



# Kaikoura District Council Annual Plan 2017-2018









# Annual Plan 2017/2018

## Contents

<b>ANNUAL PLAN 2017/2018</b> .....	<b>1</b>
<b>THE KAIKŌURA DISTRICT</b> .....	<b>3</b>
<b>MESSAGE FROM THE MAYOR</b> .....	<b>4</b>
<b>MESSAGE FROM THE CHIEF EXECUTIVE OFFICER</b> .....	<b>5</b>
FINANCIAL STRATEGY .....	8
<b>FINANCIAL INFORMATION</b> .....	<b>11</b>
FORECAST STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE.....	11
FORECAST STATEMENT OF FINANCIAL PERFORMANCE (BY ACTIVITY).....	13
FORECAST STATEMENT OF MOVEMENTS IN EQUITY.....	14
FORECAST STATEMENT OF FINANCIAL POSITION .....	15
FORECAST STATEMENT OF CASH FLOWS .....	16
<b>STATEMENT OF ACCOUNTING POLICIES</b> .....	<b>17</b>
REPORTING ENTITY .....	17
BASIS OF PREPARATION .....	17
SIGNIFICANT ACCOUNTING POLICIES .....	18
NOTES TO THE FORECAST FINANCIAL STATEMENTS.....	33
CAPITAL WORKS PROGRAMME .....	34
SPECIAL FUNDS & RESERVES .....	36
BORROWING & DEBT SERVICING PROGRAMME.....	37
FINANCIAL FORECASTING ASSUMPTIONS.....	38
FORECAST FUNDING IMPACT STATEMENT .....	40
RATING FUNDING IMPACT STATEMENT .....	41
OTHER RATES & CHARGES .....	54
RATES FOR 2017/2018.....	55
IMPACT OF RATES ON BENCHMARK PROPERTIES.....	57
FEES & CHARGES .....	59
<b>ANNUAL PLAN DISCLOSURE STATEMENT</b> .....	<b>70</b>
<b>COUNCIL ACTIVITIES</b> .....	<b>73</b>
<b>ROADING</b> .....	<b>75</b>
FORECAST FUNDING IMPACT STATEMENT .....	78
<b>WATER SERVICES</b> .....	<b>79</b>
FORECAST FUNDING IMPACT STATEMENT .....	83
<b>SEWERAGE</b> .....	<b>84</b>
FORECAST FUNDING IMPACT STATEMENT .....	86
<b>STORMWATER</b> .....	<b>87</b>
FORECAST FUNDING IMPACT STATEMENT .....	89
<b>REFUSE &amp; RECYCLING</b> .....	<b>90</b>
SOLID WASTE.....	90

RECYCLING .....	91
MAJOR PROJECTS FOR 2017/2018:.....	91
FORECAST FUNDING IMPACT STATEMENT .....	92
<b>COMMUNITY FACILITIES.....</b>	<b>93</b>
COMMUNITY PROPERTIES .....	94
AIRPORT.....	95
HARBOUR.....	96
LIBRARY.....	97
PARKS & RESERVES.....	98
FORECAST FUNDING IMPACT STATEMENT .....	99
<b>COMMERCIAL ACTIVITIES .....</b>	<b>100</b>
FORECAST FUNDING IMPACT STATEMENT .....	101
<b>LEADERSHIP &amp; GOVERNANCE .....</b>	<b>102</b>
FORECAST FUNDING IMPACT STATEMENT .....	103
<b>REGULATION AND CONTROL .....</b>	<b>104</b>
FORECAST FUNDING IMPACT STATEMENT .....	107
<b>SAFETY &amp; WELLBEING.....</b>	<b>108</b>
FORECAST FUNDING IMPACT STATEMENT .....	110
<b>DISTRICT DEVELOPMENT .....</b>	<b>111</b>
FORECAST FUNDING IMPACT STATEMENT .....	116
<b>EARTHQUAKE RECOVERY .....</b>	<b>117</b>
FORECAST FUNDING IMPACT STATEMENT .....	118

# The Kaikōura District

<b>Population</b>	3,555 (Census 2013)
<b>Number of Properties</b>	3,208 (total number of properties) 2,951 (rateable, separately used or inhabited parts of a property)
<b>Land Area</b>	2,046 sq. km
<b>District Capital Value</b>	\$ 1,468,830,900
<b>Represented by</b>	1 Mayor and 7 Councillors, elected at large
<b>Utilities &amp; Services</b>	1 Landfill 8 Public Water Supplies 1 Sewerage System
<b>Council</b>	Kaikōura District Council PO Box 6 Level 2, 96 West End, Kaikōura  Phone: (03) 319-5026 Fax: (03) 319-5308 Web: <a href="http://www.Kaikōura.govt.nz">www.Kaikōura.govt.nz</a> Facebook: <a href="http://www.facebook.com/KaikōuraDistrictCouncil">www.facebook.com/KaikōuraDistrictCouncil</a> Twitter: <a href="http://www.twitter.com/@KaikouraDC">www.twitter.com/@KaikouraDC</a>

# Message from the Mayor

The earthquake that struck on 14 November 2016 continues to have far reaching impacts across our District – socially, economically and on our natural environment. For most of us the ‘third winter’ is very much a reality and the road to recovery is long.

This year’s Annual Plan is a significant reprioritisation of Council workplans. Why reprioritise? Our infrastructure has been severely impacted so some planned work will need to be delayed to allow us to focus on the immediate rebuild. Council is facing an approximate forecast cost of \$40M, roughly five times our annual spend, to be completed over two-three years. The ongoing isolation by road has directly affected 50.4% of our workforce and been felt widely by our businesses. The 1.5 metre uplift in the harbour has dramatically affected commercial operators who can currently only run 30-40% of scheduled tours.

The isolation and reduction in tourist numbers has led to a marked decline for our accommodation and retail sectors. Socially we continue to see the after effects of the earthquake – temporarily displaced residents, the ongoing need for psychosocial support and financial and insurance advice for homeowners through the personal rebuild process.

I am extremely appreciative of all the financial and other support our District has received since the quake. Sources of support include: Environment Canterbury, the Ministry for Primary Industries, the Ministry for Business Innovation and Employment, the Ministry of Civil Defence & Emergency Management, the Ministry of Health, Lotteries and the Rata Foundation, the Red Cross, the Rural Support Trust, Te Rūnanga o Ngāi Tahu and Te Rūnanga o Ngāti Kuri, Te Puni Kōkiri, Whanau Ora Agencies, Sports Tasman, Sports NZ and JR McKenzie Trust and local organisations and individuals.

This funding and collaborative support is essential to our District’s recovery and ensures we can continue to sustainably operate into the future.

When residents of our District created the recently launched ‘Re-imagine Kaikōura’ Recovery Plan they recognised the long term nature of recovery and the long road ahead. The community’s passionate contributions to our Recovery Plan are testament to their resilience.

The Annual Planning process is a critical part of our District’s recovery and rebuild. Council has to carefully manage its finances and workload to achieve the best it can for residents and ratepayers in the long term.

The Recovery Plan, the Annual Plan 2017/18 and the Long Term Plan 2015-2025 will work together to create a future roadmap for our District.

At the end of the day it’s not just about recovering what we had. It’s about enabling us to move into a new future and take Kaikōura from good to great.



A handwritten signature in black ink, appearing to read 'Winston Gray', written over a light blue background.

**Winston Gray**

Mayor

ncil



# Message from the Chief Executive Officer

Welcome, and thank you for taking the time to read the Kaikōura District Council's Annual Plan 2017/2018. I hope you'll provide feedback and let us know your views.

The 14 November quake caused sizeable damage to our infrastructure (water, wastewater, roads and community facilities and property). The scale of the damage is comparable to that faced by Christchurch after the Canterbury earthquakes. We have been left shaken, in some cases a little stirred, and facing significant issues.

Re-imagining our District will take time, commitment and endurance. The Council will do everything possible to support the District as it recovers. Along the way we'll face difficult choices between what must be done now, and what will need to wait and how we manage our finances to get the best solution for the District.

After the quake the Recovery Team worked with the community to develop the Recovery Plan 'Re-Imagine Kaikōura'. Together they identified goals to work towards through the recovery and rebuild work. The Annual Plan for 2017/18 starts working towards these goals. These goals are;

- 1. Developing a sustainable economy**
- 2. Rebuilding quality facilities and infrastructure**
- 3. Enabling a strong and healthy community**
- 4. Protecting and enhancing the natural environment**
- 5. Striving for a resilient and positive future**

Next year's review of the Long Term plan will build on this and confirm our future work programme. Here's how the Council will work towards them in the next 12 months.

## **1. Developing a sustainable economy**

The isolation from the north, and intermittently from the south, has had a significant impact on our local tourism businesses. Other businesses are prospering from the increased construction activity. We will continue to work with the Canterbury Chamber of Commerce to drive business diversity and to source insurance and business advisers to help businesses through the changes. Ongoing business support is available through the \$848k Business Recovery Grants Programme, funded by central government.

Longer term we need to recover and further develop our tourism infrastructure such as the marina, harbour and airport. Such development takes time but we have identified the first steps and milestones, putting us on the road for long-term success.

## **2. Rebuilding quality facilities and infrastructure**

Over the next 18-24 months Council needs to spend five times our normal annual infrastructure budget as part of the rebuild programme. Getting this rebuild programme done on time, within budget, and to the required standard is our top priority.

Most things that the community takes for granted (clean safe water, operational sewerage system and safe roads) require extensive rebuild work. This is estimated to cost close to \$40 million.

In the next 18-24 months we will focus on;

- road rehabilitation works down Mt Fyffe, Mill and Red Swamp roads
- repair structural damage to bridges

- re-install the main sewer line and replace pump stations
- replace water reservoirs
- repair sewer and water reticulation systems.

In the short term we do not have the financial resources to replace and restore all existing community facilities. We are working with Sport Tasman, Sport NZ and the local sporting groups to assess the District's needs and the affordability of new sport and recreational facilities.

Tourist attractions are Kaikōura Districts' main drawcard. Over 50% of our workforce is dependent on the tourism industry, so getting the harbour functional again by the next tourist season will be a significant achievement. We have made significant progress reinstating the harbour slipways both for recreational and commercial users. We are currently finalising the dredging and excavation in the South Bay harbour. We are appreciative of financial support from our operators as part of this restoration.

### **3. Enabling strong and healthy communities**

We are making a long-term commitment to community development, bringing on-board new staff with a community development focus. Council will continue to walk alongside our community, identifying needs and seeing how best we can facilitate support and assistance.

The earthquake and resulting damage to property, possessions and people are traumatic events. For many, a sense of loss and anxiety is part of our 'new normal'. Our staff continue to work with the CDHB and others to provide help to those who need it. Council is providing support for those navigating the insurance process. We encourage all residents to seek out the help and advice they need.

I believe we have a prudent sustainable budget which enables the Council to restore and replace the damaged infrastructure and continue to provide the same level of services. Our debt is well within our cap and our debt servicing costs are affordable. We have smoothed the rates increases over a period of three years to keep increases affordable for our community.

The Council has also developed a rates relief package for earthquake and aftershock damaged properties that are;

- damaged to the point of being uninhabitable
- unsafe to occupy
- or where their use has been significantly affected.

Under this package owners of red-stickered and uninhabitable homes on up to one hectare will receive a 100% rates remission.

Uninhabitable houses and farm buildings on land one hectare or more, and commercial businesses which are red-stickered or unsafe to occupy, will receive a rates remission which has the effect of writing off rates leaving only those rates that would apply if the property were bare land.

### **4. Protecting and enhancing the natural environment**

One of the strongest themes found in the recovery planning process was how grateful everyone was to live in such a beautiful place. Protecting Kaikōura's environment and natural beauty is a vital part of the rebuild and recovery work.

In the short-term Council has received Government funding to develop a sustainable waste management plan to deal with quake related waste. This will cover things like asbestos management, infrastructure repairs and increased recycling support.

We are currently reviewing all the natural hazards caused by the earthquake. This includes identifying the risks they pose and how these risks can be minimised or managed.

### **5. Striving for a resilient and positive future**

The vision for our District as outlined in the Recovery Plan is:

‘Kaikōura recovers and moves forward as a great place to live – has a strong, well-connected community, is ecologically exemplary and economically prosperous.’

For now, we are rebuilding our homes, businesses, Council facilities and infrastructure. We are re-establishing our access to the outside world. We are repositioning our tourism and economy.

This Annual Plan builds on the Recovery Plan to put in place the structures and systems we need to achieve the future we have re-imagined together.

Re-Imagine Kaikōura

Pohewatia ano a Kaikōura



A handwritten signature in blue ink that reads "A Oosthuizen".

**Angela Oosthuizen**

CEO

# Financial strategy

## *Rates limits*

Our financial strategy limits the rates increases the Council should impose on our community. The rates increase limit for the 2017/2018 financial year is 5.4%; however, the Council needs to rebuild and renew much of its assets, and increase the economic and social support to our business and resident communities. While rates increases are inevitable, the actual rates increase is 5.8% for 2017/2018, and we propose to smooth rates increases to between 5% - 6% for the next three or four years.

## *Debt limits*

The Council set limits for the amount we can borrow, those limits are;

- Actual total borrowings will not exceed the self-imposed \$12 million cap, and
- Gross interest expense of all external borrowings will not exceed 10% of total revenue.

We are fortunate to have repaid the Kaikōura Hospital Loan, and will have also repaid a good portion of the civic centre loan, by the end of June 2017. These repayments have substantially reduced our overall debt. Regardless of this, we need to rebuild our water, sewer, and road networks, and not all of the cost can be covered by grants or insurance. It is inevitable that our debt will increase, including the need for cash-flow loans, and our current forecast predicts that our loans will be over \$9 million during 2017/2018, and up to \$10 million for the next four years.

## *Balanced budget*

We are forecasting a surplus of over \$11 million; which means operating income is forecast at a level that far exceeds operating costs. The reason for this is the grants the Council anticipates receiving from NZTA and the government, of around \$14 million. Most of these grants are to cover the cost of the rebuild following the earthquake – these are capital (renewal) projects, which are not classified as operating costs.

Council is faced with a significant financial burden to restore our infrastructure to its' pre-earthquake condition, while placing as little stress on our ratepayer and business community as possible.

## *Earthquake Cost and Funding*

The total cost of the earthquake is currently estimated at \$40M, which includes \$25M to replace assets, \$7.2M to reinstate the harbour, and \$7.8M in response, recovery and temporary repairs.

Funding is currently assumed to come from a variety of sources, in addition to council loans, reserves, and rates. This includes:

- Local Authority Protection Programme (LAPP)
- Material damage insurance
- NZTA subsidies for local roads
- Other government subsidies
- Harbour user contributions

The Council's Finance Strategy sets a debt limit at \$12M, which includes an allowance for emergency events of \$2M. This Annual Plan provides for our loans to reach \$9 million in 2017/2018 and \$10 million in the next three years. As a low-growth district, our loan interest should be no more than 10% of total revenue, and we forecast to achieve 1.90% in 2017/2018 (which is \$467,035).

## *Financial Assumptions*

- Government will (“frontload”) fund the 3 waters 60% to assist the council with cash flow and the council can seek additional support to assist the rebuild
- The government has recognised the council’s additional statutory activities as a result of the earthquake and some additional support from the government is factored into assumed revenue.
- \$6m government grant for harbour with external contributions from operators for shortfall
- NZTA will pay a 51% subsidy rate for normal roading maintenance, and 95% for earthquake related damage to local roads and bridges
- Loan funding for Council earthquake shortfall will be externally financed at fixed interest rate over a repayment period of 20 years
- Assumption of full contribution from Material Damage insurers and LAPP, except for material damage for the harbour (assumed not paid)
- Address smoothing of rates increases over a period of time – by raising cashflow loans and utilising all available cash reserves

## *Level of uncertainty*

The timing of projects and receipts from funders is extremely uncertain, with some projects already underway and others expected to carry over to subsequent years. Similarly, the timing of incoming funds from subsidies and insurance claims are based on best estimate but are extremely likely to differ from predictions. The cost of individual projects may also differ from that originally forecast.

- Risk of further events which could exacerbate the estimates damage and increase costs
- Further investigations around leak detection and CCTV footage may reveal further reticulation damage which may lead to escalated costs
- Risk that insurance payments may not eventuate or be at the level predicted
- Risk of price and material increases from contactors as time progresses
- Risk of land impacted by natural hazards resulting in increased costs
- Financial risks due to interest rate increases
- Risk of funding contributions not eventuating at the predicted levels from the Crown or NZTA
- Associated infrastructure project risks may escalate costs
- Valuations (for rateable values) are yet to be undertaken with regard to damaged land and buildings; which will affect rates on individual properties as well as require other (undamaged) properties to take up the shortfall in rates.

## *Financial position prior to the earthquake*

At the end of October 2016, prior to the earthquake, our financial position was constrained, but stable. Since the earthquake, the council has received \$2 million from the Canterbury District Health Board to repay debt, a \$1 million advance from LAPP, and \$3.46 million in advances from the government. These advances will be fully spent as at 30 June 2017, with further funding sought.

## *Rates Sensitivity*

With annual rates of less than \$5.8M in 2016/2017, our sensitivity to rate increases is extreme. An increased cost of only \$58,000 equates to a 1% rate increase for our <3,000 rateable properties.

## *Rates Remissions*

Buildings that have been deemed uninhabitable by EQC or an engineer assessment will not have to pay rates (subject to certain terms and conditions). This means that the council has fewer properties paying rates, right at a time when rates increases are inevitable for us to progress with the rebuild

and repairs of council infrastructure. Rates remissions are forecast to cost the council around \$243,534 in the 2017/2018 year, and this loss of revenue can only be met by careful cash-flow planning, timing of projects, and raising loans to meet cash-flow commitments.

### *High Level Summary*

- Loans reach \$9M during 2017/2018 and may reach up to \$10M for four years thereafter
- Loan servicing costs are \$1.025M for 2017/2018 and then sustained at around \$1.3M per annum (normally less than \$1M)
- Loan interest does not exceed 10% of total revenue (prudence benchmark)

### *Financial Performance Commentary*

Our financial forecasts currently predict that, directly as a result of the earthquake;

- Council will need to raise around \$5M in loans over the next three years
- Increased sensitivity to the magnitude of costs will require cash-flow loans of \$1.2M
- Total term debt may reach \$9M by June 2018 – dependent upon timing of earthquake projects
- Loan interest as a percentage of revenue will remain below the 10% prudence limit
- The Council will utilise all remaining cash reserves to meet its cash commitments for the earthquake rebuild
- The total rates required will increase by 5.8% in 2017/2018, with further increases of around 5% to 6% expected each year until 2020
- The impact on individual properties should be between 5% to 8% for the majority of properties, but may be as high as 12% rate increase depending on rating value, rating category, and location.

# Financial Information

## Forecast Statement of Comprehensive Revenue & Expense

	Annual Plan 2016/2017 \$	Long Term Plan 2017/2018 \$	Annual Plan 2017/2018 \$
<b>Revenue</b>			
Rates revenue	5,783,761	5,982,664	6,119,050
Rates remissions	-	-	(243,534)
Water meter charges	130,000	169,803	130,000
User fees & charges	1,285,904	1,406,018	2,272,245
Grants & subsidies	521,734	771,508	13,947,245
Development contributions	30,216	79,558	47,016
Interest income	38,958	62,874	20,221
Other revenue	1,025,704	1,042,462	2,237,968
<b>Total revenue</b>	<b>8,816,277</b>	<b>9,514,886</b>	<b>24,530,211</b>
<b>Expenses</b>			
Personnel	1,773,015	1,852,273	3,356,375
Depreciation & amortisation	1,912,379	1,998,680	1,774,834
Financing expenses	525,426	645,276	467,035
Other expenses	4,872,294	4,767,929	7,565,112
<b>Total expenses</b>	<b>9,083,114</b>	<b>9,264,158</b>	<b>13,163,356</b>
<b>Net surplus / (deficit)</b>	<b>(266,837)</b>	<b>250,728</b>	<b>11,366,855</b>
<b>Other comprehensive income</b>			
Gains on asset revaluation	-	-	-
Financial assets at fair value through equity	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(266,837)</b>	<b>250,728</b>	<b>11,366,855</b>

The Council projects a substantial surplus for 2017/2018. The 14 November earthquake has caused enormous variances between previous year comparisons, and forecasts for the same year in the Long Term Plan. In summary, the key variances are:

- Rates increases are proposed to be 5.8% instead of the 3.0% predicted in the Long Term Plan, due to the need to cover many earthquake-related costs
- Rates remissions for uninhabitable buildings were not foreseen
- User fees and charges includes a substantial contribution to harbour remediation from Whale Watch, and Encounter Kaikōura
- Government grants, NZTA roading subsidies, and other external grants and subsidies are expected to be an unprecedented \$13.8 million during 2017/2018, to cover earthquake-related repair and rebuild costs.

- Personnel costs (salaries and wages) have increased by \$1.58 million (since the 2016/2017 Annual Plan), due to the extra staffing required for the rebuild work; including building consent processing, rebuild project management, social services coordination, economic development, community development, strategic planning, communications, and the recovery team. Much of these costs are government-subsidised.
- Other expense includes new work such as geotechnical engineering, district planning, economic development, community development, plus ongoing damage assessments and repair work.



## Forecast Statement of Financial Performance (by Activity)

	Annual Plan 2016/2017 \$	Long Term Plan 2017/2018 \$	Annual Plan 2017/2018 \$
<b>Revenue</b>			
Roading	1,379,380	1,679,368	1,045,059
Water services	896,086	935,816	918,455
Sewerage	629,938	609,200	711,676
Stormwater	129,020	135,465	115,472
Refuse & recycling	143,058	150,131	785,877
Community facilities	1,128,743	1,139,710	1,256,627
Commercial activities	1,049,953	1,162,500	1,028,876
Leadership & governance	51,064	103,444	150,384
Regulation & control	413,007	408,979	856,964
Safety & wellbeing	116,318	255,168	140,773
District development	503,065	419,915	985,645
Earthquake event	-	-	14,324,319
Kaikōura hospital	230,323	260,000	-
General rates	2,107,364	2,255,190	2,433,397
Rates remissions	-	-	(243,534)
Interest revenue	38,958	-	20,221
<b>Total revenue</b>	<b>8,816,277</b>	<b>9,514,886</b>	<b>24,530,211</b>
<b>Expenses</b>			
Roading	1,618,215	1,639,648	1,491,249
Water services	1,066,606	1,056,399	1,055,921
Sewerage	750,458	769,862	746,986
Stormwater	141,402	154,520	159,750
Refuse & recycling	395,082	402,781	527,355
Community facilities	1,900,514	1,854,832	2,173,986
Commercial activities	895,362	866,180	838,528
Leadership & governance	609,254	650,815	619,425
Regulation & control	723,453	736,244	1,055,380
Safety & wellbeing	250,758	460,772	774,853
District development	626,691	537,105	1,345,100
Earthquake event	-	-	2,374,823
Kaikōura hospital	105,319	135,000	-
<b>Total expenses</b>	<b>9,083,114</b>	<b>9,264,158</b>	<b>13,163,356</b>
<b>Net surplus / (deficit)</b>	<b>(266,837)</b>	<b>250,728</b>	<b>11,366,855</b>
Gain on asset revaluation	-	-	-
Other comprehensive revenue	-	-	-
<b>Total comprehensive revenue</b>	<b>(266,837)</b>	<b>250,728</b>	<b>11,366,855</b>

## Forecast Statement of Movements in Equity

	Annual Plan 2016/2017 \$	Long Term Plan 2017/2018 \$	Annual Plan 2017/2018 \$
<b>Equity opening balance</b>	163,664,508	164,712,163	149,911,081
Net surplus/(deficit)	(266,837)	250,728	11,366,855
Revaluations	-	-	-
<b>Equity closing balance</b>	<b>163,397,671</b>	<b>164,962,891</b>	<b>161,277,936</b>

## Forecast Statement of Financial Position

	Annual Plan 2016/2017 \$	Long Term Plan 2017/2018 \$	Annual Plan 2017/2018 \$
<b>Current assets</b>			
Cash and cash equivalents	1,422,105	2,564,974	1,555,722
Trade & other receivables	1,082,135	1,165,317	3,021,779
Prepayments	98,200	98,200	98,200
Other financial assets	-	-	-
<b>Total current assets</b>	<b>2,602,440</b>	<b>3,828,491</b>	<b>4,675,701</b>
<b>Non-current assets</b>			
Other financial assets	-	-	-
Forestry assets	2,583,334	2,583,334	2,583,334
Investment property	2,113,125	2,408,000	2,113,125
Property, plant & equipment	167,401,186	168,035,431	163,129,031
<b>Total non-current assets</b>	<b>172,097,645</b>	<b>173,026,765</b>	<b>167,825,490</b>
<b>Current liabilities</b>			
Trade & other payables	1,119,285	1,116,189	1,367,667
Employee entitlements	100,000	100,000	100,000
Borrowings - current	1,276,820	2,491,844	1,570,038
<b>Total current liabilities</b>	<b>2,496,105</b>	<b>3,708,033</b>	<b>3,037,705</b>
<b>Non-current liabilities</b>			
Borrowings – non-current	8,241,703	7,619,726	7,620,943
Other term debt	564,606	564,606	564,606
<b>Total non-current liabilities</b>	<b>8,806,309</b>	<b>8,184,332</b>	<b>8,185,549</b>
<b>Net assets</b>	<b>163,898,368</b>	<b>164,962,891</b>	<b>161,277,937</b>
<b>Equity</b>			
Ratepayers equity	73,782,954	73,111,405	73,782,953
Special funds & reserves	1,545,837	2,243,440	2,252,273
Asset revaluation reserve	81,256,673	81,427,688	81,256,673
Accumulated funds	6,812,207	8,180,358	3,986,038
<b>Total equity</b>	<b>163,397,671</b>	<b>164,962,891</b>	<b>161,277,937</b>

## Forecast Statement of Cash Flows

	Annual Plan 2016/2017 \$	Long Term Plan 2017/2018 \$	Annual Plan 2017/2018 \$
<b>Operating activities</b>			
<i>Cash was provided from:</i>			
Rates	5,783,761	5,982,664	5,838,986
Interest revenue	38,958	62,874	20,221
Other	2,998,655	3,515,104	18,366,344
<i>Cash was applied to:</i>			
Interest expense	(525,426)	(645,276)	(467,035)
Operating expenses	(6,927,362)	(6,605,690)	(10,635,529)
<b>Net cash flow from operating</b>	<b>(362,318)</b>	<b>2,309,675</b>	<b>13,122,988</b>
<b>Investing activities</b>			
<i>Cash was provided from:</i>			
Sale of investment properties	-	-	-
Sale of assets	-	-	-
<i>Cash was applied to:</i>			
Purchase of assets	(2,562,423)	(2,903,225)	(14,902,856)
<b>Net cash flow from investing</b>	<b>(2,562,423)</b>	<b>(2,903,225)</b>	<b>(14,902,856)</b>
<b>Financing activities</b>			
<i>Cash was provided from:</i>			
Drawdown of borrowings	3,276,784	1,296,800	4,278,649
<i>Cash was applied to:</i>			
Repayment of borrowings	(2,780,959)	(1,289,723)	(1,226,191)
<b>Net cash flow from financing</b>	<b>2,383,810</b>	<b>7,077</b>	<b>3,052,458</b>
<b>Total net cash flows</b>	<b>(129,023)</b>	<b>(586,472)</b>	<b>1,272,590</b>
<b>Opening cash balance</b>	<b>3,038,812</b>	<b>3,151,447</b>	<b>283,132</b>
<b>Closing cash balance</b>	<b>2,909,790</b>	<b>2,564,974</b>	<b>1,555,722</b>

# Statement of Accounting Policies

## Reporting Entity

Kaikōura District Council is a territorial local authority governed by the Local Government Act 2002.

The Kaikōura District Council group (KDC) consists of Kaikōura District Council and its subsidiary, the Kaikōura Enhancement Trust, a charitable Trust controlled by the Council. That Trust in turn owns 100% of Innovative Waste Kaikōura Ltd. The Kaikōura Community Facilities Trust was established in 2009 with the objective to determine what facilities the community requires and where these are best located. That Trust has been active in terms of driving the project, but is financially dormant; meaning it currently has no financial transactions, assets, or liabilities. The Council has an 11.5% interest in the Marlborough Regional Forestry joint venture.

The primary objective of the Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The forecast financial statements of the Council are for the year 1 July 2017 to 30 June 2018.

## Basis of preparation

### *Statement of Compliance*

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statement have been prepared in accordance with Tier 2 PBE Accounting Standards Reduced Disclosure Regime, on the basis that the Kaikōura District Council have expenses of more than \$2 million and less than \$30 million, and is not publicly accountable. These financial statements comply with PBE Standards.

### *Measurement Base*

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, infrastructure assets, investment property and financial instruments.

The preparation of prospective financial statements in conformity with PBE accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Council is New Zealand dollars.

# Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

## *Joint ventures*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations the Council recognises in its financial statements its share of the assets that it controls, the liabilities and expenses it incurs, and the share of revenue that it earns from the joint venture.

Of the Council's interest in the Marlborough Regional Forestry joint venture, 13.37% is held in trust on behalf of Environment Canterbury. This is recognised as a non-current liability in the financial statements.

## *Revenue*

Revenue is measured at the fair value of consideration received.

### Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Rates collected on behalf of Environment Canterbury are not recognised in the financial statements as the Council is acting as agent for Environment Canterbury.

### Other revenue

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

### Government Grants

The Council receives government grants from NZ Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

### Provision of Services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

### Sale of Goods

Sales of goods are recognised when a product is sold to the customer. The recorded revenue is the gross amount of the sale (excluding GST).

### Vested Assets

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

### Agency Arrangements

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

### Interest and Dividends

Interest revenue is recognised using the effective interest method. Dividends are recognised when the right to receive payment has been established. Dividends are recorded net of imputation credits.

### Development Contributions

The revenue recognition point for development and financial contributions is at the later of the point when the Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

## ***Borrowing Costs***

Council has elected to defer the adoption of NZ IAS 23 *Borrowing Costs (Revised 2007)* in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

## ***Grant Expenditure***

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

## ***Foreign currency transactions***

Foreign currency transactions (including those for which foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

## ***Income Tax***

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

## *Leases*

### Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

## *Cash and Cash Equivalents*

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

## *Debtors and Other Receivables*

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.



Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

### *Derivative financial instruments and hedge accounting*

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

### *Other financial assets*

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- Fair value at fair value through surplus or deficit
- Loans and receivables
- Held to maturity investments
- Fair value through other comprehensive revenue

The classification of a financial asset depends on the purpose for which the instrument was acquired.

#### Financial assets at fair value through surplus or deficit

Financial assets at fair value through profit and loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit. Council does not hold any financial assets in this category.

### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

The Council's loans and receivables comprise debtors and other receivables, community and related party loans. Loans and receivables are classified as "debtors and other receivables" in the statement of financial position.

### Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

The Council's investments in this category include bank term deposits.

### Fair value through other comprehensive revenue

Financial assets at fair value through other comprehensive revenue are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date.

The Council includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity
- Shareholdings that it holds for strategic purposes

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue is reclassified from equity to the surplus or deficit.

## ***Impairment of Financial Assets***

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

### Loans and other receivables

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instruments carrying amount.

### Financial assets at fair value through other comprehensive revenue

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for the investments at fair value through other comprehensive revenue, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognized in other comprehensive revenue is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

## *Inventory*

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first-in first-out (FIFO) method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property or property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

### *Non-Current Assets Held for Sale*

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised in the surplus or deficit up to the level of any impairment losses that have previously been recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

### *Property, Plant and Equipment*

Property, plant and equipment consists of:

- Operational assets  
These include land, buildings, harbour assets, library books, plant and equipment, and motor vehicles.
- Restricted assets  
Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets  
Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

### *Revaluation*

Those asset classes that are revalued are valued on a three yearly cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

#### Operational land and buildings

Several key properties; the Council office, memorial hall, pensioner flats and the swimming pool, were valued to component level by Sarah Rowse, (ANZIV, SPINZ) of Quotable Value NZ as at 30 June 2013. The balance of land and buildings were valued effective as at 30 June 2013 by Sarah Rowse, (ANZIV, SPINZ) of Quotable Value NZ, at fair value as determined from market-based evidence.

Carrying values for those specific assets are shown less accumulated depreciation and plus any subsequent additions at cost.

#### Restricted land and buildings

The most recent valuation was performed by Sarah Rowse, (ANZIV, SPINZ) of Quotable Value NZ, and the valuation is effective as at 30 June 2013 at fair value as determined from market-based evidence. Subsequent additions are recorded at cost.

#### Infrastructure

This includes roads, bridges & footpaths, water systems, sewerage systems and stormwater systems, stated at fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date the Council assesses the carrying values of its infrastructure assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. MWH New Zealand Ltd performed the most recent valuation of road assets, water, sewer and stormwater infrastructure, valued as at 30 June 2013.

#### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value as at the date of acquisition.

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

## **Depreciation**

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The estimated useful economic lives of major classes of assets have been estimated as follows:

<b>Infrastructural Assets</b>	<b>Years</b>	<b>Rate (Rounded)</b>
<i>Roading</i>		
Land and Road Formation		Not Depreciated
Base Course		Not Depreciated
Bridges	50	1.93%
Sealed Top Layer	7	15.46%
Kerb and Channels	50	2.72%
Drainage	50	1.73%
Traffic Facilities	4	20.2%
Seawalls	50	2.09%
Footpaths – Structure		Not Depreciated
Footpaths – Surface	25	5.39%
Street Lighting	17	5.79%

<b>Infrastructural Assets</b>	<b>Years</b>	<b>Rate (Rounded)</b>
<i>Sewerage</i>		
Equipment & Oxidation Ponds	50	From 0.28% to 5.03%
Pump Stations	17 - 100	From 2.51% to 6.67%
Catchment Mains & Reticulation	25 – 77	From 1.13% to 2.71%
<i>Water</i>		
Pump Stations	12 – 25	From 4.22% to 7.74%
Pipes & Reticulation	7 – 99	From 1.19% to 13.14%
<i>Stormwater</i>		
Catchment Mains & Reticulation	70 – 99	From 1% to 1.42%
Structures	19 – 75	From 5.26% to 1.33%
<b>Operational Assets</b>	<b>Years</b>	<b>Rate (Rounded)</b>
Buildings – Structure	50	2%
Buildings – Services	15 - 33	From 3% to 6.67%
Buildings – Internal Fit out	4 - 33	From 6.67% to 25%
Harbour Seawall & Wharf	30 – 50	From 2.0% to 3.45%
Computer Equipment	5	20%
Plant, Vehicles and Machinery	5 - 50	From 2% to 20%
Land		Not Depreciated
Library books	12	8%
Library non-books	5	20%
<b>Restricted Assets</b>	<b>Years</b>	<b>Rate (Rounded)</b>
Parks and Reserves Buildings	50	2%
Parks and Reserves Land		Not Depreciated
Parks Furniture & Other Assets	8 – 50	From 2% to 12.5%
Artwork		Not Depreciated

In relation to infrastructural assets, depreciation has been calculated at a component level based on the estimated remaining useful lives as assessed by Council’s engineers and independent registered valuers. A summary of these lives is detailed above. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

#### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

### *Deemed cost*

#### Land under roads

Land under roads, was valued based on fair value of adjacent land determined by Connell Wagner Ltd effective 30 June 2001. Under NZ IFRS, the Council has elected to use the fair value of land under roads as at 30 June 2001 as deemed cost. Land under roads is no longer revalued.

## *Library collections*

Library Books were valued at 30 June 2007 using actual cost per book, by the Kaikōura District Librarian, and this value has been deemed cost at that date. Library collections are no longer revalued.

## *Accounting for revaluations*

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the other comprehensive revenue and revaluation reserve for that class of asset.

## *Forestry Assets*

Forestry assets owned via the Marlborough Regional Forestry joint venture, and also Council's own forestry assets, are independently revalued annually at fair value less estimated point of sale costs. These valuations are performed by Merrill & Ring Ltd. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

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

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

## *Investment Property*

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at cost, including transaction costs. After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer, Quotable Value New Zealand.

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

## *Intangible Assets*

### Emissions Trading Scheme (ETS) – Marlborough Regional Forestry

Marlborough Regional Forestry (MRF) (in which the Council holds a share as a joint venture) is a participant in the ETS with regard to both its significant holdings of "pre 1990" forests and currently minor holdings of "post 1989" forests.

Pre 1990 emission units (NZU's) received under the ETS Allocation Plan are recognised at cost and subsequently measured at cost subject to impairment. It is not anticipated that MRF will have any future liabilities or obligations with regard to its pre 1990 forests.

Post 1989 NZU's received for carbon stored are recognised at cost and subsequently measured at cost subject to impairment. Where there is an obligation to return units when carbon is lost the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required. If operations proceed as planned there will always be post 1989 units on hand in excess of any liability.

Any future cash flows associated with units receivable/payable will be taken into consideration in determining the valuation of the forest estate.

#### Emissions Trading Scheme (ETS) – Council Forestry

In addition to its share of forestry in MRF, Council holds forestry assets in its own right. However, the Council is not the landowner of the Clarence forest, and is therefore ineligible to enter the scheme. The small forest at South Bay does not meet the minimum criteria to enter the scheme.

#### Emissions Trading Scheme (ETS) – Council Landfill

Council's landfill entered the ETS from 1 January 2013. Council has purchased 2,000 carbon credits to meet its immediate obligations arising from landfill emissions.

#### Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

### *Impairment of Property, Plant and Equipment and Intangible Assets*

Non-financial assets that have an indefinite useful life, are not yet available for use and are not subject to amortisation are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash flows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.



For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

## *Creditors and other payables*

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

## *Borrowings*

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

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

## *Employee Entitlements*

### **Short-term benefits**

Employee benefits that the Council expects to be settled within twelve months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Council anticipates it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

### **Long-term benefits**

#### Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

The Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/(deficit) will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

## *Provisions*

A provision for future expenditure of uncertain amount or timing is recognised when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

## *Equity*

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Public equity – accumulated funds
- Special reserves
- Special funds
- Asset revaluation reserves
- Fair value through other comprehensive revenue reserves

### Special and Council Created Reserves

Special reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council created reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council's objectives, policies and processes for managing capital are described in note 31.

### Asset revaluation reserves

This reserve relates to the revaluation of property, plant and equipment to fair value.

### Fair value through other comprehensive revenue reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive revenue instruments.

## *Goods and Services Tax (GST)*

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### *Cost Allocation*

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below:

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a significant activity.

Direct costs are charged directly to significant activities. Indirect costs are allocated to Council activities on a percentage of use basis.

### *Statement of Cash Flows*

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments, with original maturities of three months or less, in which Council invests as part of its day-to-day cash management.

Operating activities include cash received from all revenue sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the Statement of Cash Flows because they flow through the Council's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the Council.

### *Cost of Service Statements*

The cost of service statements, as provided in the Statements of Service Performance, report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

### *Critical Accounting Estimates and Assumptions*

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### Landfill aftercare provision

The exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision has not been considered; the impact is likely to be minimal in this Annual Plan year.

#### Infrastructural assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets.

These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset;
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under-estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk, the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives further assurance over useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

### *Changes in Accounting Policy*

There have been no significant changes in accounting policies. The accounting policies have been applied on a basis consistent with those used in the 2015-2025 Long Term Council Community Plan.

## Notes to the Forecast Financial Statements

The November 2016 earthquake resulted in substantial impairment of roads, water, sewerage and stormwater assets, and this has affected (and assumed to have reduced) depreciation for those asset categories. A full revaluation and reassessment of remaining useful lives has not been undertaken for this annual plan, given that depreciation does not directly affect rates, and the actual impairment is unknown at the time of preparing this plan. The Council may wish to review these values for the Long Term Plan 2018-2028.

### *Depreciation & amortisation expenses*

	<b>Annual Plan 2016/2017 \$</b>	<b>Long Term Plan 2017/2018 \$</b>	<b>Annual Plan 2017/2018 \$</b>
Roading	807,147	822,070	770,099
Water services	371,433	382,564	310,794
Sewerage services	306,149	306,547	181,276
Stormwater	66,022	67,344	60,344
Refuse & recycling	102	81	144
Community facilities	320,037	326,104	397,188
Commercial activities	-	-	-
Leadership & governance	20,470	61,732	32,095
Regulation & control	-	-	-
Safety & wellbeing	21,019	32,238	22,894
District development	-	-	-
Earthquake event	-	-	-
	<b>1,912,379</b>	<b>1,998,680</b>	<b>1,774,834</b>

### *Targeted rates for metered water supply (water meter charges)*

	<b>Annual Plan 2016/2017 \$</b>	<b>Long Term Plan 2017/2018 \$</b>	<b>Annual Plan 2017/2018 \$</b>
Water meter charges	130,000	169,803	130,000

Water meter charges are separately identified in the Statement of Comprehensive Revenue and Expense (page 9), but are included in targeted rates in the Forecast Funding Impact Statement (page 39), as required by the Local Government (Financial Reporting and Prudence) Regulations 2014. Water meter charges are defined as a targeted rate in the Local Government (Rating) Act 2002.

# Capital Works Programme

Much of the capital work that had been signalled in the Long Term Plan has now been reprioritised to allow for the rebuild of earthquake damage. The revised capital works programme is now as follows. Renewal and replacement work as a result of the earthquake is denoted by (EQ) for 2017/2018. Note that this work is only a forecast of the projects we feel will be done during the 12-months – the renewal and replacement work is expected to take at least two financial years to complete.

	Annual Plan 2016/2017 \$	Long Term Plan 2017/2018 \$	Annual Plan 2017/2018 \$
<b><u>Roading</u></b>			
Bridge replacement (EQ)	90,000	94,787	1,815,740
Beach Road aesthetics	-	110,030	-
West End aesthetics	100,000	110,030	-
Carpark repairs (EQ)	-	-	50,000
Sealed surface renewals	100,000	105,319	102,640
Unsealed road renewals	60,000	63,191	61,584
Kerb & channel renewals	50,000	52,659	51,320
Road rehabilitation (EQ)	101,923	315,957	970,000
Major repair Puhi Puhi/Blue Duck	-	-	350,000
Culvert replacement (EQ)	-	-	300,000
Minor improvements	50,000	52,659	-
Traffic Services	10,844	11,340	11,339
New Streetlights	26,156	26,638	26,638
	588,923	942,610	3,739,261
<b><u>Water supplies</u></b>			
Kaikōura township (EQ)	-	-	2,100,000
Peketa (EQ)	16,000	-	150,000
Ocean Ridge (EQ)	-	-	30,000
Kaikoura township non-EQ	300,000	964,495	80,000
Kincaid	20,000	15,798	20,725
Oaro	4,000	4,401	12,000
	340,000	984,694	2,392,725
<b><u>Sewerage</u></b>			
Oxidation pond & consents	50,000	-	-
Aeration lagoon (EQ)	-	-	1,254,170
Pump stations (EQ)	-	-	1,512,500
Pipe renewals (EQ)	-	-	633,330
Pipe renewals (non-EQ)	40,000	44,012	44,012
	90,000	44,012	3,444,012
<b><u>Stormwater</u></b>			
Upgrades & consents	25,000	220,060	10,000
Renewals (EQ)	25,000	27,508	381,160
	50,000	247,568	391,160

## Capital Works Programme

	Annual Plan 2016/2017 \$	Long Term Plan 2017/2018 \$	Annual Plan 2017/2018 \$
<b><u>Refuse &amp; Recycling</u></b>			
Landfill development (EQ)	-	-	548,000
New recycling stations	15,000	-	-
Landfill aftercare	7,500	7,899	7,698
	22,500	7,899	555,698
<b><u>Community Facilities</u></b>			
New public toilet (SH1 North)	30,000	-	-
West End CCTV upgrade	26,000	-	-
Airport runway resealing	50,000	-	-
Coastal development	-	20,000	-
South Bay marina upgrade	250,000	-	-
Memorial Hall	-	550,150	50,000
Swimming pool	50,000	-	-
Civic Centre	1,000,000	-	-
Library books	26,000	43,201	25,000
<b><i>Major repair/rebuilds (EQ)</i></b>			
Public toilets	-	-	100,000
34 Esplanade (old office)	-	-	135,000
Rural fire depot building	-	-	45,000
Airport hangar	-	-	180,000
Memorial Hall	-	-	110,500
Harbour dredging/restoration	-	-	4,700,000
	1,432,000	613,351	5,345,500
<b><u>Commercial Activities</u></b>			
25 Beach Road	-	-	73,000
Planting/Pruning/Thinning	4,464	4,702	-
	4,464	4,702	73,000
<b><u>Leadership &amp; Governance</u></b>			
Office furniture	10,000	10,532	20,000
Computer software	20,000	-	-
Computer equipment	20,000	21,064	40,000
Vehicles & plant	20,000	32,238	20,000
	70,000	63,834	80,000
<b>Total Capital Expenditure</b>	<b>2,597,887</b>	<b>2,903,256</b>	<b>16,021,356</b>

The total cost of the rebuild following the earthquakes is expected to be close to \$40 million (not all of which is capital renewal costs). The Council predicts that we will have already spent \$10 million in earthquake-related response costs, emergency repairs and capital renewals by the end of June 2017, and a further \$15 million in renewal work will continue in 2018/2019 and beyond.

## Special Funds & Reserves

	Opening Balance	Transfers In	Interest Applied	Transfers Out	Closing Balance
Roading	223,413	-	2,079	-	225,492
Kaikoura urban water	23,898	-	222	-	24,120
East Coast water	(10,358)	12,000	-	-	1,642
Kincaid water	89,959	90	837	-	90,886
Fernleigh water	48,111	-	448	-	48,559
District plan	(138,000)	-	-	-	(138,000)
Stormwater	9,475	6,068	88	-	15,631
Sewerage	396,223	15,800	3,688	-	415,711
Social services	3,666	-	34	-	3,700
Tourism	30,533	-	284	-	30,817
George Low fund	58,049	-	540	-	58,589
Forestry	275,928	189,580	2,572	-	468,080
Parks & reserves	39,638	1,650	369	-	41,657
Properties	2,482	765	29	-	3,276
Vehicles & plant	27,249	-	254	-	27,503
Landfill aftercare	104,062	-	969	-	105,031
Landfill development	82,449	-	767	-	83,216
Library donations	15,736	-	146	-	15,882
Mayoral EQ Relief fund	108,031	-	1,006	(100,000)	9,037
Community development	198,360	-	1,846	(198,400)	1,806
Earthquake Relief fund	185,000	-	1,722	(46,500)	140,222
Earthquake Rebuild fund	89,968	347,670	837	-	438,475
Footpaths & streetlights	104,446	-	972	-	105,418
Town centre	5,586	-	52	-	5,638
Stock control	4,211	-	39	-	4,250
Rural fire control	(20,000)	-	-	-	(20,000)
Significant natural areas	29,062	-	271	-	29,333
Waste minimisation levy	16,152	-	150	-	16,302
	<b>2,003,329</b>	<b>573,623</b>	<b>20,221</b>	<b>(344,900)</b>	<b>2,252,273</b>



## Borrowing & Debt Servicing Programme

### *New borrowing*

Even with the substantial subsidies forecast to be received from the government for our earthquake rebuild, there will still be a significant net cost of the earthquake to the Council. Almost all of the government subsidies are for water, sewer and stormwater renewals; leaving the harbour, roads, and council-owned buildings to be funded. A cash-flow loan will be required to meet payment commitments, simply due to the fact that the Council must prove it has spent money on projects before it can claim subsidies back. A small corporate cash-flow loan of \$60,000 will also be needed to fund increased capacity in financial and asset management planning.

	Purpose	Amount \$
Earthquake (Harbour) Loan	Dredging and restoration of harbour facilities	387,500
Earthquake (Roothing) Loan	Net cost of renewal of roads and bridges	300,262
Earthquake (Sewerage) Loan	Major repair/renewal of sewerage assets	1,239,200
Earthquake (Facilities) Loan	Major repairs/rebuild of council-owned buildings	350,000
Earthquake (Cashflow) Loan	Cash management during earthquake rebuild	1,100,000
Corporate (Cashflow) Loan	Financial and asset management planning	60,000
		3,436,962

### *Summary of forecast borrowing needs:*

	Annual Plan 2016/2017 \$	Long Term Plan 2017/2018 \$	Annual Plan 2017/2018 \$
Opening balance of debt	9,022,700		6,138,523
<b><i>Movements through the financial year:</i></b>			
Loans maturing	(2,781,000)		(1,226,191)
Amount to be refinanced	1,556,823		841,687
New borrowings	1,720,000		3,436,962
<b>Net movement through the financial year:</b>	<b>495,824</b>		<b>3,052,458</b>
Closing balance of debt	9,518,523		9,190,981

The projected debt levels, and the costs of servicing debt, are within the limits prescribed in the Council's Liability Management Policy. Those limits are;

<b>Measure</b>	<b>Limit</b>	<b>Actual</b>
Total debt (unless activity is self-funded)	\$12 million	\$9.19 million
Loan interest as a percentage of total revenue <sup>1</sup>	10%	1.90%

<sup>1</sup> Loan interest as a percentage of total revenue is particularly low in 2017/2018 due to the significant subsidies and advances from the government, which bring total revenue to over \$23 million.

# Financial Forecasting Assumptions

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The financial information included in this Annual 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 if this prospective financial information is used for any purpose other than as an Annual Plan prepared under the Local Government Act (2002).

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

## *Interest rates*

- Interest rates for new loans raised during 2017/2018 are forecast to be 6.0%
- For existing loans, current interest rates are applied up to the point of maturity
- Interest revenue on term deposits is forecast to be 2.0%

## *Marlborough Regional Forestry revenues*

- Council receives a capital distribution from the Marlborough Regional Forestry joint venture, assumed \$230,000 in 2017/2018 – of which we issue 13.38% to Environment Canterbury. These funds are used to cover all expenses relating to Council's forestry activities in the first instance, with the balance (\$189,580) used to replenish the forestry special fund. That fund can then be used for strategic purposes, such as investing in property, or reducing debt.

## *Taxation*

The commercial nature of the South Bay marina makes the harbour a taxable activity. Council has unused tax losses at 30 June 2016 of \$158,915, with a tax effect of \$44,497 available to carry forward and offset against future profits. It is assumed that the activity will be managed on a balanced budget basis; therefore no surpluses will be generated to create a tax liability.

## *Grants and subsidies*

- The government is assumed to be paying 60% of all water, sewer and stormwater repairs and renewals for earthquake damaged infrastructure.
- The government is also assumed to be providing several other funding support packages, for statutory activities, community and economic development, and demolition/hazardous waste projects.
- NZ Transport Agency subsidies are assumed to be 95% for all earthquake repairs and renewal of roads and bridges, and 51% for all other maintenance, including streetlight electricity. No subsidies are available for seal extensions or aesthetic improvements.
- SPARC, George Low, and Creative Communities funding are assumed to continue at current levels.

## *District Valuation*

The latest District valuation for rating purposes was undertaken in September 2015, and this valuation, combined with the value of any construction work completed during the year, forms the basis upon which rates for 2016/2017 will be set. The Council has applied for an Order in Council (specific legislation) which has the effect of freezing the valuation roll so that no property valuations

can be processed in response to the earthquake. The District valuation has no effect on Council's prospective financial statements, but can have a significant effect on individual rateable properties, as most of the Council's rates are applied to the capital value of property. The Order in Council gives stability to the rating base for rating purposes, as there is a high risk of significant movements in property values following the effect of the earthquake on land stability in certain parts of the district.

### *Inflation*

The Council has not relied upon BERL forecasts of price level changes to adjust future year's costs, relative to the type of expenditure, instead reviewing its expenditure forecasts based on known actual costs where possible, and estimates of costs where actuals are unknown.

### *Useful life of significant assets*

The useful lives of significant assets are disclosed in the Statement of Accounting Policies, and are used as the basis for the calculation of depreciation.

### *Landfill capacity*

The capacity of the landfill to take more waste is limited and, despite achieving excellent success with recycling being diverted from landfill, it could potentially reach full capacity within the next few years. This Annual Plan assumes that the landfill will remain able to take waste for at least the period covered by the 2016/2017 financial year.

### *Emissions trading scheme*

While the Emissions Trading Scheme may result in increased fuel and electricity costs, specific increases in budgeted expenditure as a direct result of the scheme have not been included. The Council has a commitment to reducing our carbon footprint, so any increase in cost should be offset by a reduction in the quantity of fuel or electricity we use.

### *Short term loans*

From time to time the Council may need to raise short-term loans to manage its cash flows and to pay commitments to suppliers. The earthquake cash-flow loan is an example, and that loan has been specifically provided for within this Annual Plan. The Council retains the right to raise other unspecified cash advances for periods not exceeding 12 months, and for amounts not exceeding \$1.2 million, for cash management purposes.

### *Uncertainty and risk of forecasting assumptions*

The significant earthquake-related projects currently underway, and forecast to occur during 2017/2018 and beyond, are of a magnitude previously unseen in the Kaikoura district. The timing of these projects, the costs to complete them, the actual amounts we receive in subsidies and insurance, are all subject to our best estimate. The Council has also based its assumptions around there being no further damaging earthquakes, aftershocks or weather events.

The actual results are extremely likely to vary from the forecast information, and such variations are likely to be material.

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$,000s	Long Term Plan 2017/2018 \$,000s	Annual Plan 2017/2018 \$,000s
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	2,107	2,255	2,433
Targeted rates (incl. water meter charges)	3,806	3,897	3,816
Subsidies and grants - operating	292	422	2,678
Fees & charges	1,286	1,406	1,464
Interest & dividends from investments	39	63	20
Fuel tax, fines & other revenue	1,026	1,043	2,257
<b>Total operating funding (A)</b>	<b>8,556</b>	<b>9,086</b>	<b>12,668</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	6,517	6,494	10,930
Finance costs	525	645	467
Other operating funding applications	-	63	-
<b>Total applications of operating funding (B)</b>	<b>7,042</b>	<b>7,202</b>	<b>11,397</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>1,514</b>	<b>1,883</b>	<b>1,271</b>
<b>Sources of capital funding</b>			
Subsidies and grants – capital	230	349	11,131
Development and financial contributions	30	80	47
Increase / (decrease) in debt	496	7	3,052
Gross proceeds from sale of assets	-	330	-
Lump sum contributions	-	-	813
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>756</b>	<b>766</b>	<b>15,043</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet demand	1,512	1,015	-
Capital expenditure to improve service	405	985	677
Capital expenditure to replace assets	676	903	15,394
Increase / (decrease) in reserves	(323)	(254)	243
Increase / (decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>2,270</b>	<b>2,650</b>	<b>16,314</b>
<b>Surplus/(deficit) of capital funding (C - D)</b>	<b>(1,514)</b>	<b>(1,883)</b>	<b>(1,271)</b>
Funding balance ((A - B) + (C - D))	-	-	-

*Note this table displays in thousands (\$,000s).*

# Rating Funding Impact Statement

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

## *General Rate*

The general rate is a rate set for all rateable properties within the District, and is based on the property's capital value. The Council introduced a differential of 0.9:1 on the general rate for rural and semi-rural properties, which took effect from the 2016/2017 financial year onwards.

## *Uniform Annual General Charge*

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

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

- *Any portion of a rating unit used or inhabited by any person, other than the ratepayer or member of the ratepayer's household, having a right to use or inhabit that portion by virtue of a tenancy, lease, license or other agreement, or*
- *Any part or parts of a rating unit that is/are used or occupied by the ratepayer for more than one single use.*

For clarification, this means that each flat within a block of flats, or each shop within a block of shops, for example, would be rated a uniform annual general charge. The same would apply to a farm with more than one dwelling (i.e. worker accommodation), or a residential property with a separate fully self-contained unit available for visitor accommodation.

## *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 targeted **charge** is applied, this refers to a set dollar amount per annum.

The Council has chosen to apply most of its targeted charges 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.

## General Rates

General Rates and the Uniform Annual General Charge apply to all rateable land. In 2016/2017 the Council introduced a differential on the general rate of 0.9:1 for all properties, except for utilities, in the rural and semi-rural areas (i.e. outside the urban area). A map on page 51 indicates those rating areas.

<b><i>General Rate: to fund the general operations of Council, including general management, community services, environmental planning, the net costs of statutory planning, building control, dog control, community facilities, general parks and reserves, and a portion of public toilets and traffic control.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the urban area, and all rateable properties classified as utilities	\$0.00094653 per dollar of rateable capital value	\$669,286
All rateable properties outside the urban area, except for properties classified as utilities	\$0.00085188 per dollar of rateable capital value	\$654,095
<b>Total</b>		<b>\$1,323,381</b>
<b><i>Uniform Annual General Charge: to fund the general operations of Council, including landfill operations, governance, library services, sports fields, playgrounds, cemetery, walkways, public halls, general environmental health and civil defence training.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the District	\$490.86 per separately used or inhabited part of a rating unit	\$1,475,027

## Targeted Rates

The Council proposes two new rates – the Earthquake Rate, based on capital value, and the Earthquake Levy, being a set dollar amount.

<b><i>Earthquake Rate: to fund the net costs of earthquake response and rebuilding, including loan servicing costs relating to earthquake work and earthquake cashflow loans.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the District	\$0.00017465 per dollar of rateable capital value	\$257,600

***Earthquake Levy: to build resilience reserves which can be used for current and future emergency event response and rebuilding.***

Category	Calculation	Amount required (including GST)
All rateable properties within the District	\$45.00 per separately used or inhabited part of a rating unit	\$135,225

The roading rate and the district planning rate (as follows), also 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.

***Roading Rate: to fund the net costs of upgrading and maintenance of the district bridges and roading network***

Category	Calculation	Amount required (including GST)
All rateable properties within the District	\$0.00034831 per dollar of rateable capital value	\$513,727

***District Planning Rate: to fund the costs of District Planning for the Kaikōura District.***

Category	Calculation	Amount required (including GST)
All rateable properties within the District	\$0.00017159 per dollar of rateable capital value	\$253,086

***Civic Centre charge: to fund the net costs of the museum, library and Council office building.***

Category	Calculation	Amount required (including GST)
All rateable properties within the District	\$60.15 per separately used or inhabited part of a rating unit	\$180,736

The rates on the following pages are targeted rates for specific categories of land, and apply to specific services.

***Kaikōura Water Annual Charge: to fund the costs of the supply, treatment, upgrading and maintenance of the Kaikōura water supply, including the Suburban water scheme, as well as to partially subsidise the net costs of the Peketa and Oaro water supplies.***

<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
<u>Full Charge</u> : All rateable properties connected to the Kaikōura water supply.	\$273.88 per separately used or inhabited part of a rating unit	\$470,801
<u>Half Charge</u> : All rateable properties situated within 100 metres of any part of the Kaikōura water supply, but not connected to the supply.	\$136.94 per separately used or inhabited part of a rating unit	\$27,799
<b>Total</b>		<b>\$498,600</b>

***Kaikōura Water Loan Charge: to fund the loan servicing costs of the Kaikōura water supply.***

<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties situated within 100 metres of any part of the Kaikōura water supply.	\$58.60 per separately used or inhabited part of a rating unit	\$112,455

Note that, for the Kaikōura water supply, certain properties are “extraordinary consumers”, such as 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.



<b><i>Ocean Ridge Water Annual Charge: to fund the costs of the supply, treatment, and maintenance of the Ocean Ridge water supply.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
<u>Full Charge</u> : All rateable properties connected to the Ocean Ridge water supply.	\$496.88 per separately used or inhabited part of a rating unit	\$20,372
<u>Half Charge</u> : All rateable properties situated within 100 metres of any part of the Ocean Ridge water supply, but not connected to the supply.	\$248.44 per separately used or inhabited part of a rating unit	\$26,831
<b>Total</b>		<b>\$47,203</b>
<b><i>Rural Water Charges to fund the supply, treatment, upgrading, and maintenance of the following water supply areas.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
East Coast Rural Water Charge: all rateable properties connected to the East Coast rural water supply.	\$690.00 per water unit (1,800 litres per day)	\$97,290
Kincaid Rural Water Charge: all rateable properties connected to the Kincaid rural water supply.	\$160.54 per water unit (1,000 litres per day)	\$99,053
Oaro Rural Water Charge: all rateable properties connected to the Oaro rural water supply.	\$273.88 per separately used or inhabited part of a rating unit	\$18,624
Peketa Rural Water Charge: all rateable properties connected to the Peketa rural water supply.	\$273.88 per separately used or inhabited part of a rating unit	\$5,204
Suburban Water Charge: all rateable properties within the Suburban water area.	\$191.72 per water unit (1,000 litres per day)	\$18,980
Fernleigh Rural Water Charge: all rateable properties connected to the Fernleigh rural water supply	\$23.86 per water unit (1,000 litres per day)	\$7,015

A “water unit” refers to a certain water connection, generally a rural water connection, that restricts the quantity of water supplied to a property, to the quantity of litres per day as specified.

***Stormwater Rate: to fund the costs of stormwater disposal, loan servicing, upgrading and maintenance of the Kaikōura Stormwater scheme.***

Category	Calculation	Amount required (including GST)
All rateable properties within the Kaikōura urban area.	\$0.00018026 per dollar of rateable capital value	\$120,987

***Sewerage Loan Rate: to fund the loan servicing costs of the Kaikōura Sewerage scheme.***

Category	Calculation	Amount required (including GST)
All rateable properties within the area serviced by the Kaikōura sewerage system, or within 100 metres of any part of that system.	\$0.00024437 per dollar of rateable capital value	\$169,756

***Sewerage Charge: to fund the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.***

Category	Calculation	Amount required (including GST)
All rateable properties within the area serviced by the Kaikōura sewerage system, not being either commercial or self-contained and serviced (definition on the following page).	<p>\$278.95 for the first water closet and urinal within each separately used or inhabited part of a rating unit, and</p> <p>\$139.47 for each subsequent water closet and urinal within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.</p> <p><i>A rating unit used primarily as a residence for one household will not be treated as having more than one water closet or urinal.</i></p>	\$464,451
<u>Half Annual Charge:</u> All rateable properties situated within 100 metres of any part of the Kaikōura sewerage system, but not connected to the system.	\$139.47 per separately used or inhabited part of a rating unit.	\$44,492

***Sewerage Charge (continued): to fund the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.***

Category	Calculation	Amount required (including GST)
<p><u>Self-contained and serviced</u>: 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.</p>	<p>\$278.95 for the first water closet and urinal within each rating unit, and \$105.00 for each subsequent water closet and urinal within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.</p>	<p>\$42,210</p>
<p><u>Commercial</u>: 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 of Liquor Act 1989; or used for providing short term accommodation for commercial reward, but not including rateable properties defined as Self Contained and Serviced.</p>	<p>\$278.95 for the first water closet and urinal within each rating unit, and \$189.00 for each subsequent water closet and urinal within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.</p>	<p>\$48,384</p>
<p><b>Total</b></p>	<p><b>\$599,538</b></p>	

The next two charges pertain to whether or not a property has access to the weekly kerbside collection service. More properties may be charged the kerbside recycling charge if the service is extended over a wider area.

<b><i>Kerbside Recycling Charge: to fund the costs of the weekly kerbside recycling collection service.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties that have access to the kerbside recycling collection service (including Oaro)	\$52.11 per separately used or inhabited part of a rating unit	\$101,933
<b><i>Rural Recycling Charge: to fund the net costs of the rural weekly recycling collection service which is made available at various pickup points around the District, and the residual costs of recycling facilities available at the landfill.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties other than those that have access to the kerbside recycling collection service	\$28.13 per separately used or inhabited part of a rating unit	\$29,026

## Commercial Rates and Charges

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.

<b><i>Commercial Rate: to fund the net costs of tourism and economic development, the annual grant paid to the visitor centre, and a portion of traffic control, harbour facilities and public toilets.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
<p>All rateable properties in the District;</p> <ul style="list-style-type: none"> <li>Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or</li> <li>Used principally for visitor accommodation for commercial reward for <b><i>not less than five persons</i></b>, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, camping ground or “boarding house”<sup>2</sup>; or</li> <li>Used as licensed premises under the Sale of Liquor Act 1989.</li> </ul>	\$0.00249952 per dollar of rateable capital value	\$368,502
<b><i>Accommodation Sector Charge: to fund the net costs of tourism and economic development, the annual grant paid to the visitor centre, and a portion of traffic control, harbour facilities and public toilets.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
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 such as small bed & breakfasts, and baches rented out as holiday homes, but not including long-term rental accommodation.	\$320.00 per separately used or inhabited part of a rating unit	\$58,880

<sup>2</sup> As defined in the Kaikoura District Plan

***Public Rubbish Bin Charge: to fund the costs of providing a public rubbish bin collection service at various locations around the District.***

Category	Calculation	Amount required (including GST)
All rateable properties in the District; <ul style="list-style-type: none"> <li>• Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or</li> <li>• Used principally for visitor accommodation for commercial reward for <b>not less than five persons</b>, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, camping ground or “boarding house”<sup>3</sup>; or</li> <li>• Used as licensed premises under the Sale of Liquor Act 1989.</li> </ul>	\$175.00 per separately used or inhabited part of a rating unit	\$40,250

***Registered Premises Charge: to fund the net costs of liquor licensing, food and health safety inspections, and environmental health.***

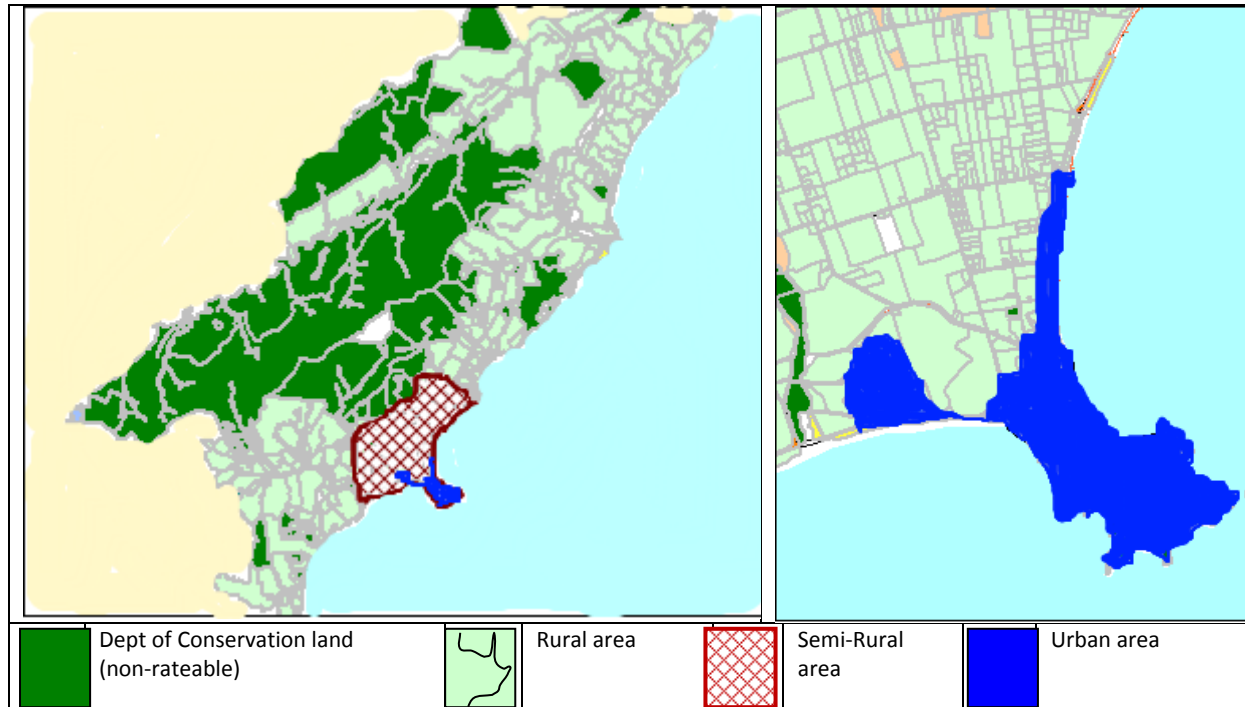
Category	Calculation	Amount required (including GST)
All rateable properties undertaking a licensed activity, such as premises where alcohol is sold or consumed, food premises, camping grounds, funeral directors or hairdressers.	\$308.08 per license	\$38,509

Please refer to the sewerage charges on page 47 as they pertain to certain commercial properties, and also to the water meter charges on page 54 for commercial properties that are metered.

<sup>3</sup> As defined in the Kaikoura District Plan

## Rating Areas

Throughout these pages there is reference to properties within defined areas (urban, semi-rural and rural rating areas).



The map on the left is of the whole Kaikōura District, a large proportion of which is Department of Conservation land which is non-rateable. The bulk of the District is rural, portrayed in pale green. The red and white thatched area is the semi-rural area for rating purposes. It is an area defined for its proximity to urban services, and 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, abutting the Dept of Conservation land.

The map on the right (above) shows the current urban area for rating purposes. 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 footpaths, streetlights and/or stormwater is developed. The rating boundaries shown in the above maps are approximate, and for indicative purposes only.

These rating areas apply differentials to acknowledge that it is the properties within the urban area that 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. Therefore, for each of the following three targeted rates (harbour rate, town centre rate, and footpath & streetlighting rate) a differential has been applied thus:

	Harbour Rate	Town Centre Rate	Footpath & Streetlights Rate	General Rate
Urban	1:1	1:1	1:1	1:1
Semi-rural	0.5:1	0.5:1	0.5:1	0.9:1
Rural	0.25:1	0.25:1	0.2:1	0.9:1
Utilities	N/A	N/A	N/A	1:1

***Harbour Rate: to fund 50% of the net costs of operating the harbour facilities, including South Bay and the North and Old Wharves, including loan servicing costs.***

<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the <b>urban</b> area.	\$0.00007559 per dollar of rateable capital value	\$50,628
All rateable properties within the <b>semi-rural</b> area.	\$0.00003779 per dollar of rateable capital value	\$15,568
All rateable properties within the <b>rural</b> area.	\$0.00001890 per dollar of rateable capital value	\$6,725
Total		\$72,921

***Town Centre Rate: to fund the net costs of town centre maintenance, including cleaning and servicing the West End toilets, and the loan servicing costs of the West End upgrading loans.***

<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the <b>urban</b> area.	\$0.00013716 per dollar of rateable capital value	\$91,870
All rateable properties within the <b>semi-rural</b> area.	\$0.00006858 per dollar of rateable capital value	\$28,250
All rateable properties within the <b>rural</b> area.	\$0.00003429 per dollar of rateable capital value	\$12,204
Total		\$132,324

***Footpath & Streetlight Rate: to fund the net costs of maintaining, upgrading and operating footpaths and streetlights, including electricity and loan servicing costs.***

<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties within the <b>urban</b> area.	\$0.00023776 per dollar of rateable capital value	\$159,252
All rateable properties within the <b>semi-rural</b> area.	\$0.00011888 per dollar of rateable capital value	\$48,971
All rateable properties within the <b>rural</b> area.	\$0.00004755 per dollar of rateable capital value	\$16,924
Total		\$225,146



Two other targeted rates also rely upon these definitions of rating areas to determine which properties the rate applies to. They are the stock control rate and the rural fire rate.

<b><i>Stock Control Rate: to fund the net costs of stock control.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties <b><i>outside the urban area</i></b> (i.e. including both semi-rural and rural properties).	\$0.00001679 per dollar of rateable capital value	\$12,888
<b><i>Rural Fire Control Rate: to fund the net costs of rural fire control.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties <b><i>outside the urban area</i></b> (i.e. including both semi-rural and rural properties).	\$0.00003001 per dollar of rateable capital value	\$23,044

The previous pages identify each rate for the 2017/2018 financial year. Note that all amounts are GST inclusive, whereas those amounts within the Forecast Funding Impact Statement (on page 40) exclude GST.

## Other Rates & Charges

### *Water Meter Charges*

Extraordinary consumers, such as commercial properties and homes with swimming pools, and 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 June), and the consumers are charged for the amount of water they use. Charges are in addition to the water rates on the previous pages.

For water usage which exceeds 365m<sup>3</sup> per annum, a charge of \$1.00 including GST per cubic meter applies. All properties with a meter will incur a twice-annual meter maintenance charge of \$25.00 (\$50.00 per year) to cover the costs of the meter as well as administration expenses.

Meter read date:	For the period:	Due date for payment:
1 <sup>st</sup> week July	January to June	20 August 2017
1 <sup>st</sup> /2 <sup>nd</sup> week January	July to December	20 February 2018

For practical reasons, the meter reading dates and the period they cover are approximate.

### *Rates Penalties*

A 10% penalty will be added to any portion of the instalment remaining unpaid after the relevant last date for payment. 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).

An additional 10% penalty will be added to all previous year's rates unpaid as at 20 July and 20 January (up to 20% pa in total).

Penalties are applied no earlier than the next working day after the last date for payment, and as soon as practicable.

	For the period:	Last date for payment:
Instalment 1:	1 July 2017 to 30 September 2017	20 September 2017
Instalment 2:	1 October 2017 to 31 December 2017	20 December 2017
Instalment 3:	1 January 2018 to 31 March 2018	20 March 2018
Instalment 4:	1 April 2018 to 30 June 2018	20 June 2018

### *Environment Canterbury Rates*

The Council acts as agent for the collection of rates for Environment Canterbury, which makes its own rates. This Annual Plan does not refer to those rates, however your rates invoice does show the amount of rates we collect from you on behalf of Environment Canterbury.

## Rates for 2017/2018

	Rates 2016/2017 \$	Rates 2017/2018 \$	Change %
General Rate (Urban & Utility)	0.00076396	0.00094653	23.90%
General Rate (Rural & Semi-rural)	0.00068756	0.00085188	23.90%
Uniform Annual General Charge	451.03	490.86	8.83%
Earthquake Rate	-	0.00017465	N/A
Earthquake Levy	-	45.00	N/A
Kaikōura Water Loan Charge	57.03	58.60	2.75%
Kaikōura Water Annual Charge	263.19	273.88	4.06%
Kaikōura Water Half Annual Charge	131.59	136.94	4.06%
Sewerage Loan Rate	0.00025116	0.00024437	(2.70)%
Sewerage Charge (1 Pan)	230.93	278.95	20.80%
Sewerage Half Charge	115.46	139.47	20.80%
Sewerage Charge <sup>4</sup>	115.46	139.47	20.80%
Sewerage Commercial Charge <sup>4</sup>	189.00	189.00	0.00%
Sewerage Self Contained Charge <sup>4</sup>	105.00	105.00	0.00%
Stormwater Rate	0.00021209	0.00018026	(15.01)%
Ocean Ridge Water Annual Charge	335.70	496.88	48.01%
Ocean Ridge Water Half Charge	167.85	248.44	48.01%
Roading Rate	0.00051005	0.00034831	(31.71)%
Footpath & Streetlight Rate			
Urban	0.00022826	0.00023776	4.16%
Semi-rural	0.00011413	0.00011888	4.16%
Rural	0.00004565	0.00004755	4.16%
Kerbside Recycling Charge	40.77	52.11	27.82%

<sup>4</sup> For each subsequent pan where there is more than one pan

## Rates for 2017/2018

	Rates 2016/2017 \$	Rates 2017/2018 \$	Change %
Rural Recycling Charge	27.46	28.13	2.42%
Public Rubbish Bin Charge	155.00	175.00	12.90%
Stock Control Rate	0.00001769	0.00001679	(5.12)%
Rural Fire Control Rate	0.00012629	0.00003001	(76.24)%
Commercial Rate	0.00242788	0.00249952	2.95%
Accommodation Sector Charge	320.00	320.00	-
Registered Premises Charge	268.52	308.08	14.73%
Civic Centre Charge	60.15	60.15	-
Kaikōura Hospital Charge	88.14	-	(100)%
Town Centre Rate - Urban	0.00013491	0.00013716	1.66%
Town Centre Rate - Semi-rural	0.00006746	0.00006858	1.66%
Town Centre Rate - Rural	0.00003373	0.00003429	1.66%
District Planning Rate	0.00014533	0.00017159	18.07%
Harbour Rate - Urban	0.00006966	0.00007559	8.51%
Harbour Rate - Semi-rural	0.00003483	0.00003779	8.51%
Harbour Rate - Rural	0.00001742	0.00001890	8.51%
East Coast Water Charge	690.00	690.00	-
Kincaid Water Charge	167.88	160.54	(4.37)%
Fernleigh Water Charge	21.12	23.86	12.98%
Oaro Water Charge	263.19	273.88	4.06%
Peketa Water Charge	263.19	273.88	4.06%
Suburban Water Charge	184.23	191.72	4.06%
Water Meter Charge (per m <sup>3</sup> )	1.00	1.00	-
Water Meter Maintenance Charge	50.00	50.00	-

All rates are shown GST inclusive.

## Impact of Rates on Benchmark Properties

Each year the Council measures the impact of its rates on a group of benchmark properties. These are real properties within the District that were selected over fifteen years ago, and have been used as benchmarks ever since.

The District rating valuation was completed as at 30 September 2015, which means that all property rates will be assessed on that valuation, plus the value of any construction work completed since that date, for the 2017/2018 rating year. Changes in rating values have an impact on individual property rates beyond any changes to rates from this Annual Plan, these changes in rating values are outside the Council's control.

Note CV is Capital Value; the total value of each property including land and buildings, for rating purposes.

		<b>Rates 2016/2017</b>	<b>Rates 2017/2018</b>
<b>Residential - Whitby Place</b>	<i>Change %</i>	3.45%	6.75%
<b>CV \$270,000</b>	<i>Total rates</i>	\$1,816.41	\$1,938.93
<b>CV increase 1.89%</b>	<i>Change \$</i>	\$60.58	\$122.52
<b>Commercial - Beach Road</b>	<i>Change %</i>	0.75%	4.20%
<b>CV \$1,350,000</b>	<i>Total rates</i>	\$12,159.72	\$12,671.01
<b>CV decrease (10.0)%</b>	<i>Change \$</i>	\$90.59	\$511.30
<b>Commercial - Beach Road</b>	<i>Change %</i>	2.7%	4.82%
<b>CV \$730,000</b>	<i>Total rates</i>	\$5,963.85	\$6,251.05
<b>CV decrease (6.41)%</b>	<i>Change \$</i>	\$156.58	\$287.20
<b>Farm – Inland Road*</b>	<i>Change %</i>	8.61%	6.32%
<b>CV \$8,350,000</b>	<i>Total rates</i>	\$14,477.60	\$15,392.94
<b>CV increase 15.17%</b>	<i>Change \$</i>	\$1,147.62	\$915.34
<b>Commercial - West End</b>	<i>Change %</i>	(2.81)%	4.98%
<b>CV \$1,150,000</b>	<i>Total rates</i>	\$9,648.07	\$10,128.81
<b>CV decrease (14.81)%</b>	<i>Change \$</i>	\$(278.47)	\$480.74
<b>Accommodation – Scarborough St</b>	<i>Change %</i>	4.99%	6.13%
<b>CV \$1,070,000</b>	<i>Total rates</i>	\$5,418.24	\$5,750.19
<b>CV increase 10.31%</b>	<i>Change \$</i>	\$257.38	\$331.94
<b>Farm – Kekerengu*</b>	<i>Change %</i>	7.62%	6.37%
<b>CV \$4,560,000</b>	<i>Total rates</i>	\$7,848.53	\$8,348.65
<b>CV increase 14.0%</b>	<i>Change \$</i>	\$555.46	\$500.12

## Impact of Rates on Benchmark Properties

		Rates 2016/2017	Rates 2017/2018
<b>Farm – Schoolhouse Rd*</b>	<i>Change %</i>	3.64%	5.78%
<b>CV \$5,650,000</b>	<i>Total rates</i>	\$9,174.08	\$9,704.23
<b>CV increase 9.07%</b>	<i>Change \$</i>	\$381.60	\$530.15
<b>Commercial – Beach Road</b>	<i>Change %</i>	4.08%	6.19%
<b>CV \$760,000</b>	<i>Total rates</i>	\$5,408.67	\$5,743.59
<b>CV decrease (3.8)%</b>	<i>Change \$</i>	\$212.27	\$334.92
<b>Residential – Bayview Street</b>	<i>Change %</i>	3.52%	6.71%
<b>CV \$255,000</b>	<i>Total rates</i>	\$1,781.68	1,901.19
<b>CV increase 2.0%</b>	<i>Change \$</i>	\$60.60	\$119.51
<b>Residential – Esplanade</b>	<i>Change %</i>	3.30%	7.12%
<b>CV \$460,000</b>	<i>Total rates</i>	\$2,256.34	\$2,417.01
<b>CV increase 2.22%</b>	<i>Change \$</i>	\$71.98	\$160.68
<b>Residential – Beach Road</b>	<i>Change %</i>	3.12%	6.92%
<b>CV \$350,000</b>	<i>Total rates</i>	\$2,001.64	\$2,140.23
<b>CV increase 1.45%</b>	<i>Change \$</i>	\$60.51	\$138.59
<b>Residential – South Bay</b>	<i>Change %</i>	6.82%	7.21%
<b>CV \$520,000</b>	<i>Total rates</i>	\$2,395.26	\$2,567.99
<b>CV increase 9.47%</b>	<i>Change \$</i>	\$153.00	\$172.73
<b>Residential – Oaro</b>	<i>Change %</i>	3.38%	3.88%
<b>CV \$255,000</b>	<i>Total rates</i>	\$1,326.61	\$1,378.10
<b>CV no change</b>	<i>Change \$</i>	\$43.36	\$51.48
<b>Residential – Ocean Ridge (Bare Land)</b>	<i>Change %</i>	(0.07)%	11.41%
<b>CV \$115,000</b>	<i>Total rates</i>	\$1,189.68	\$1,325.40
<b>CV decrease (14.81)%</b>	<i>Change \$</i>	\$(0.82)	\$135.71

\* Rural water charges have been excluded from this table where they apply to rural farms, so as to make comparisons easier, because other farms in the District may or may not have these charges.

## Fees & Charges

### *Building Control Fees*

**The following building control fees are a deposit only.** They include processing times and inspections. The fees are not determined until all processing is complete, then an invoice may be produced and any extra fees will be required to be paid before the consent is issued. External consultants such as Fire Engineers or Structural Engineers are not included in the deposit, but may be required for some consent processing (usually commercial buildings); these are determined on a case-by-case basis. Further fees may accrue throughout the building process subject to the management of the project, for example extra inspections booked by builders, agents, etc. The following fees are not fixed costs or final costs.

	<b>All Prices Include GST</b>
New Dwelling – large > 250m <sup>2</sup>	\$3,434.00
New Dwelling – small < 250m <sup>2</sup>	\$2,624.00
Dwelling alterations – large	\$1,814.00
Dwelling alterations – small	\$907.00
Dwelling minor alterations	\$270.00
Dwelling relocated	\$1,312.00
Garage residential new	\$974.50
Garage and plumbing new	\$1,447.00
Dwelling – solid fuel heater – freestanding	\$270.00
Dwelling – solid fuel heater – inbuilt	\$405.00
Dwelling – minor plumbing	\$270.00
Farm building/lean-to	\$637.00
Commercial building new >\$500,000	\$3,437.00
Commercial alterations large	\$2,797.00
Commercial new/alterations small	\$1,177.00
Marquee over 100m <sup>2</sup>	\$270.00
Application for exempt work	\$135.00
Application for property report	\$70.00
Notice to fix	\$135.00 + hourly rate
Compliance schedule	\$70.00 + hourly rate
Certificate of acceptance	\$562.00 + costs
Natural hazard (section 73)	\$311.00

Swimming pool failed re-inspection	\$145.00 per hour
Building Warrant of Fitness audits	\$135.00 + hourly
Certificate of Public Use	\$135.00
Planning check	\$135.00
Certificate of Title	\$12.00
Miscellaneous administration	\$90.00 per hour
Service approval fees (for each of water, sewerage and stormwater)	\$230.00 per service
BRANZ Levy	0.1% of value of building work over \$20,000
DBH Levy	0.201% of value of building work over \$20,000
Building Compliance Levy	0.4% of value of building work up to \$20,000, or 0.13% of value of building work \$20,000 and over

## Resource Management

All resource management fees are based on actual processing time, and are the **minimum** payable, subject to additional actual costs. "Additional actual costs" includes photocopying and postage, additional processing time above the base fee, and consultant's charges, legal advice, etc. Fees are payable on application for consent, and an invoice may be issued for any additional actual costs where these are higher than the fee paid.

	All fees include GST and are subject to additional actual costs
<b>Sign Consents</b>	
Signs Permit Fee	\$160.00
<b>Land Use Consents</b>	
<b>Category 1 – Non-Notified Land Use Base Fee</b> 1. Less than 20% breach of bulk and location standards of the District Plan for the following rules: <ul style="list-style-type: none"> <li>- Internal Boundary or Road Setback</li> <li>- Recession plane</li> <li>- Site Coverage</li> <li>- Height</li> <li>- Density</li> </ul> 2. Visitor accommodation 3. Relocated buildings	\$700.00
<b>Category 2 – Non-Notified Land Use Base Fee</b> <ul style="list-style-type: none"> <li>- Building in a flood hazard area</li> <li>- Earthworks or modification within an archaeological area or site</li> <li>- Temporary activities</li> </ul>	\$360.00
<b>Category 3 – All other Non-Notified Land Use Consent Applications not listed as either category 1 or category 2 – Base Fee</b>	\$900.00
If an application requires a hearing	An additional base fee of \$1,600.00 plus costs



<b>Subdivision Consents</b>	
Subdivision – two lots	Base fee \$1,800.00
Subdivision – more than two lots	Base fee plus \$400.00 per lot over two lots
If public or limited notification of an application requires a hearing	An additional base fee of \$1,600.00 plus additional actual costs
<p>Subdivision Consent (Post Decision) – this is invoiced on completion of the consent. These fees are charged on an hourly rate based on time spent. These fees and charges relate to the processing and administration of subdivision consent post decision up to the S224 stage and include the following:</p> <p>Planner’s time per hour:</p> <ul style="list-style-type: none"> <li>- Title plan checking and certification (s223)</li> <li>- Consent notice preparation &amp; issue</li> <li>- Refundable bond preparation</li> <li>- Checking &amp; Issuing conditions certificate (s224)</li> <li>- Registering bond preparation &amp; releases</li> </ul> <p>Engineering time per hour:</p> <ul style="list-style-type: none"> <li>- Engineering Plan checking and approval</li> <li>- Roads, access ways and services</li> </ul>	See “Processing Fees” on the next page.
Hearings/Committee Meetings – non-notified applications	\$72.00 for first ½ hour or part thereof \$145.00 per hour after first ½ hour, plus officer’s attendance per hour per officer, plus Commissioner (if required) at actual cost
Hearings/Committee Meetings – notified applications	Actual cost of committee attendance, facility cost, officer attendance, minutes secretary, or independent Commissioner (if required) at actual cost
Submitter request to Council for independent Commissioner under section 100A(2)	Base fee \$1,300.00 plus additional actual costs
Application for variation of consent conditions (including change of consent notices)	\$360.00
Application for extension of consent timeframe	\$360.00
Application for existing use rights	\$360.00
Certificate of Compliance (section 139 RMA)	\$360.00

<b>Processing Fees &amp; Administration</b>	
Processing fees (hourly rates) per processing officer	
Planning Officer	\$115.00
Senior Planner	\$150.00
Asset Manager	\$160.00
Engineering Technical Support Officer	\$145.00
Monitoring Officer	\$145.00
Environmental Health Officer	\$150.00
Administration	\$90.00
Building Control Officer	\$150.00
Consultancy/Legal Advice	At actual cost
Creation/Variation or Waiver of Esplanade Strips and Reserves	\$260.00
<b>Monitoring and Enforcement</b>	
Compliance monitoring	\$90.00 per hour, plus 57c per km outside residential or business zone boundaries
<b>Plan Changes &amp; Designations</b>	
Fees are the minimum payable and required in advance – final fees will be based on actual time spent, at the hourly rate of the processing officer	
Plan Change	\$6,000.00
Requirement for Designations or Heritage Orders	\$1,740.00
Alteration of Designation	\$650.00
Assessment of Outline Plan	\$650.00
Removal of Designation	\$650.00
<b>Miscellaneous Charges</b>	
Consultation of more than 60 minutes regarding interpretation of District Plan	Base fee \$30.00 plus fee at the hourly rate of the processing officer
Cancellation of Building Line Restriction	\$340.00
Cancellation of Easements	\$350.00
Certified Resolution	\$350.00
Right of Way Approval	\$350.00
Completion Certificate	\$250.00
Withdrawal of Caveat	\$200.00
Certificate Under s226 of the RMA	\$650.00
<b>Reports and Plans</b>	
Kaikōura District Plan (Full Copy)	\$175.00
Kaikōura District Plan (Maps Only)	\$35.00
Kaikōura District Plan (CD)	\$60.00

## Animal Control Fees

	All Prices Include GST
Standard Fee	\$50.00 per dog
Neutered or Spayed Dogs	\$40.00 per dog
Menacing/Dangerous Dogs	\$100.00 per dog
Working Dogs (three or more) <sup>5</sup>	\$110.00
Working Dogs (less than three)	\$35.00 per dog
Guide Dogs	-
<i>Late Registration Penalty</i>	
Each dog	\$15.50
Three dogs or more (Working Dogs only)	\$37.00
<i>Impoundment and Call Out Fees</i>	
Impoundment First Offence	\$50.00
Impoundment Second Offence	\$100.00
Impoundment Third Offence	\$150.00
Daily Impoundment Fee	\$20.00 per day
Roaming dog fee (dog returned to owner the same day)	\$30.00
Miscellaneous inspection fee	\$45.00
Roaming stock fee	Impoundment fee plus transportation, sustenance and advertising costs
<i>Licence Fee for keeping more than two dogs in a residential area</i> (Kaikōura Township, Oaro, Goose Bay, Puketa, Hapuku, Rakautara, Clarence and Kekerengu)	
	\$40.00

The Dog Control Act 1996 provides for a number of infringement fees such as for failing to register dogs, failing to keep a dog under control, and other provisions relating to dog attacks. Those fees and remedies are in addition to the above fees and charges.

Part refunds of dog registration fees may be given following death of a dog (proof required).

<sup>5</sup> Working Dogs are as defined in the Dog Control Act 1996

## Liquor Licensing Fees

	Application Fee	Annual Fee*	Risk Weighting
<b>On, Off and Club premises</b>			
Very low risk	\$368.00	\$161.00	0-2
Low risk	\$609.50	\$391.00	3-5
Medium risk	\$816.50	\$632.50	6-15
High risk	\$1,023.50	\$1,035.00	16-25
Very high risk	\$1,207.50	\$1,437.50	26 plus
<b>Special licence</b>			
Small (one or two events)	\$63.25	Less than 100 people attending	
Medium (1-3 medium events or 3-12 small events)	\$207.00	100-400 people attending	
Large (3 or more small events or more than 4 medium events)	\$575.00	400 plus people attending (AMP required)	
<b>Other fees</b>			
Temporary Authority	\$296.70		
Managers Certificate	\$316.25	New applications and renewals	

\* Annual fees are payable on the anniversary of the date the licence was issued. If the annual fee is not paid within 30 days of due date, the licence is no longer valid.

## New Food Premises fees under the Food Act 2014

The Food Act 2014 has introduced a number of new fees and charges, with a focus for full cost-recovery of the cost of processing food premises registrations and audits.

	All Prices Include GST
<b>New registration</b>	
Food Control Plan (FCP) single site	\$270.00
Food Control Plan multi-site	\$300.00
National Programme (NP)	\$420.00
FCP or NP involving more than one hour officer time	\$150.00/hr
New business assistance over one hour, or pre-opening visit	\$150.00/hr plus travel
<b>Registration renewal</b>	
12 month renewal of Food Control Plan single site	\$270.00
12 month renewal of Food Control Plan multi-site	\$300.00
24 month renewal National Programme	\$420.00

<b>Site audits</b>	
Food Control Plan – single site audit (incl. Close out up to 15 minutes)	\$380.00
Food Control Plan – multi site audit (incl. Close out up to 15 minutes)	\$380.00 plus travel
Food Control Plan audit close out over 15 minutes	\$150.00/hr plus travel
NP 1 check (one-off)	\$300.00 plus travel
NP 2 audit (three-yearly)	\$400.00 plus travel
NP 3 audit (two-yearly)	\$\$150 per hour/plus travel
<b>Additional fees</b>	
Food Control Plan mentoring (based on two hours)	\$300.00 plus travel
Monitoring and compliance (based on half hour time spent)	\$75.00
Complaint resulting in issue of improvement notice and its review	\$150.00/hr plus travel
Application for exemption	\$150.00/hr plus travel
<b>Travel fees</b>	
Where fees are stated “plus travel” above, the following charges apply:	
Zone 1	No additional fee
Zone 2	\$29.95
Zone 3	\$83.93
Zone 4	\$163.55

### *Landfill Charges*

	<b>All Prices Include GST</b>
Bag	\$3.85 per bag
Large bag	\$7.10 per bag
Electronics, whiteware, gas bottles	\$3.00 per item
General refuse	\$300.00 per tonne
Green waste	\$40.00 per tonne
Wood waste	\$40.00 per tonne
Clean Fill	\$70.00 per tonne
Car	\$3.50
4X4	\$7.00
Large vehicle/truck	\$13.00
Truck Spills and Out of District Refuse	\$645.00 per tonne

## Memorial Hall & Civic Centre Daily Hire Fees

Memorial Hall	All Prices Include GST
Main hall	\$300.00
Supper room	\$100.00 whole day \$50.00 half day
Meeting rooms	\$5.00 per hour (\$10.00 minimum)
Itinerant Trader	\$400.00
Chair Hire	\$1 per chair, plus \$50.00 bond
Trestle Hire	\$5.00 per trestle, plus \$50.00 bond
Hall and Supper Room Hire Bond (no alcohol)	\$200.00
Hall and Supper Room Hire Bond (with alcohol)	\$400.00
Civic Centre	
Council Chambers	\$80.00 whole day \$40.00 half day
Top floor Meeting/Function Room	\$50.00 whole day (\$20.00 minimum)
Equipment hire	
Data projector	\$120.00
Projector screen	\$40.00

Hall hires are subject to an additional charge for metered use of heater. The above equipment hire charges are for a full day. Half day hires are available at 50% of the above rates. Terms and conditions apply to hire of the hall and all equipment hire.

## LIM Fees

	All Prices Include GST
LIM – available within 10 working days	\$200.00
LIM – fast track (two working days)	\$300.00

## Environmental Health Fees

	All Prices Include GST
Funeral director	\$160.00
Camping Grounds Registration	\$265.00
Playground Inspection	\$125.00
Hairdressers Registration	\$195.00
Offensive Trade Licence	\$210.00

Transfer Fees	\$75.00
Itinerant Traders	\$115.00
Hawkers Licence	\$23.00
Mobile Shop (Non Food)	\$115.00
Mobile Shop (Food)	\$184.50
Any other environmental health service (including Amusement Devices)	\$150.00 per hour plus mileage

### *Airport Landing Fees*

	<b>All Prices Include GST (per landing)</b>
Up to 800kg gross take-off weight	\$7.00
800-1500kg	\$10.00
1500-2000kg	\$14.00
2000-3000kg	\$20.00
3000-4000kg	\$30.00
4000-5000kg	\$40.00
Aerial spray contractors	\$7.00 per tonne

### *Harbour Fees*

	<b>All Prices Include GST</b>	<b>Frequency</b>
Slipway fee (single launch)	\$10.00	Per launch
Slipway fee (one month ticket)	\$85.00	Per month
Slipway fee (one year ticket)	\$299.00	Per annum
South Bay boat park lease (per boat park)	\$3,450.00	Per annum
Slipway fee (commercial user)	\$1,725.00	Per annum
Fishing charters and other commercial users	\$230.00	Per month
Berthage fees – New North Wharf	\$2,300.00	Per annum
Passenger Cruise vessels	\$2.00 per person	Per visit

### *Licence to Occupy*

	<b>All Prices Include GST</b>
Mobile shops (foreshore, Beach Rd, Esplanade)	\$2,875.00 per annum
West End carpark (e.g. signs, per whole car park)	\$368.00 per month

## Engineering Fees

	All Prices Include GST
<b>Road Crossing Fee</b> Applies to laying of services under a road or footpath	\$320.00 Plus hourly rate of processing officer should reinstatement fail to comply with stated conditions
<b>Service Approval Fees</b> For each of water, sewerage and stormwater services	\$230.00 per service
<b>Effluent Disposal Fees</b> Applies to septic tank and/or portaloos emptying to the sewerage ponds	\$11.50 per cubic metre of waste
<b>Hourly processing fees</b>	Asset Manager \$160.00 Engineering Support \$145.00

## Cemetery Charges

	All Prices Include GST
<b>Ashes Plot:</b>	
Ashes Plot Fee	\$200.00
Plinth Base	\$200.00
Preparation of Plot	\$150.00
Standard Rose	\$50.00
Maintenance Fee	<u>\$100.00</u>
	<b><u>\$700.00</u></b>
<b>Lawn Cemetery:</b>	
Lawn Plot Fee	\$500.00
Preparation of Plot (includes extra depth)	\$1,000.00
Children under 15	60% of Adult
RSA Lawn Plot preparation	\$1,000.00
RSA Ashes Plot preparation	\$150.00

## Marriage Licence Fees

	All Prices Include GST
Notice of Marriage by Celebrant	\$122.60
Notice of Marriage by Registrar	\$173.78



## Pensioner Units

	All Prices Include GST
Single Bed Unit	\$105.00 per week
Double Bed Unit	\$140.00 per week
Two Bedroom Units (1 x double + 1 guest room)	\$155.00 per week

## Administration Fees

	All Prices Include GST
A4 Photocopying	20c per sheet
A4 Photocopying Double Sided	25c per sheet
A3 Photocopying	35c per sheet
Debtors Booking Fees	\$25.00
Property File Lookups (if not your own property)	\$20.00

## Development Contributions

	Per Housing Equivalent Unit <sup>6</sup>	Per Bed (Accommodation)
Roading	\$1,552.50	\$256.16
Water	\$2,501.25	\$412.71
Sewer	\$2,724.35	\$449.52
Stormwater	\$1,046.50	\$172.67
Other Development Contribution Levies		
Parks & Reserves The land value is to be determined by either; <ul style="list-style-type: none"> <li>- An independent valuation for the new lot(s) which is no greater than three months old, arranged at the applicants cost,</li> <li>Or</li> <li>- a signed sale and purchase agreement for the new lot(s)</li> </ul>	Residential	2.5% of land value of each additional lot
	Rural residential (lots < 5 hectares)	1.0% of land value of each additional lot (assessed up to maximum 6,000m <sup>2</sup> )
	Rural (lots > 5 hectares)	0.5% of land value of each additional lot (assessed up to maximum 40,000m <sup>2</sup> )
	Non-subdivision	The value equivalent to 20m <sup>2</sup> of land for each additional housing equivalent unit created

<sup>6</sup> Please refer to Councils Development Contributions Policy for details on the Housing Equivalent Unit, and how this policy applies. The Policy can be found on our website [www.kaikoura.govt.nz](http://www.kaikoura.govt.nz) or at the Council office.

# Annual plan disclosure statement

## Annual plan disclosure statement for year ending 30 June 2018

### 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 annual 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.

Benchmark	Limit	Planned	Met
Rates affordability benchmark			
• Income (quantified limit on rates)	\$6,139,000	\$6,119,050	Yes
• Increases ( quantified limit on rate increases)	5.4%	5.8%	No
Debt affordability benchmark			
• Quantified limit on borrowing	\$12 million	\$9.19 million	Yes
Balanced budget benchmark	100%	186%	Yes
Essential services benchmark	100%	753.7%	Yes
Debt servicing benchmark	10%	1.90%	Yes

## Notes

### Rates affordability benchmark

For this benchmark,—

- the Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan; and
- the Council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the Council's long-term plan.

The Council meets the rates affordability benchmark if—

- its planned rates income for the year equals or is less than each quantified limit on rates; and
- its planned rates increases for the year equal or are less than each quantified limit on rates increases.

### Debt affordability benchmark

For this benchmark, the Council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in the Council's long-term plan.

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

**Balanced budget benchmark**

For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its 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 revenue equals or is greater than its operating expenses.

**Essential services benchmark**

For this benchmark, the Council's planned capital expenditure on network services is presented 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.

**Debt servicing benchmark**

For this benchmark, the Council's planned borrowing costs are presented 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 that the Council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



## Council Activities



# Roading

## *Sub-Activities*

Roads & bridges,  
Footpaths & cycleways,  
Streetlights

## *Goal*

Ensure that infrastructure is well-planned and growth and development are managed and controlled. Ensure roading management contributes to the District's economic wellbeing.

## *Key Issues in 2017/2018*

### *Business as New*

The Annual Plan 2016/2017 highlighted aesthetic projects for Beach Road and the West End, visibility car parking and drainage at the intersection of Hapuku Road (formerly known as Old Beach Road) and the State Highway, and footpaths, as top issues within the Council's roading work plan. Although these remain important issues, the earthquake rebuild comes first. As a result, these projects will be considered as part of the Long Term Plan review in 2018.

### *Earthquake Rebuild*

Earthquake related road repairs mean that 14% of Councils roading rehabilitation work will now be done at the emergency subsidy rate of 95%, instead of the standard subsidy rate of 51%. These works will focus on the worst affected areas of Mt Fyffe, Mill and Red Swamp Roads.

Planning for the remainder of the rehabilitation programme will be delayed until the Long Term Plan review in 2018.

In addition, Council will repair structural earthquake damage to bridges and culverts. The total cost of repairing earthquake-damaged roads and bridges is estimated to be just under \$12 million, with about \$2.4 million of emergency repairs completed by the end of June 2017. The Council is forecasting \$3.5 million of renewal work during 2017/2018, and \$2 million ongoing into the 2018/2019 financial year. The Clarence River bridge is estimated to cost \$4 million to replace, which is not viable for the handful of properties affected, and alternative options will be considered with the Long Term Plan review.

## Roads and Bridges

The council maintains 205km of local roads and 40 bridges in our district. Approximately half of our roads are sealed. Of the bridges, 32 are single lane and 6 apply weight restrictions.

The earthquake damaged five single lane bridges beyond repair – Gilling Lane, Hawthorne Road, Rorrison's Road, Evans Bridge and Scotts Road. These will be replaced as part of the rebuild.

The seven span 125m long Glen Alton Bridge was substantially damaged. A business case will be developed discussing all potential options and ensuring all stakeholders have input into the final decision. In the meantime Council is upgrading the road on the south bank to a reasonable four-wheel drive standard although this is not all-weather access.

The following table highlights those projects that the Council had planned (pre-quake) to complete during the 2017 and/or 2018 financial years, but as a result of the quake has delayed the work in lieu of repairing earthquake damage.

Long Term Plan Project	Cost	Original Planned Timing	Rationale
Old Beach Road Intersection	\$420k	From 2017 to 2022	Reassess in Long Term Plan
Bridge Replacements	\$100k	From 2018 to 2021	Addressed as part of Rebuild
Re-alignment of SH1	\$658k	2021	Reassess in Long Term Plan
Planned Roding Rehabilitation	\$80k	in 2017/2018 and 2018/2019	Partially addressed as part of Rebuild
Ludstone Road Drainage	\$220k	2017/2018	Reassess in Long Term Plan

### Major projects for 2017/2018:

Project Expenses		Funded by	
Bridge replacements	1,815,740	NZTA subsidies (EQ at 95%)	3,804,910
Road rehabilitation	970,000	Loan	300,262
Major work Puhi Puhi/Blue Duck	350,000	NZTA subsidies (at 51%)	129,295
Culvert replacements	300,000	Roding rate	124,226
Carpark repairs	50,000		
Road reseals	102,640		
Unsealed road renewals	61,584		
Kerb & channel renewals	51,320		
Traffic services	11,339		
Streetlights	26,638		
Emergency repairs (not capital)	619,432		
	4,358,693		4,358,693



## Level of service performance measures

The earthquake damage to local roads means the level of service – particularly around the smoothness of roads, and the level of satisfaction with the state of the roads – has been adversely affected. The targets have been revised (and lowered) for the 2017/2018 year, in acknowledgement of the fact the repair and rebuild work will not be finished by June 2018.

	Last year	2017/2018 Target	10 Year Target
Change from previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as a number.	0	0	0
The average quality of ride on a sealed road network measured by the smooth travel exposure for <b>urban</b> roads	146	160	100
Smooth travel exposure for urban roads	87%	75%	90%
The average quality of ride on a sealed road network measured by the smooth travel exposure for <b>rural</b> roads	120	280	280
Smooth travel exposure for rural roads	95%	80%	90%
The percentage of the sealed local road network that is resurfaced.	0%	10%	5%
Percentage of customer service requests relating to roads, to which the Council responds to within one week	100%	100%	100%
The percentage of residents surveyed who are satisfied with urban streets	75%	75%	80%
The percentage of residents surveyed who are satisfied with rural roads	46%	50%	72%
The percentage of footpaths that are formed <sup>7</sup>	54%	54%	55%

<sup>7</sup> A formed footpath is defined as a footpath that has been deliberately constructed by the Council to allow pedestrian access, including concrete, asphalt, pavers or compressed limestone. Unformed footpaths are those which have not been formally constructed.

# Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	-	-	-
Targeted rates and water meter charges	842	1,015	674
Subsidies & grants	270	267	739
Fees & charges	-	-	0
Internal charges & overheads recovered	-	-	0
Fuel tax, fines & other revenue	34	34	33
<b>Total operating funding (A)</b>	<b>1,144</b>	<b>1,316</b>	<b>1,446</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	586	539	1,106
Finance costs	43	92	58
Internal charges & overheads applied	182	186	194
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>811</b>	<b>818</b>	<b>1,358</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>333</b>	<b>498</b>	<b>88</b>
<b>Sources of capital funding</b>			
Subsidies & grants	230	349	3,435
Development & financial contributions	5	14	9
Increase/(decrease) in debt	21	81	207
Gross proceeds from sale of assets	-	-	0
Lump sum contributions	-	-	0
<b>Total sources of capital funding (C)</b>	<b>256</b>	<b>444</b>	<b>3,651</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	140	220	-
Capital expenditure – to improve level of service	126	79	27
Capital expenditure – to replace existing assets	323	643	3,712
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>589</b>	<b>943</b>	<b>3,739</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(333)</b>	<b>(498)</b>	<b>(88)</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Water Services

## *Sub-Activities*

Kaikōura urban water supply,  
 Ocean Ridge water supply,  
 East Coast rural water supply,  
 Kincaid rural water supply,  
 Fernleigh rural water supply,  
 Oaro rural water supply,  
 Peketa rural water supply,  
 Kaikōura Suburban water supply

## *Goal*

Provide water infrastructure that meets the needs of the community, ensures a healthy standard of living, and minimises effects on the environment

## *Key Issues in 2017/2018*

### *Business as New*

Council continues to deliver water quality monitoring and management services. Demand management (including leak detection and installation of water meters) to reduce waste or unaccounted for water will be considered as part of the Long Term Plan review in 2018.

### *Earthquake Rebuild*

Work required as part of the rebuild includes:

- Urban and rural water reticulation repairs in Mill Road, Gillings Lane, Hawthorne Road
- Replacing tanks in the Kincaid scheme
- Replacing and repairing damage in the Ford 1 and 2 reservoirs.
- Repairing minor damage to the Fords 3 reservoir, Peninsula reservoirs and Ocean Ridge bores
- A replacement bladder and an appropriate holding down system for the Ocean Ridge timber tank.
- Ensuring the quality of the Peketa water supply either by securing a new water supply or filtering and treating existing supply in perpetuity

## *Kaikōura Urban Water Supply*

The township is supplied from a secure ground water source, with water that is proving to be of exceptional quality and reliability. The water supply is secure and requires no treatment; however for residual purposes the water is disinfected using chlorine gas. The water is not fluoridated, and there are no plans to fluoridate the water.

## *Ocean Ridge Water Supply*

Ocean Ridge is the residential subdivision to the south of the Kaikōura Township, spanning approximately 142 hectares. The current supply was constructed in 2006 and is considered to be appropriate for a population of up to 500 people. The supply is treated using cartridge filtration and UV for disinfection.

## *East Coast Rural Water Supply*

The East Coast supply is predominantly a rural stock supply, sourced from a 37m deep underground aquifer located on the bank of the Clarence River. The system consists of three reinforced concrete tanks of varying storage capacities and one HDPE tank of approximately 25m<sup>3</sup>. The tanks are located at different elevations to serve different areas of the community. There is no treatment system for this water supply.

Some of the pipework is becoming problematic and needs to be replaced, and the system would benefit from improved telemetry systems for remote monitoring of the bore and pumps.

## *Kincaid Rural Water Supply*

The Kincaid water supply is located about 10km north of Kaikōura, and supplies 190 properties. The scheme is fed from a shallow intake gallery located in the Waimangarara Stream at the foot of Mount Fyffe, an unprotected native forest catchment, and is therefore subject to contamination. Part of the gallery is covered in filter fabric in an attempt to reduce the amount of sediment entering the system. In 2008 a reservoir system consisting of 20 new 30m<sup>3</sup> plastic storage tanks was installed bringing the total storage volume for Kincaid to 666m<sup>3</sup>, thereby providing 24 hours of storage.

## *Fernleigh Rural Water Supply*

The Fernleigh water supply is located to the south and inland of the Kaikōura township, and covers a large rural area to its source at Cribb Creek, providing water for both stock and domestic purposes. In 2007 the water source dried up and an emergency bore had to be drilled. The new bore has since been operating without any quality issues. The water is treated using chlorine gas.

The Fernleigh Water Management Committee has assumed responsibility for the maintenance of the water scheme; however the Council still incurs the costs of depreciation, water monitoring, and insurance, recovered from consumers through the Fernleigh water charge.

## *Oaro Rural Water Supply*

The Oaro water supply was constructed in 1995 and supplies 67 properties of Oaro M and Oaro N, drawing its water from a shallow borehole approximately 100m from the Oaro River. The scheme consists of the borehole, a pumping and treatment system, four storage tanks and a distribution system. The system is maintained to a very high standard with no water leaks in either the pumping system or the reticulation. A new filtration and UV system was installed in 2012, which is fully compliant with NZ drinking water standards. The Oaro supply is partially subsidised by Kaikōura urban water consumers, who will provide funding assistance for this project through urban water supply reserves.

## *Peketa Rural Water Supply*

The smallest of Council's public water supplies, the Peketa water supply is situated within the Peketa village, and supplies 18 households. The supply is treated by cartridge filtration and UV. The scheme consists of a shallow well, a pumping and treatment system, a surge tank and a distribution system. The scheme has no storage tanks; instead water is pumped directly from the bore into the distribution system. There is a small provision of underground storage for firefighting purposes.

Similar to the Oaro supply, the increasing costs associated with the Peketa supply and the small number of consumers to meet these costs means the cost per household is relatively high when compared to the other water supplies in the District. The Kaikōura Urban water consumers therefore partially subsidise the Peketa water supply so as to reduce the unit cost for Peketa consumers.

### Suburban Water Supply

The suburban water supply was created in 2006. The supply boundary between the Kaikōura Urban Supply and this supply is at the alternate bore located on Mt Fyffe Road and serves the areas of Postmans, Schoolhouse, and Red Swamp Roads. The scheme draws its water from the Waimangarara Stream at the foot of Mount Fyffe.

Currently there is no storage provision for this system, and most of the properties on this scheme have restricted supply and have their own storage facilities

### Level of service performance measures

	Last Year	2017/2018 Target	10 Year Target
The extent to which the water supply complies with part 4 of the drinking water standards ( <b>bacteria compliance criteria</b> )	Partial	100%	100%
The extent to which the water supply complies with part 4 of the drinking water standards ( <b>protozoal compliance criteria</b> )	Partial	100%	100%
The percentage of <b>real water loss</b> from the urban networked reticulation system	38.6%	< 40%	< 1%
The median time taken to <b>attend urgent callouts</b> in response to a fault or unplanned interruption, from the time of notification to the time that service personnel reach the site	No urgent callouts	1 hour	1 hour
The median time taken to <b>resolve the fault</b> or interruption, from the time of notification to the time of resolution	No urgent callouts	3.8 hrs	2.2 hrs
The median time taken to <b>attend non-urgent callouts</b> , from the time of notification to the time that service personnel reach the site	< 8 hours	1 day	1 day
The median time taken to <b>resolve non-urgent callouts</b> , from the time of notification to the time of resolution	< 3 days	1 week	1 week
The number of complaints received about drinking water <b>clarity</b> , per year per 1,000 connections	No complaints	1	1
The number of complaints received about drinking water <b>taste</b> , per year per 1,000 connections	No complaints	5	5
The number of complaints received about drinking water <b>odour</b> , per year per 1,000 connections	No complaints	5	5
The number of complaints received about drinking water <b>pressure or flow</b> , per year per 1,000 connections	No complaints	10	10
The number of complaints received about drinking water <b>continuity of supply</b> , per year per 1,000 connections	3.74	5	5

The number of complaints received about the Council's (or the Council's service provider's) <b>response</b> to any of the above complaints/issues, per year per 1,000 connections	No complaints	5	5
The <b>average consumption</b> of drinking water per day per resident within the Kaikōura District	189.6 litres	190.0 litres	180.0 litres

### *Major projects for 2017/2018:*

Project Expenses		Funded by	
Kaikoura urban pipe renewals	1,000,000	Government subsidies	1,408,800
Kaikoura urban reservoirs	1,050,000	Insurance	202,000
Kaikoura urban bore renewal	50,000	Reserves	637,200
Ocean ridge reservoirs	30,000	Kaikoura urban water rates	80,000
Peketa bore renew/replace	150,000	Kincaid water unit rates	20,725
Kincaid non-EQ renewals	20,725	Oaro water unit rates	12,000
Oaro non-EQ telemetry	12,000	Earthquake (water) loan	100,000
Kaikoura non-EQ renewals	80,000		
Leak detection (not capital)	68,000		
	2,460,725		2,460,725

Note that the government is assumed to be paying an advance to the Council to cover 60% of all earthquake repair costs for water. The Local Authority Protection Programme (LAPP) provides up to 40% cover for these same costs, and we currently assume this will be paid to the Council over a three-year period.

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	-	-	-
Targeted rates and water meter charges	885	913	916
Subsidies & grants	-	-	47
Fees & charges	2	-	2
Internal charges & overheads recovered	-	-	-
Fuel tax, fines & other revenue	-	-	202
<b>Total operating funding (A)</b>	<b>887</b>	<b>913</b>	<b>1,167</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	517	497	574
Finance costs	38	40	41
Internal charges & overheads applied	140	136	208
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>695</b>	<b>674</b>	<b>823</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>192</b>	<b>239</b>	<b>344</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	1,368
Development & financial contributions	9	23	15
Increase/(decrease) in debt	157	(67)	37
Gross proceeds from sale of assets	-	330	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding (C)</b>	<b>166</b>	<b>286</b>	<b>1,420</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	16	-	-
Capital expenditure – to improve level of service	224	885	12
Capital expenditure – to replace existing assets	100	100	2,381
Increase/(decrease) in reserves	18	(460)	(629)
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>358</b>	<b>525</b>	<b>1,764</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(192)</b>	<b>(239)</b>	<b>(344)</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Sewerage

## Goal

To protect the health of the District's residents and environment by providing an efficient and effective means of collecting, treating and disposing of sewage effluent.

## Key Issues in 2017/2018

### Business as New

Any work outside the scope of the earthquake rebuild will be considered as part of the Long Term Plan review in 2018.

### Earthquake Rebuild

Work required as part of the rebuild includes:

- Repairing or replacing the aeration lagoon.
- Replacing the sewer main along Lyell Creek from the Lyell Creek pump station to the Mill Road pump station. Note: significant planning is required to reach the optimal solution due to extensive damage to the sewer and surrounding houses and related issues. It will be some time until the final shape of the land adjacent to Lyell Creek is known and a decision of the location of the sewer main can be finalised.
- 45 manholes requiring repair or replacement
- Repairing various mains including, Mill Road Rising Main , Gravity Mains in Mt Fyffe Hawthorne Road, Ocean Ridge and the Esplanade / West End
- Repairing minor damage to the wastewater treatment plant pump station (WWTP), The Esplanade and Ocean Ridge Pump Stations
- Repairing substantial damage to the Mill Road and Totara Lana Pump Stations and damage to the Hawthorne Road and Gillings Lane pump stations.

The sewerage system serves the Kaikoura Township and Ocean Ridge, and comprises of 46km of pipes, eleven pump stations and a treatment and disposal system. Sewage is treated using a partially aerated lagoon before being pumped into infiltration beds to settle and finally disposed of into the ground. The system can accommodate a population of 10,000, and so once fully restored to pre-earthquake levels should serve the community for at least the next 20 years.

## Major projects for 2017/2018:

Project Expenses		Funded by	
Aeration lagoon	1,254,170	Government subsidies	2,257,800
Pump station replacement	1,512,500	Loan	1,239,200
Pipes and manhole replacement	633,330	Reserves	266,000
Non-EQ sewer renewals	44,012	Sewerage rates	44,012
CCTV & EQ investigations	151,000		
Temporary EQ repairs	212,000		
	3,807,012		3,807,012



## Level of service performance measures

	Last Year	2017/2018 Target	10 Year Target
The number of dry weather <b>sewage overflows</b> , expressed per 1,000 sewer connections	2	0	0
The number of <b>abatement notices</b> issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of <b>infringement notices</b> issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of <b>enforcement orders</b> issued to the Council for non-compliance of consent conditions	0	0	0
The number of <b>convictions</b> against the Council in relation to its resource consents	0	0	0
The median time taken to <b>attend urgent callouts</b> in response to sewage overflow resulting from a blockage or other fault, from the time of notification to the time that service personnel reach the site	< 1 hour	1 hour	1 hour
The median time taken to <b>resolve the fault</b> or interruption, from the time of notification to the time of resolution of the blockage or other fault	< 2 days	6 days	2.5 days
The number of complaints received about <b>sewage odour</b> , expressed per 1,000 connections	3	2	2
The number of complaints received about <b>sewage system faults</b> , expressed per 1,000 connections	2	3	3
The number of complaints received about <b>sewage system blockages</b> , expressed per 1,000 connections	9	3	3
The number of complaints received about the Councils (or the Councils service providers) <b>response to the above issues</b> , expressed per 1,000 connections	None	3	3

As for water, the Council is currently assuming that the government will be paying an advance of 60% of earthquake repair costs for sewerage renewals and repairs. The Local Authority Protection Programme (LAPP) provides up to 40% cover for these same costs, and we currently assume we will receive these funds in the 2018/2019 year.

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	-	-	-
Targeted rates and water meter charges	597	562	669
Subsidies & grants	-	-	228
Fees & charges	24	23	16
Internal charges & overheads recovered	-	-	-
Fuel tax, fines & other revenue	-	-	-
<b>Total operating funding (A)</b>	<b>620</b>	<b>584</b>	<b>913</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	169	187	716
Finance costs	66	69	61
Internal charges & overheads applied	210	207	151
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>444</b>	<b>463</b>	<b>928</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>176</b>	<b>121</b>	<b>(15)</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	2,040
Development & financial contributions	9	25	16
Increase/(decrease) in debt	(86)	(77)	1,153
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(77)</b>	<b>(52)</b>	<b>3,209</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	-	-	-
Capital expenditure – to improve level of service	-	-	-
Capital expenditure – to replace existing assets	90	44	3,444
Increase/(decrease) in reserves	9	25	(250)
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>99</b>	<b>69</b>	<b>3,194</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(176)</b>	<b>(121)</b>	<b>15</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Stormwater

## Goal

To protect the health of the District's residents and environment by providing an efficient and effective means of collecting and disposing of stormwater.

The stormwater system predominantly protects the Kaikōura Township, including Ocean Ridge, and comprises of approximately 17km of reticulation system that discharges to land, sea and other water courses.

The system is comprised of a number of small piped and open drain networks most of which discharges to sea or to Lyell Creek. The stormwater system includes that provided by kerb and channel on the roads, swales such as those found in the Seaview and Ocean Ridge subdivisions, and large drains such as Phairs Drain and Sullivans Gully.

## Key Issues in 2017/2018

### Business as New

The review of the resource consent to discharge stormwater has been delayed until the Long Term Plan review in 2018.

### Earthquake Rebuild

At the time of preparing this Annual Plan, the Council has only limited information as to the damage within the underground stormwater system. Some level of damage is assumed.

## Major projects for 2017/2018:

Project Expenses		Funded by	
Manholes and structures	381,160	Government subsidies	498,696
Renewal work (non-EQ)	10,000	Insurance	312,464
CCTV investigations (not capital)	450,000	Stormwater rates	10,000
	-	Reserves	20,000
	841,160		841,160

## Level of service performance measures

	Last Year	2017/2018 Target	10 Year Target
The number of <b>flooding events</b> <sup>5</sup>	0	< 5	< 5
For each flooding event, the number of <b>habitable floors affected</b> , expressed per 1,000 properties connected to the stormwater system	0	< 3	< 3
The number of <b>abatement notices</b> issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of <b>infringement notices</b> issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of <b>enforcement orders</b> issued to the Council for non-compliance of consent conditions	0	0	0
The number of <b>convictions</b> against the Council in relation to its resource consents	0	0	0
The median response time taken to <b>attend a flooding event</b> , from the time of notification to the time that service personnel reach the site	No events	1 hour	1 hour
The number of complaints received about <b>performance of the stormwater system</b> , expressed per 1,000 connections	No complaints	9	1
The major flood protection and control works that are maintained, repaired and renewed to the <b>key standards</b> defined in the Council's relevant planning documents (such as asset management plans).	Not applicable	100%	100%

Similar to water and sewerage, the Council is assuming that the government will pay an advance to the Council for 60% of all earthquake repair costs for stormwater repairs and renewals. The Local Authority Protection Programme (LAPP) provides up to 40% cover for these same costs, and we currently assume that at least some of this will be paid to the Council in the 2017/2018 year, with further claim payments in the following year.

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	-	-	-
Targeted rates and water meter charges	124	126	105
Subsidies & grants	-	-	270
Fees & charges	1	-	4
Internal charges & overheads recovered	-	-	-
Fuel tax, fines & other revenue	-	-	312
<b>Total operating funding (A)</b>	<b>125</b>	<b>126</b>	<b>691</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	49	51	493
Finance costs	-	10	-
Internal charges & overheads applied	26	26	56
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>75</b>	<b>87</b>	<b>549</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>50</b>	<b>39</b>	<b>142</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	229
Development & financial contributions	4	10	6
Increase/(decrease) in debt	-	(11)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding (C)</b>	<b>4</b>	<b>(2)</b>	<b>235</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	-	220	-
Capital expenditure – to improve level of service	-	-	-
Capital expenditure – to replace existing assets	50	28	391
Increase/(decrease) in reserves	4	(210)	(14)
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>54</b>	<b>37</b>	<b>377</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(50)</b>	<b>(39)</b>	<b>(142)</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Refuse & Recycling

## *Goal*

To progressively decrease the volumes of solid waste landfilled in the District, with a view to ultimately achieving zero waste to landfill.

## *Key Issues in 2017/2018*

### *Business as New*

Innovative Waste Kaikōura Ltd (IWK) continues to make outstanding progress, increasing the rate of diversion of waste from the landfill consistently above 75%. This has eased pressure on the landfill, and has extended the usable life of the landfill well beyond original predictions of closure by 2010.

### *Earthquake Rebuild*

A waste minimisation grant of \$623,000 was allocated to the Kaikōura District Council. This grant is to help Council rebuild waste facilities, recycle as much as possible of the huge increase in waste and put in place effective measures to carefully manage hazardous waste like asbestos.

An effective process to assist the community with post-earthquake management of recycling from damaged buildings needs to be established to avoid significantly impacting IWKs recycling programmes. Demolition waste will need to be carefully and proactively managed to protect the natural environment and reduce waste to landfill.

A key focus of the project is to support residents and business owners whose buildings either require demolition or extensive structural repairs, in order to make them safe for occupation or habitation.

## Solid Waste

IWK is a Council Controlled Organisation responsible for the day-to-day management of Kaikōura Districts only landfill and resource recovery centre. The landfill has resource consent to operate until 2034; however, it is likely that the landfill will reach full capacity within the next few years.

An effective process to assist the Community with the post-earthquake management of waste, especially hazardous waste, needs to be established to avoid significantly impacting IWKs waste management programmes.

Through work funded by the waste minimisation grant homeowners will be offered assistance with asbestos and hazardous substance checks in exchange for providing information in regards to structural engineering, demolition methods, site information and waste disposal options. Monitoring can then occur to ensure:

- The site is safe to work on,
- Best practise health and safety methods are followed,
- A reputable contractor is used,
- District, Regional plan and Heritage New Zealand rules are followed, and
- A legal disposal method is used.

## Recycling

Kaikōura's recycling initiatives are the culmination of Council's Zero Waste Policy, adopted in 1999 with the mission to achieve zero waste within 20 years. The Resource Recovery Centre hosts a composting facility for green waste and organics, a second-hand goods shop, a recycling centre, a hazardous waste disposal facility, and a native plant nursery to aid the Trees for Travellers program.

In our mission to achieve zero waste to landfill, Council does not provide a kerbside rubbish collection service. In its place, there is a weekly kerbside *recycling* collection within the Kaikōura township and Oaro village, and for properties on the state highway north and south there is a weekly collection of recyclable materials from convenient community drop-off sites. IWK currently diverts 74% of the waste stream from the landfill, and continually aims to improve the diversion rate so as to extend the life of the landfill as much as possible.

### Major projects for 2017/2018:

Project Expenses		Funded by	
Rebuild waste facilities and build hazardous waste systems	548,000	Government subsidies	623,000
EQ Waste case management	75,000	Uniform annual charge	7,698
Landfill capping	7,698		
	630,698		630,698

### Level of service performance measures

	Last Year	2017/2018 Target	10 Year Target
Solid <b>waste produced</b> (by kilogram)per person	180kg	180kg	152kg

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	267	267	305
Targeted rates and water meter charges	125	131	149
Subsidies & grants	-	-	75
Fees & charges	5	5	-
Internal charges & overheads recovered	-	-	-
Fuel tax, fines & other revenue	13	14	14
<b>Total operating funding (A)</b>	<b>410</b>	<b>417</b>	<b>543</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	344	352	447
Finance costs	3	3	2
Internal charges & overheads applied	48	49	78
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>395</b>	<b>403</b>	<b>527</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>15</b>	<b>14</b>	<b>16</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	548
Development & financial contributions	-	-	-
Increase/(decrease) in debt	(8)	(6)	(8)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(8)</b>	<b>(6)</b>	<b>540</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	-	-	-
Capital expenditure – to improve level of service	15	-	548
Capital expenditure – to replace existing assets	8	8	8
Increase/(decrease) in reserves	(15)	-	-
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>8</b>	<b>8</b>	<b>556</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(15)</b>	<b>(14)</b>	<b>(16)</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Community Facilities

## *Sub-Activities*

Parks & reserves  
Community properties  
Library  
Airport  
Harbour

## *Goal*

To restore earthquake affected recreational areas, reserves and facilities as budget allows. To make safe any facilities where budget does not allow for restoration.

To ensure long term planning includes facilities at a level that satisfies the social, economic development, environmental and cultural needs of the community.

## *Key Issues in 2017/2018*

### *Business as New*

All projects that fall outside the earthquake rebuild will be considered as part of the Long Term Plan review in 2018.

### *Earthquake Rebuild*

The swimming pool, skate park, tennis courts and Jimmy Armers Toilets facilities were all significantly damaged by the quake. Council investigations have shown that it would cost more to repair these than it would to replace them.

At this stage the Council is not in a position to confirm replacement or alternative options, or how these would be funded. Minor work to make the sites safe, tidy, or provide a bare minimum level of service has been completed. Council is continuing to investigate, and work with insurers. A solution for each facility will go into the Long Term Plan.

Council and staff are currently working with Sport Tasman, Sport NZ and the local sporting groups to develop sport facilities in our District. In the short term external funding has been sourced to support sporting events. In the medium to long term we will identify a network of facilities that can meet our Districts needs both now and in the future.

We have made significant progress re-instating the harbour slipways both for recreational and commercial users. We are currently finalising the dredging and excavation in the South Bay harbour. Currently, the harbour is on track to be functional again by the 2107/18 summer tourist season.

## Community Properties

Community properties consist of the Esplanade offices, the swimming pool, memorial hall, drill hall, housing for the elderly and, the Civic Centre in the West End.

The “Lions Pool” at Gooches Beach is closed due to earthquake damage. Pre-earthquake the pool had already been removed from the Long Term Plan due to affordability concerns. Post-earthquake external funding has been sourced by Sport Tasman for a feasibility study for replacement/repair options. The study should be completed by September 2017 and will look at community needs, assess site and facility options and develop a preferred option for discussion.

### Level of service performance measures

	Last year	2017/2018 Target	10 Year Target
The number of <b>Memorial Hall bookings</b> (excluding KDC use) per annum	53	54	64
The percentage of <b>Council housing tenants</b> who fit Criteria One (the highest priority), in the Councils housing for the elderly policy.	100%	100%	100%
The percentage of survey respondents who are satisfied or very <b>satisfied with the cemetery</b>	98%	96%	97%
The number of <b>swims</b> (by number of swim tickets at the Lions pool) per annum	8,276	0 – pool closed	0
The number of people attending <b>learn to swim</b> programmes at the Lions Pool	1,170	0 – pool closed	0
Total area of <b>recreational space</b> available per capita	> 276m <sup>2</sup>	> 276m <sup>2</sup>	> 300m <sup>2</sup>
Total area of esplanade <b>reserve planted</b> per year	> 1,000m <sup>2</sup>	> 100m <sup>2</sup>	> 100m <sup>2</sup>
Public <b>toilet cleaning and hygiene</b> levels comply with the contract for public toilets	98%	100%	100%
The percentage of <b>pesticides</b> used that are biodegradable	100%	100%	100%
The percentage of <b>cleaning chemicals</b> purchased that are biodegradable	92.8%	> 90%	> 80%

### Major projects for 2017/2018:

Project Expenses		Funded by	
Other buildings major repairs	180,000	Insurance claims	290,500
Memorial Hall major repairs	160,500	Earthquake (Facilities) Loan	50,000
	340,500		340,500

## Airport

Situated on Department of Conservation land at Peketa, 8km south of the township on State Highway 1, Kaikōura’s airport is the home of the Kaikōura Aero Club and the new Wings Over Whales operator. New aircraft hangars were built in 2011, and these are leased to the Wings Over Whales. The hangars were damaged in the earthquake, and are unable to be used. Although well-covered by insurance, the assessors currently state a portion of the damage is due to construction issues, and the Council will be approaching the construction contractor to remedy these faults. Until that matter is settled, repairs to the hangar will be funded from insurance and reserves.

Council purchased the airport terminal building in 2009, thereby securing a strategic asset for future development of air transport services. First constructed in 1996, the terminal is a small but modern facility providing primarily for passengers on short sight-seeing flights.

Also damaged by the earthquake, the terminal building insurance roughly estimates the cost of its construction in 1996, and the insurance claim may be inadequate to fully cover its replacement in 2018. Urgent work has been done to make the building safe, and options for rebuild will be part of the Long Term Plan review.

### *Level of service performance measures*

	Last year	2016/2017 Target	10 Year Target
<b>The number of landings per annum</b>	2,882	1,633	1,701

### *Major projects for 2017/2018:*

Project Expenses		Funded by	
Airport hangar	180,000	Insurance	71,200
		Earthquake (Facilities) Loan	108,800
			180,000

## Harbour

The South Bay Marina provides a seawall, slipway, fuel facility, public toilets, boat wash down area, and parking for buses, cars, trailers and boats. This area provides the base for Kaikōura's key visitor activities such as whale watching, dolphin swimming and fishing charters. On the northern side of the peninsula, the North Wharf and Old Wharf are utilised (albeit to a lesser extent) by commercial fishers.

Commercial use of the South Bay Marina continued to increase pre-earthquake, with larger boats needing to be accommodated each year. These increasing demands are placing pressure on the facilities at South Bay, and the Council acknowledges that we will need to consider options for a much larger facility as part of the rebuild process.

It is now well-known that the earthquake lifted the seafloor, rendering the inner harbour facilities unusable. The government immediately pledged \$5 million to dredge a channel in the harbour to make it safe to navigate. Current estimates are now \$6.7 million (including the \$5M already confirmed), to restore the harbour to its former capacity; with berthage available to Whale Watch and Encounter Kaikoura, and a usable public jetty. We are assuming that \$2.5 million of that work will already have been completed by the end of June 2017, leaving \$4.7 million for 2017/2018.

The Council considers that, until the harbour facilities are restored, satisfaction with the harbour will be much lower than usual, and use of the slipway will be much reduced.

### *Level of service performance measures*

	Last year	2017/2018 Target	10 Year Target
The percentage of survey responses expressing satisfaction with our harbour facilities	82%	50%	85%
The number of recreational slipway uses per annum	4,339	2,500	4,600

### *Major projects for 2017/2018:*

Project Expenses		Funded by	
Dredging and restoration <sup>8</sup>	4,700,000	Government subsidies	3,500,000
		Lump sum from stakeholders	812,500
		Earthquake (Harbour) Loan	387,500
			4,700,000

<sup>8</sup> Assumes that \$2.5 million of the project has already been spent during 2016/2017.

## Library

The Library is now housed in the Civic Building at 96 West End, and was on reduced hours following the earthquake. The library will return to normal operating hours, being open from 9.30am to 5.30pm Monday to Friday and 10am to 1pm on a Saturday. During daylight saving hours the Library has a late night on a Thursday and closes at 7pm.

The library operates a diverse service as an educational, informational, recreational and cultural resource, and aims to satisfy the developing needs of the Kaikōura community. The library provides a range of services in addition to its collection, such as colour and black & white photocopying, computer access, free wi-fi, laminating, fax, large print books, talking books, magazines, newspapers, videos, DVDs, puzzle's and children's toy library. A number of programmes and events are run throughout the year, such as toddler time, school visits, and holiday programmes. The Library will be providing more event opportunities during the 2017/18 year.

### Level of service performance measures

	Last year	2017/2018 Target	10 Year Target
The number of <i>lending items</i> available per capita	7.0	6.3	6.3
The number of events opportunities provided to the community	Nil	24	24

### Major projects for 2017/2018:

Project expenses		Funded by	
Library books & resources	25,000	Book Rentals & User Charges	25,000

## Parks & Reserves

The Council provides several parks, playgrounds, walkways and sports fields for the recreational and sporting needs of the community. The main parks and reserves include Churchill Park, South Bay Domain, Takahanga Domain, South Bay Gateway Reserve, and Kekeno Park at Ocean Ridge. Playgrounds are located at Gooches beach, South Bay, Bayview Street, Churchill Park, Seaview and Beach Rd/Gillings Lane. The coastline also provides a major recreational playground for residents and visitors to the District. Council administers numerous coastal and road reserves, some with long term leases attached to them.

Public toilets can be found in the town centre, at Gooches Beach, Jimmy Armers Beach (closed post-earthquake), Beach Road, Moa Point, the South Bay Gateway reserve, Mangamaunu, and Point Kean. The Council remains committed to adding a public toilet on the state highway, and will include the project in the Long Term Plan, although a site is yet to be identified or discussed with communities.

The Moa Point and Point Kean (seal colony) public toilets require major repairs, to be done in the 2017/2018 financial year. The toilets at Jimmy Armers are unusable, and Gooches Beach is now a very popular swimming and learn-to-surf beach following the sea floor uplift. The Council is signalling that Gooches Beach would be better served by a new toilet block, and the Jimmy Armers beach toilets could be rebuilt smaller than it is currently. Both of these toilets will be reviewed as part of the Long Term Plan in 2018.

### *Major projects for 2017/2018:*

Project Expenses		Funded by	
Public toilets major repairs	100,000	Earthquake (Facilities) Loan	10,000
		Insurance claims	90,000
			100,000

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	687	774	761
Targeted rates and water meter charges	413	344	441
Subsidies & grants	1	3	188
Fees & charges	712	785	673
Internal charges & overheads recovered	-	-	0
Fuel tax, fines & other revenue	-	-	743
<b>Total operating funding (A)</b>	<b>1,813</b>	<b>1,906</b>	<b>2,806</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	1,051	958	1,324
Finance costs	267	295	237
Internal charges & overheads applied	273	276	345
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,580</b>	<b>1,529</b>	<b>1,906</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>233</b>	<b>377</b>	<b>900</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	3,500
Development & financial contributions	3	8	2
Increase/(decrease) in debt	1,133	252	505
Gross proceeds from sale of assets	-	-	0
Lump sum contributions	-	-	813
<b>Total sources of capital funding (C)</b>	<b>1,136</b>	<b>259</b>	<b>4,820</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	1,356	570	0
Capital expenditure – to improve level of service	-	-	50
Capital expenditure – to replace existing assets	76	38	5,419
Increase/(decrease) in reserves	(63)	29	251
Increase/(decrease) in investments	-	-	0
<b>Total application of capital funding (D)</b>	<b>1,369</b>	<b>637</b>	<b>5,720</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(233)</b>	<b>(377)</b>	<b>(900)</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Commercial Activities

## Sub-Activities

Leased properties  
Forestry

## Goal

Forestry resources, investments, and properties are to be managed in a cost effective manner so as to provide the optimum financial return on these assets.

Council has an 11.5% share in the Marlborough Forestry joint venture with the Marlborough District Council. This joint venture pays a capital distribution to both Councils annually when the venture has generated surpluses. Of Councils share, 13.38% is held on behalf of Environment Canterbury, therefore capital distributions received are also apportioned and passed on to that organisation.

## Key Issues in 2017/2018

### Business as New

With commercial premises hard to come by post-quake, 25 Beach Rd is now fully tenanted with the Opshop and a builder/joiner co-leasing the building. The buildings on Wakatu Quay currently house the aquarium and commercial seafood packing and storage.

The Marlborough Regional Forestry joint venture does have a logging programme underway, and as a result the Council expects to receive capital distributions from that joint venture. In recent years the Council has sold the Clarence forest, the Pynes building in the West End, and the house at 20 Beach Road.

### Earthquake Rebuild

25 Beach Road has only minor earthquake damage likely to be under the insurance excess; but the building has been in a poor state of repair for a number of years and urgently needs the roof replaced. The council does not own the buildings on Wakatu Quay – we lease the land to the occupiers. Damage to those buildings is unknown.

## Major projects for 2017/2018:

Project Expenses		Funded by	
25 Beach Rd major repairs	73,000	Earthquake (Facilities) Loan	73,000

## Level of service performance measures

	Last year	2017/2018 Target	10 Year Target
The proportion of revenue from commercial activities as a percentage of total revenue	10.2%	10%	10%



## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	-	(23)	-
Targeted rates and water meter charges	-	-	-
Subsidies & grants	-	-	-
Fees & charges	70	167	77
Internal charges & overheads recovered	-	-	-
Fuel tax, fines & other revenue	980	995	952
<b>Total operating funding (A)</b>	<b>1,050</b>	<b>1,139</b>	<b>1,029</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	853	834	803
Finance costs	-	-	-
Internal charges & overheads applied	43	32	36
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>895</b>	<b>866</b>	<b>839</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>155</b>	<b>273</b>	<b>190</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	-	-	73
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>73</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	-	5	-
Capital expenditure – to improve level of service	-	-	-
Capital expenditure – to replace existing assets	-	-	73
Increase/(decrease) in reserves	155	268	190
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>155</b>	<b>273</b>	<b>263</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(155)</b>	<b>(273)</b>	<b>(190)</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Leadership & Governance

## Sub-Activities

Governance  
Support Services

## Goal

To provide leadership to the community, and to have in place a system of representation which is open and transparent, and which gives opportunities for participation in the democratic process.

The Mayor and seven Councillors are elected by the District at large; there are no wards within the District. In addition to the Council, there are seven standing committees, four of which include Iwi representatives and members of the community.

Support services can be further defined as the roles of the Chief Executive, corporate services, IT and mapping functions, plant and vehicles, and asset management. It is these activities that support the organisation to deliver Council services, provide financial and human resources, and provide good quality information to the public.

## Key Issues in 2017/2018

### Business as New

Council is due review both the Long Term Plan and the District Plan in 2017/18. This will have to work in with the earthquake Recovery Plan. A large amount of community consultation and engagement will need to be undertaken during the financial year. There will be increased costs associated with additional engagement however it is not expected to have a financial impact on this cost centre.

Elected member remuneration is set by the Remuneration Authority and was last set in late June 2016 for the new term. A 5% increase for anticipated change in honoraria is recommended.

### Earthquake Rebuild

Due to the timing of elections and the earthquake, training which would have normally been undertaken in the first 6 months of the term has been deferred and it is anticipated that more training for elected members will be undertaken in the first part of the 2017/18 financial year.

## Level of service performance measures

	Last year	2017/2018 Target	10 Year Target
The number of Council committees with <b>Runanga member representation</b>	5	7	7
Percentage of <b>eligible electors who vote</b> in the local government elections	57.2%	N/A	75%
<b>Paper use</b> by Council employees, per person per year	15.6 reams	15 reams	15 reams
The percentage of <b>satisfaction</b> with the Mayor, Councillors and staff (annual survey)	56.4%	75%	75%

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	590	612	527
Targeted rates and water meter charges	-	-	-
Subsidies & grants	-	-	-
Fees & charges	53	41	90
Internal charges & overheads recovered	1,355	1,432	1,804
Fuel tax, fines & other revenue	-	63	-
<b>Total operating funding (A)</b>	<b>1,998</b>	<b>2,148</b>	<b>2,421</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	1,740	1,786	2,215
Finance costs	1	-	5
Internal charges & overheads applied	205	235	179
Other operating funding applications	-	63	-
<b>Total applications of operating funding (B)</b>	<b>1,946</b>	<b>2,084</b>	<b>2,399</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>52</b>	<b>64</b>	<b>22</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	18	-	58
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding (C)</b>	<b>18</b>	<b>-</b>	<b>58</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	-	-	-
Capital expenditure – to improve level of service	40	21	40
Capital expenditure – to replace existing assets	30	43	40
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>70</b>	<b>64</b>	<b>80</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(52)</b>	<b>(64)</b>	<b>(22)</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Regulation and Control

## *Sub-Activities*

Statutory planning  
Building control  
Traffic control  
Dog & stock control  
Liquor licensing & other

## *Goal*

Ensure the Districts natural and physical environment is sustainably managed by providing a friendly helpful service and ensuring that standards and guidelines set down in legislation and regulations are met.

Ensure that residents meet and comply with the statutory requirements during their personal rebuild process resultant from the earthquake

To assist Earthquake recovery by ensuring national and local regulatory requirements are met by providing a friendly helpful service.

## *Key Issues in 2017/2018*

### *Business as New*

Any new projects outside the scope of the earthquake rebuild will be considered as part of the Long Term Plan review in 2018.

### *Earthquake Rebuild*

Post-earthquake a new way of doing business is required to enforce the regulation and legislation that will ensure appropriate standards for recovery. Additional staff will be required to ensure the timely processing of pre-earthquake consents. To further speed the processing of consents the Building Consent Authority (BCA) is moving to digital processing "Go Get" and is looking to move toward national processing checklists and ability for digital lodgement "Go Shift".

The post-earthquake environment can be stressful for a range of reasons, too much work, not enough work, uncertainty and plans being placed on hold, in such circumstances it is possible for alcohol to be abused. Council will closely monitor alcohol related issues and take action as required.

## *Statutory Planning*

This is a regulatory function that ensures the statutory planning provisions of the Kaikōura District Plan, Resource Management Act 1991, Local Government Act 2002 and other legislation are met. This includes processing of resource consents, compliance monitoring, plan approvals, easements, caveats, road closures, right of way approvals, planning enforcement and education, etc. It is the goal of the statutory planning function to undertake its obligations in a friendly, helpful manner, which assists the community through the regulatory processes. Underlining the process in the need to rebuild our community and the desire to protect and enhance Kaikōura's unique natural environment and biodiversity.

## Building Control

All new buildings within the District must comply with the Building Act 2004 and building standards and regulations, to provide the assurance that our homes and businesses are structurally sound and weatherproof. These appropriate building standards ensure the community is well positioned in the building recovery following the 14<sup>th</sup> November Earthquake. By meeting appropriate standards resilience can be built into our building stock.

## Traffic Control

Council employs a person with traffic warden duties as part of his role, to minimise irresponsible parking practices, particularly in the West End and Moa Point. It is his duty to make sure people are parking with consideration for others, and enforcing the use of parking for the disabled spaces, time-limited parking areas, loading zones, etc. Pay and display parking in the town centre is complemented by free parking spaces throughout the West End and another parking area over a footbridge opposite Lyell Creek.

## Dog & Stock Control

There are currently over 1,100 dogs registered in the District, the majority of which are farm dogs. To address complaints regarding dogs and stock, and for impounding when these are found wandering Council employs a number of part time animal control officers which are available 24/7 to resolve problems if they arise.

## Liquor licensing & other regulatory functions

Council ensures that the sale and supply of liquor is responsibly managed, and that licensed premises are top quality hosts. Unfortunately, the earthquake has seen a number of these businesses closing, this has placed additional pressure on existing businesses. The loss of businesses will see a downturn in associated fees, but more importantly great possibility exists for social issues to arise. Liquor bans may have to be extended to match the changing shape of our township.

Council recognises the requirements of the new Act to establish and maintain arrangements between the Licensing Inspector, Police and Medical Officer of Health to ensure the ongoing monitoring of licenses and the enforcement of the Act together with the need to develop and implement strategies to reduce alcohol related harm.

Other regulatory functions include noise and litter control. While noise is a rare complaint within the District. Litter and illegal dumping in both public and private property will be a pressing issue as parties look for cheaper options to dispose of earthquake related waste. Council is working with Environment Canterbury on this issue.

## Major projects for 2017/2018:

Project Expenses		Funded by	
Building control:			
New digital consent processing	10,400	Government subsidies	221,000
Additional temporary staff	210,600		
	221,000		221,000

### Level of service performance measures

	Last year	2016/2017 Target	10 Year Target
Estimated <b>parking occupancy rate</b> in the West End pay and display car park during November to February	20,941	20,000	20,000
The number of <b>complaints about dogs</b> (wandering, barking nuisance, dogs rushing, etc)	173	166	110
The percentage of licensed liquor premises assessed as <b>low to medium risk</b>	91.3%	83.7%	83.7%

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	310	327	198
Targeted rates and water meter charges	43	44	45
Subsidies & grants	-	-	285
Fees & charges	369	365	527
Internal charges & overheads recovered	-	-	-
Fuel tax, fines & other revenue	-	-	-
<b>Total operating funding (A)</b>	<b>723</b>	<b>736</b>	<b>1,055</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	521	499	805
Finance costs	-	-	-
Internal charges & overheads applied	202	237	250
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>723</b>	<b>723</b>	<b>1,055</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	-	-	-
Capital expenditure – to improve level of service	-	-	-
Capital expenditure – to replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Safety & Wellbeing

## *Sub-Activities*

Civil Defence  
Rural Fire  
Environmental Health  
Community Development

## *Goal*

*Protect the safety, health and well-being of all residents and visitors to the District.*

## *Key Issues in 2017/2018*

### *Business as New*

From 1 July 2017 urban and rural fire services will be amalgamated into Fire Emergency New Zealand (FENZ) - a single fire service for New Zealand. From this date all personnel will become part of FENZ. All rural fire assets excluding the Rural Fire Shed will be transferred over to FENZ.

### *Earthquake Rebuild*

The earthquake highlighted the need to build resilience within the Council's Civil Defence structure, this will be achieved through a combination of training and purchasing equipment. Increased focus will be given to Civil Defence in the 17/18 year and beyond.

Community wellbeing is a critical new role for the Council and social support structures will be in place for at least 12 months to help people cope and adjust to our post-quake reality.

## *Civil Defence*

The Council works with the Canterbury Civil Defence Emergency Management Group and other partners to promote public education and awareness of Kaikōura's natural and human-caused hazards, to reduce the likelihood and effect of those hazards on the community.

The Council office is the civil defence headquarters in the event of a civil defence emergency, with various sector posts throughout the District supporting the headquarters. Staff and volunteers are trained annually, by way of a major exercise held in conjunction with local, regional and national Civil Defence Emergency Management organisations.

## *Rural Fire Control*

From 1 July Fire Emergency New Zealand (FENZ) will amalgamate the fire functions of urban and rural fire. While a licence to use may be appropriate for some assets such as the Rural Fire Shed and some of the water tankers and fire response fleet, most assets will be transferred over to FENZ.

## *Environmental Health*

Food & Health Standards NZ provide environmental health services under contract, which includes drinking water testing, and inspection of food outlets, public swimming pools, and investigating food nuisance complaints and reported infectious diseases. This activity is regulated by the Health Act 1956, the Food Act 1981, and the Food Hygiene Regulations Act 1974. Protecting the community's



health and wellbeing is of critical importance, and Council is committed to adequately resourcing these services.

### Community development

Our community's ability to cope post-quake has made community development a new and critical focus. Eight new roles – most of whom are funded from the government – will coordinate social services and provide connections and support to people across the District.

### Major projects for 2017/2018:

Project Expenses		Funded by	
Community development	570,511	General rates	266,411
Civil defence radio's & repeaters	12,000	Government subsidies	296,100
		Other grants & donations	8,000
		Uniform annual gen charge	12,000
	582,511		582,511

### Level of service performance measures

	Last year	2017/2018 Target	10 Year Target
Percentage of survey respondents with an <b>emergency kit</b>	91%	90%	90%
The percentage of food premises with <b>food control plans</b>	75.8%	51%	52%
<b>Community Enhancement Indicators (reported annually)</b>			
The number of school leavers with <b>NZQA Level 2</b> or higher	65%	66%	66%
Growth in Employee Counts	1,530	>1600	>1600
Growth in workplace counts	735	735	760

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	113	170	413
Targeted rates and water meter charges	95	103	33
Subsidies & grants	5	136	98
Fees & charges	16	16	10
Internal charges & overheads recovered	-	-	-
Fuel tax, fines & other revenue	-	-	-
<b>Total operating funding (A)</b>	<b>230</b>	<b>426</b>	<b>554</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	154	309	608
Finance costs	-	-	-
Internal charges & overheads applied	76	119	144
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>230</b>	<b>429</b>	<b>752</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>-</b>	<b>(3)</b>	<b>(198)</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	-	-	-
Capital expenditure – to improve level of service	-	-	-
Capital expenditure – to replace existing assets	-	-	-
Increase/(decrease) in reserves	-	(3)	(198)
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>-</b>	<b>(3)</b>	<b>(198)</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>-</b>	<b>3</b>	<b>198</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# District Development

## *Sub Activities:*

District Planning  
Environmental Planning  
Tourism & Marketing  
Economic Development  
Community Grants & Events

## *Goal*

*Ensure that a statutory and non-statutory work streams are in place to enable the District to progress, while ensuring that the natural and physical environment of the Kaikōura District is sustainably managed.*

## *Key Issues for 2017/2018*

### *Business as New*

Council has made a past commitment to sustainable practices, both for the organisation and for the community and will continue to uphold this in the post-quake environment as much as possible. The District Plan is due for review in 2018.

### *Earthquake Rebuild*

A new strategic focus for the 2017/2018 will be District recovery under the lens of continued protection of the natural environment.

Within the District Planning budget, a change will be made to allow a focus on updating hazard mapping as a result of environmental changes since the earthquake. The Council has identified further District Plan changes that will be made throughout the planning and review process as budget allows.

Tourism functions are now provided by KITI, based at the Kaikōura i-Site. Tourism numbers are down due to earthquake. Traditional tourism marketing may not recover this economic base.

Going forward a new focus is required on community economic recovery. Money from the commercial rate will be allocated to economic development functions going forward.

Ongoing funding is required for advocacy and for funding of short term economic development projects. As well as ongoing economic development resource to run the workstream.

## *District Planning*

A District Plan is essential to enable our Community to meet development needs while balancing the protection of the natural and built environment. The Council develops and administers the District Plan across a 10 year cycle to manage effects on the natural and physical resources of the District (private and Council generated).

## *Environmental Planning*

Council takes a leading role in the Earthcheck sustainability certification for the Community. EarthCheck is the benchmarking, certification and advisory group for travel and tourism businesses,

communities and governments. The program assists the Community to measure, organise and report their environmental and social management processes across the organisation.

We encourage willing landowners to join the significant natural areas programme, so as to have potential sites assessed for their current ecological values. The Council also promotes energy efficiency and water conservation, and actively works to reduce waste. We work closely with organisations such as WasteMiNZ, Landcare Research, Department of Conservation, local Runanga, EECA, and other organisations such as Te Korowai O Te Tai O Marokura, Kaikōura Water Zone Committee and the Lyell Creek Stream Care Group, to ensure our environment is sustainably managed.

The Kaikōura Community is audited and certified under the independent EarthCheck Environmental Programme, and has successfully been doing so since 2004. The Kaikōura District Council uses EarthCheck as a tool to guide sound environmental practice for the whole community and has now been awarded platinum certification for environmental performance.

*Level of service performance measures*

Performance Indicator and Measure	Targets																								
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## Tourism & Marketing

Tourism and marketing is currently funded through a targeted rate which goes wholly to Destination Kaikōura activities. Council supports tourism development that has local socio-economic benefits, and promotes Kaikōura as a unique visitor destination, and will fund Kaikōura Information & Tourism Incorporated (KITI) on an annual basis to further that goal.

## Level of service performance measures

	Last year	2017/2018 Target	10 Year Target
Visitor Numbers per annum	197,767	160,000	240,000
Visitor Nights per annum	338,251	250,000	380,000
The percentage of environmentally accredited tourism operators	18%	18%	20%
Visitor length of stay as reported through Commercial Accommodation Monitor	1.71	1.6	2.0

## Economic Development

With funding from the government to help our local economy recover, following the earthquakes, a new focus on economic development will create a business mentor programme and develop a new business association. Two new roles have been created, mostly funded from the government, with a residual cost funded by the commercial rate.

## Community grants & events

Each year the Council grants funding to several local organisations so that they can carry out their day to day operations, and cover salaries and other expenses that are usually ineligible for funding from other sources. The Council also administers several central government grant schemes, such as Creative Communities, and the SPARC Rural Travel Fund.

Grants paid out to community organisations	2016/2017	2017/2018
<u>Non-contestable grants:</u>		
Kaikoura Information & Tourism	220,000	200,000
Events funding	20,000	10,000
Kaikoura Historical Society	10,000	10,000
Sport Kaikoura	6,500	15,000
Te Korowai o Te Tai o Marokura	5,000	-
Kaikoura Youth Council	3,000	3,000
Project Kaikoura (Garden competition)	500	500
	265,000	238,500
<u>Grants from other sources:</u>		
SPARC Rural Travel	9,500	9,500
Creative Communities	6,814	6,814
George Low Trust	4,500	4,500
Mayoral Fund	500	100,000
	21,314	120,814
<u>Earthquake Relief fund</u>		
Sport Tasman	-	26,500
Te Korowai o Te Tai o Marokura	-	10,000
Coastal Pacific Trails Trust	-	10,000
	-	46,500

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	139	127	229
Targeted rates and water meter charges	451	398	484
Subsidies & grants	17	17	497
Fees & charges	35	5	5
Internal charges & overheads recovered	-	-	-
<b>Total operating funding (A)</b>	<b>642</b>	<b>547</b>	<b>1,215</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	549	482	1,208
Finance costs	2	1	2
Internal charges & overheads applied	75	54	135
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>627</b>	<b>537</b>	<b>1,345</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>16</b>	<b>10</b>	<b>(130)</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	(17)	(11)	(17)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding (C)</b>	<b>(17)</b>	<b>(11)</b>	<b>(17)</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	-	-	-
Capital expenditure – to improve level of service	-	-	-
Capital expenditure – to replace existing assets	-	-	-
Increase/(decrease) in reserves	(1)	(1)	(147)
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>(1)</b>	<b>(1)</b>	<b>(147)</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>(16)</b>	<b>(10)</b>	<b>130</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Earthquake Recovery

## Sub-Activities

Caring for the displaced  
Emergency response  
Recovery & Rebuild

## Goal

*Lead the District's recovery and rebuild programme following the 7.8 magnitude earthquake of 14 November 2016 and subsequent aftershocks. Build cost-effective and easily accessible infrastructure, transport networks, housing and buildings which are able to withstand weather events, flooding, tsunamis, earthquakes and landslides (extract from the Kaikoura Recovery Plan).*

## Key Issues in 2017/2018

The initial emergency and public welfare response, following the November earthquake, has now been addressed. The Recovery Plan has been developed, after unprecedented community input into re-imagining Kaikoura. Most of the Recovery Team will have been disbanded by the end of June 2017, and the Rebuild Director, Recovery Manager and a smaller team of recovery personnel will lead the rebuild of community assets and essential services.

The Earthquake Recovery activity, and the recovery team, have been established for a finite period of time, up to two years, and will work with funders (NZTA, Ministry of Civil Defence & Emergency Management, and insurers) to streamline the rebuild work.

A Rebuild Steering Group will provide oversight of the rebuild design, projects, advice and decision making. The immediate priority will be working with the funders to decide the details of the programme, budget, standards and procurement process. The Group is also responsible for leading the rebuild of Council-owned facilities and structures and liaising with the Transport Agency and KiwiRail's North Canterbury Transport Infrastructure Recovery (NCTIR) alliance team. The NCTIR team are rebuilding the coastal highways and aiming to reopen SH1 north before the end of 2017.

## Major projects for 2017/2018:

The bulk of rebuild and renewal projects have been stated in each of the council activities in the previous pages, most notably roading, water services, sewerage and stormwater activities.

Project Expenses		Funded by	
Geotechnical investigations	168,000	Government subsidies	168,000

## Level of service performance measures

The Kaikoura Recovery Plan details many issues, opportunities and actions, with the most urgent being the re-establishment of SH1 and the rail network, as well as rebuilding council infrastructure as quickly as possible and including resilience for future events.

## Forecast Funding Impact Statement

	Annual Plan 2016/2017 \$000's	Long Term Plan 2017/2018 \$000's	Annual Plan 2017/2018 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	-	-	-
Targeted rates and water meter charges	-	-	299
Subsidies & grants	-	-	400
Fees & charges	-	-	-
Internal charges & overheads recovered	-	-	-
Fuel tax, fines & other revenue	-	-	-
<b>Total operating funding (A)</b>	<b>-</b>	<b>-</b>	<b>699</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	-	-	630
Finance costs	-	-	63
Internal charges & overheads applied	-	-	26
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>-</b>	<b>-</b>	<b>719</b>
<b>Surplus/(deficit) of operating funding (A – B)</b>	<b>-</b>	<b>-</b>	<b>(20)</b>
<b>Sources of capital funding</b>			
Subsidies & grants	-	-	-
Development & financial contributions	-	-	-
Increase/(decrease) in debt	-	-	20
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>20</b>
<b>Applications of capital funding</b>			
Capital expenditure – to meet additional demand	-	-	-
Capital expenditure – to improve level of service	-	-	-
Capital expenditure – to replace existing assets	-	-	-
Increase/(decrease) in reserves	-	-	-
Increase/(decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>-</b>	<b>-</b>	<b>20</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



