Prior year rates:	30 June 2024	20 July 2024
Prior year rates:	30 June 2024	20 January 2025

However, a penalty on the first instalment will be waived if the total years rates are paid on or before 20 December (the last day for payment of instalment 2).

Water Meter Charges

Extraordinary consumers, such as some agricultural/pastoral properties, commercial properties and homes with swimming pools, or properties with more than one connection, have water meters attached to their property to measure water use. These water meters are read twice each year (in January and July), and the consumers are charged for the amount of water they use.

Water meter charges are invoiced separately, not less than twice a year. The meter read dates and due dates for payment are as follows:

Meter read date:	For the period:	Due date for payment:
1st week July	January to June	20 August 2024
1st/2nd week January	July to December	20 February 2025

Meter reading dates and the period they cover are approximate.

Final readings (such as when a property has been sold) or other one-off special meter reads are arranged as required and invoiced separately. A one-off \$75.00 reading fee applies.

Environment Canterbury rates

The Kaikōura District Council acts as agent for the collection of rates for Environment Canterbury, which makes its own rates. This Long-Term Plan does not refer to those rates, however your rates invoice does include the rates we collect from you on behalf of Environment Canterbury.

Impact of proposed rates on benchmark properties

The benchmark properties used in the table below are a theoretical set of properties, designed to give indicative rates impacts for high, medium, and low value properties across the district. The rates and the capital values in these tables are for indicative purposes only, for example the high values properties are taken from within the top 15% of capital values, the low values are taken from the lowest 15% of capital values (excluding bare land), and the medium value is taken from the somewhere in the middle, within each land use category and/or area. Rates shown are neither an average, nor a median, value.

Type of property	Capital value ⁶	2023/2024 Rates \$	2024/2025 Rates \$	2024/2025 Increase in dollar \$	2024/2025 Increase in percent %	Rates 2033/2034 incl. inflation \$	Average rates increase (ten years)
Residential – Urban – High value	1,160,000	4,634.87	4,920.51	285.64	6.16%	6,463.49	3.43%
Residential – Urban – Medium value	760,000	3,693.58	3,990.75	297.17	8.05%	5,248.66	3.63%
Residential – Urban – Low value	380,000	2,799.37	3,107.49	308.12	11.01%	4,094.57	3.95%
Farm – Semi-rural – High value	4,580,000	9,965.29	10,263.88	298.59	3.00%	13,891.66	3.43%
Lifestyle block – Semi-rural – Medium value	980,000	2,817.90	3,074.17	256.28	4.93%	4,103.47	3.89%
Residential – Semi-rural – Low value	450,000	1,765.63	2,015.69	250.05	14.16%	2,662.43	4.28%
Commercial – Urban – High value (30-room motel)	4,490,000	27,541.55	30,021.50	2,479.95	9.00%	36,743.09	2.98%
Commercial – Urban – Medium value (12-room motel)	1,485,000	12,843.25	14,657.40	1,814.15	14.13%	17,951.74	3.50%
Commercial – Urban – Medium value (Retail)	830,000	7,238.35	8,608.78	1,370.43	18.93%	10,729.39	4.15%
Commercial – Urban – Low value (Retail)	490,000	4,461.50	5,184.23	722.73	16.20%	6,685.26	4.24%
Farm – Rural – High value	8,750,000	18,205.46	18,615.67	410.21	2.25%	25,197.60	3.36%
Farm – Rural – Medium value	4,330,000	9,018.09	9,223.59	205.49	2.28%	12,484.01	3.36%
Farm – Rural – Low value	2,030,000	4,691.19	4,917.53	226.34	4.82%	6,617.10	3.55%

⁶ The latest district valuation was conducted by Quotable Values Ltd as at 1 August 2021 and is the value used by the Council for rating purposes (plus or minus any property additions, improvements, or demolitions since that date).

Part Five: Appendices & Other

Council Controlled Organisations

Innovative Waste Kaikōura Ltd

The Kaikōura District Council owns Innovative Waste Kaikōura Ltd (IWK). The financial results of IWK are included in the Council's annual report for the Group on a consolidated basis. These Annual Reports are published annually for the year ended 30 June.

IWK does not have charitable status and is subject to taxation on its surpluses (if any).

Ownership and control of IWK

IWK has a board of directors, who are appointed by the Council. IWK must meet its legal and financial reporting obligations as a Council Controlled Organisation and a Tier 2 Public Benefit Entity.

Nature and scope of activities

IWK is contracted to the Council to manage and operate the Kaikōura Resource Recovery Centre and landfill, kerbside and rural recycling collection, and 3-waters operations and maintenance activities, as well as public amenity servicing (public toilets and street litter bins).

Key performance targets

Because the service provided for the Council by IWK includes 3-waters services (water supplies, wastewater and stormwater), the mandatory performance measures required by section 261B of the Local Government Act also apply to IWK. These performance measures are predominantly about the attendance and resolution times for requests for service, compliance with resource consent conditions, and the number of complaints about aspects of the services provided. Most of these performance measures are dealt with in IWK's contractual obligations with the Council.

These mandatory performance measures have been included within Part Two: Council Activities section in this Long-Term Plan for each of water supplies, wastewater, and stormwater activities. The Council performance targets and results are those of the Group (including IWK).

In addition to those mandatory performance measures, IWK has the following key performance targets in its Statement of Intent 2024/2025.

Activity	Measure	Target
Client satisfaction	The percentage of urgent or non-urgent callouts applicable to the contract are responded to within one hour or two hours respectively from the time of the notification to the time that service personnel depart to the site.	98%
	The percentage of all non-urgent callouts, applicable to the contract are responded to within 48 hours from the time the notification to the time that service personnel attend site.	98%
Client satisfaction	The number of service requests received about recycling collections.	< 20
	Compliance with and provision of all KPI information as per contracts.	100%
	Obtaining an unqualified audit opinion	Yes
Service performance	The number of abatement notices or infringements issued to KDC for non-compliance with resource consent conditions.	Zero
	The number of complaints received per year being due to a service request not being actioned appropriately.	< 10

Health & Safety	A reduction in TRIF (Total Recordable Incident Frequency) accident rates	5% reduction
	LTIFR (LTI per 200,000 hours worked)	< 6
Staff engagement	Staff engagement score	4.0 or better
Waste diversion	Diversion of waste from landfill per Ministry for the Environment methodology	55% or more

The Council’s previous Long-Term Plan (2021-2031) mentioned the Kaikōura Enhancement Trust (KET) as a Council-Controlled Organisation within the Group. KET was disestablished by the Council in March 2024 as the structure of the Group was not cost-effective and the objectives of KET were able to be achieved within the Council and/or IWK functions.

Fostering Māori participation in Council decision-making

The Council is committed to improving our working relationship with Māori, and acts on the principles of the Treaty of Waitangi to include opportunities for Māori to participate in Council decision making in a meaningful way.

Te Rūnanga o Kaikōura

Te Rūnanga o Kaikōura (TRoK) is the Papatipu Iwi authority for the Kaikōura district, based at Takahanga Marae.

Te Rūnanga o Ngāi Tahu

Te Rūnanga o Ngāi Tahu (TRoNT) is the organisation that services the tribe's statutory rights and ensures that the benefits of the Claims Settlement grow for the future generations. TRoNT is directly responsible for the overall governance of the group and for representing Papatipu Rūnanga and Ngāi Tahu Whānui and delivering direct benefits to them.

Working together

Local Iwi and the Council both support community wellbeing, work to enhance the environment, and contribute to the economic development of the Kaikōura District, but in different ways.

For example, Iwi have a kaitiakitanga (guardianship) role for the environment and the Council has a range of enhancement, monitoring and regulatory functions that it undertakes to protect and improve the environment.

Through over 800 years of history, Iwi have a long-term commitment to the Region and, through various businesses including Whale Watch Kaikōura Ltd, provide economic development and significant employment to residents of the district. The Council focuses more on providing infrastructure to support businesses and the local economy.

The relationship between the Council and Iwi has in the past been described as a flagship for Ngāi Tahu⁷ in how they would see governing bodies working together. Over the last few years that partnership has continued to develop. There is currently no memorandum of understanding between the two organisations because to date an MOU has been seen as unnecessary.

The Council sees our relationship with the Rūnanga as vital for the community to continue to see the district flourish.

We do this by;

- Attending regular hui/liaison meetings including monthly governance level meetings and every other fortnight our CEO and the General Manager of TRoK have a scheduled catch up.
- Attendance at monthly environmental pou (meetings), wider Runanga hui attendance and also other less formal conversations.
- Identifying opportunities for Māori to have input into issues of relevance such as involvement in working groups on specific issues.
- Identifying Council subcommittees and/or joint committees that would benefit from Iwi representation e.g. Jointly considering whether Māori representation via a Māori ward would continue to help strengthen the partnership relationship or not.
- Providing staff and Councillors with training to improve the Council's understanding of Iwi culture, protocols and perspective.

⁷ As described by R Solomon on behalf of Te Rūnanga o Kaikōura, September 2009, and published with permission in the Council's Annual Reports from 2009 to 2016.

Variation from Water and Sanitary Services Assessments

The Council undertook an assessment of Water and Sanitary Services in 2012.

Despite its age, the assessment of these services at that time remains largely valid, with the exception being that in 2012 the potential public health issues associated with the Fernleigh and East Coast water supplies had not been fully recognised.

In the case of the East Coast supply this lack of perceived health issues was due to raw water being drawn from a groundwater source which was at that time classified as being 'secure', and therefore not requiring treatment. This situation changed in 2015 when that secure status was revoked by the Canterbury District Health Board. Now all water is treated then supplied to property boundary tanks in compliance with Taumata Arowai requirements.

The Fernleigh supply was not assessed to have significant health risks in 2012, however this probably reflects the lack of understanding at that time of the quality (and variability) of the supply's water source, that potentially resulted in fluctuations of residual chlorine levels which in turn may compromise the infection barriers being provided. Now with management of the supply firmly back with the Council, all water is treated adjacent to the bore through filtration, UV treatment and chlorination.

Because these deficiencies have only been addressed in the last 2-3 years, the East Coast and Fernleigh water supplies do not yet have approved Water Safety Plans (the successors to the Public Health Risk Management Plans referenced in the 2012 assessment). These Water Safety Plans have been drafted and approval from Taumata Arowai is pending.

Variation from Waste Management and Minimisation Plan

The Council's Waste Management and Minimisation Plan (WMMP) was developed and adopted in 2021 and must be reviewed not less than every six years. While our approach to recycling and waste minimisation has not changed, there have been structural changes at the landfill in terms of waste management. Those changes are the result of closing the landfill and converting the site to a waste transfer station, with solid waste now transported to Kate Valley. The Council will commence a review of its WMMP early in the 2024/2025 financial year.

Glossary

We have developed this Long-Term Plan with readers in mind and have tried to keep our use of acronyms and jargon to a minimum, but there are some words and terms that are used in legislation or are specific to the activities that Council provides.

Activity

Services that the Council provides and that can be separately identified for reporting and budgeting purposes, such as dog control or the library.

Activity Management Plans (AMPs)

These Plans are specific to Council infrastructure, such as roading, water supplies and wastewater assets. They set out the required levels of service, management, and technical practices to ensure the assets are maintained and renewed to meet the long-term needs of the community. These Plans may also be referred to as Asset Management Plans, and these terms are used interchangeably.

Annual Plan

A document that explains what the Council intends to do, sets the budgets, and sets the rates, limited to one financial year (which ends 30 June). The Annual Plan is produced in the each of the intervening years between the Long-Term Plan, which is produced every three years.

Annual Report

A document which is audited and published annually to report the Council's financial results for the financial year and whether the Council completed what it said it would do in the Annual Plan.

Capital expenditure (or Capex)

This is spending on new Council assets and renewing or replacing existing assets. It includes improving or upgrading assets beyond their original capacity. Capital

expenditure is accounted for in the Statement of Financial Position because it increases the Council's asset values and has a useful life greater than one year.

Capital projects to meet demand

This refers to capital spending on projects that provide for a greater population, and might include items like extending a sealed road as the urban area expands, constructing another reservoir so as to increase water storage capacity, or laying a larger pipe to cope with a higher volume of wastewater.

Capital projects to improve the level of service

This refers to capital spending on upgrading assets so that they deliver services to a higher standard. This might include upgrading the treatment systems for a water supply to provide water that is safer to drink.

Capital projects to replace existing assets

This refers to capital spending to replace (or renew) assets to the same condition they were in originally. Examples are replacing a sewer pipe that has reached the end of its economic life, with a pipe of similar dimensions as the original pipe. Another example is the resealing of a road surface that has deteriorated over time with normal wear and tear.

Capital value (CV)

This refers to the rateable value of property, and is the combined value of land and any improvements on the land (e.g., buildings). The Council sets many of its rates on capital value.

Community Outcomes

This phrase is found in the Local Government Act (2002) and refers to the Council's aspirational goals or priorities, to promote the community's social, cultural, economic, and environmental wellbeing.

Council-Controlled Organisation (CCO)

Defined by section 6 of the Local Government Act, an entity is a CCO if the Council (either jointly or with other entities) owns 50% or more of the voting rights or can appoint 50% or more of the directors or trustees. Innovative Waste Kaikōura Ltd is a Council-Controlled Organisation.

Debt

Debt refers to loans we borrow from external lenders. The words debt, loans, and borrowings may be used interchangeably.

Depreciation

This accounts for the annual cost of the wearing out of or the economic use of our assets. It is generally based on the value of the asset divided by its remaining life.

Development Contributions

Money required from developers to recover the cost of providing infrastructure that caters for future growth (including to repay loans that have been raised to provide that infrastructure).

District Plan

The District Plan sets out the framework for managing subdivision, development and land use, and is produced under the Resource Management Act. It contains objectives, policies and rules to address environmental effects such as building heights, density, land use, noise and car parking.

Exacerbator

A term used in the Revenue & Financing Policy, an exacerbator is an individual or entity that causes the need for the Council to act, such as people who park their car irresponsibly create the need for parking enforcement, and people who vandalise or pollute the environment create the need for clean-ups and infringement action. The exacerbator pays principle attempts to ensure the cost of remedying their behaviour is recovered from those people or entities.

Financial year

The Council's financial year runs from 1 July to 30 June and refers to the year in which the period ends. For example, the 2025 financial year is from 1 July 2024 to 30 June 2025.

General rate

A rate applied to every rateable property in the district based on rateable value and used to fund the Council's general operations. Kaikōura's general rate is based on capital value and has a differential (or discount) which applies to rural and semi-rural properties; those properties pay 10% less per dollar of capital value than urban properties do.

Group of Activities

These are used for planning and reporting purposes, to group similar activities together. The Council has ten broad groups of activities, each with common elements. For example, building control, statutory planning, dog control and alcohol licensing are grouped together under the "Building and Regulatory" group of activities because they broadly deal with legislative compliance, licencing, and enforcement.

Infrastructure

When we use the term "infrastructure" we are referring to the large asset networks provided by the Council, such as water supplies, wastewater, stormwater and/or roads. Infrastructure includes underground pipes, pump stations, treatment plants, roads, footpaths, and bridges.

Infrastructure Acceleration Fund (IAF)

The Government's Infrastructure Acceleration Fund (IAF) was launched in June 2021. It is a fund to support new or upgraded bulk infrastructure – such as roading, three waters and flood management – to enable new homes to be built in areas of high housing need. Administered by Kāinga Ora, the IAF is designed to help increase the pace and scale of housing delivery by funding critical infrastructure needed for developments. For Kaikōura, the IAF project extends the roading, cycling and pedestrian network from Ludstone Road to Ocean Ridge, including water and wastewater services and flood protection work adjacent to the Kowhai River, and is designed to enable 400 new dwellings over the next ten years.

Land value (LV)

The rateable value of land, but not including improvements or buildings on the land. The Council currently does not apply any of its rates based on land value,

however Environment Canterbury (ECan) does have some of its rates set based on land value (the Council collects ECan rates on behalf).

Long Term Plan (LTP)

A plan adopted every three years, that sets the strategic direction for the Council over the next 10 years and outlines the Council's contribution towards achieving our community outcomes.

Local Government Act 2002 (the LGA)

The key legislation that defines the regulations and responsibilities for local authorities including the Kaikōura District Council.

NAASRA count

An acronym used to describe road roughness, the National Association of Australian State Roading Authority (NAASRA) roughness meter measures the number of bumps or faults in the road per kilometre. The higher the NAASRA count, the rougher the road. A road with a NAASRA count of 150 or more typically indicates that road is becoming a concern in terms of its roughness. For new road surfaces, there should be no greater than 70 NAASRA counts per km.

Operating expenditure (or Opex)

This is spending on the day-to-day costs of providing services, and includes items such as electricity, maintenance, personnel, depreciation, and loan interest. Operating expenditure is accounted for in the Statement of Comprehensive Income and Expense because the benefit of the spend applies to the year in which it is spent.

Provincial Growth Fund (PGF)

The Provincial Growth Fund (PGF) is a fund administered by the Ministry for Business, Innovation & Employment and more recently by Kānoa – the Regional Economic Development & Investment Unit. The Wakatu Quay project and South Bay feasibility study will receive a grant of up to \$10.88 million from the PGF.

Private Benefit

A term used in the Revenue & Financing Policy, a private benefit occurs when individuals who benefit from a service can be clearly identified and therefore charged for that service. It applies to user charges, application fees, purchase price and water by meter, though there are exceptions to the rule (such as

people who use the library enjoy the private benefit of that use, but there is no fair or economic mechanism to charge the full cost of the library service to those individuals).

Public Benefit

A term used in the Revenue & Financing Policy, this relates to spending which benefits the community in general and for which no individual beneficiaries can be clearly identified, examples are spending on community development, district planning and some broad aspects of economic development.

Refuse or Solid Waste

Both terms refer to rubbish, litter and/or waste products that are non-liquid or non-gaseous. Examples are household rubbish, building demolition materials, used packaging, and hedge clippings.

Reticulation

This term refers to pipe networks, such as water supplies or wastewater schemes, and is used specifically to define the piped components of the network from the structural components (pump stations, reservoirs, etc).

Sewerage and Wastewater

Throughout this LTP and other Council documents and reports, the words "sewerage" and "wastewater" are used interchangeably. Both words refer to the services and assets associated with the collection, treatment and disposal of toilet, bathroom, laundry, and kitchen wastewater, as well as liquid waste from businesses, and stock effluent.

Smooth Travel Exposure

Smooth Travel Exposure is a performance measure indicating 'ride quality'. It is an indication of the percentage of vehicle kilometres travelled on a road network with roughness below a defined upper threshold level. The threshold varies depending on the traffic volume band and urban/rural environment of the road (see also NAASRA count).

Targeted rate

Unlike the general rate and the UAGC, which applies to every rateable property in the district and funds the general operations, a targeted rate applies to a specific category of properties, and/or funds a specific activity. Examples are rates for

water supply, which apply only to those properties that are connected to (or can be connected to) the water supply, and the rates collected can only be used to fund costs associated with the water supply. A targeted rate can be either a rate based on the property value, or a set dollar amount based on the number of factors applying to that property.

Tourism Infrastructure Fund (TIF)

The Tourism Infrastructure Fund (TIF) is a fund administered by the Ministry for Business, Innovation & Employment. The Council will receive a grant of \$1.9 million from the TIF for the Link Pathway, and has residual funding from a previous successful grant to construct new public toilets at the top end of Beach Road near the Mill Road intersection.

Uniform Annual General Charge (UAGC)

The UAGC is similar to the general rate, in that it applies to every rateable property in the district and funds the general operations of the Council. Where the general rate is a dollar amount based on the capital value of property, the UAGC is a set amount based on the number of separately used or inhabited parts of a property.

Useful life (and remaining useful life)

Useful life is an estimate how long an asset (or class of assets) would reasonably be expected to be able to be used. The useful life estimate is then used to calculate the rate of depreciation to apply to the asset(s). For example, a PVC (plastic) pipe is expected to last 90 years, and so the depreciation rate for those pipes is 1.11% per year. Remaining useful life is an estimate of how many years are left for an asset to be usable, so if the pipe from this example is already 55 years old, it has a remaining useful life of 35 years, and the depreciation rate should be 2.86%.

Water Cohort

The Water Cohort currently includes the Council-owned water supplies of Kaikōura Urban, Kaikōura Suburban, Ocean Ridge, East Coast Village (Clarence), Peketa, and Oaro. These supplies are grouped together for the purpose of allocating the total costs of those water supplies across the entire Cohort. The resulting targeted rate is consistent across all members of the Water Cohort. In contrast, Kincaid is a fully independent supply (in financial terms), and the Fernleigh and East Coast Rural supplies both receive a small subsidy from the Cohort in the interests of fairness and affordability to those supplies.