



ANNUAL PLAN 2019/2020



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The Kaikōura District

Population	3,555 (Census 2013)
Number of Properties	3,208 (total number of properties) 3,029 (rateable, separately used or inhabited parts of a property)
Land Area	2,046 sq. km
District Capital Value	\$1,609,325,656 (rateable value)
Represented by	1 Mayor and 7 Councillors, elected at large
Utilities & Services	1 Landfill 8 Public Water Supplies 1 Sewerage System
Council	Kaikōura District Council PO Box 6 Level 2, 96 West End, Kaikōura Phone: (03) 319-5026 Fax: (03) 319-5308 Web: www.Kaikōura.govt.nz Facebook: www.facebook.com/KaikōuraDistrictCouncil Twitter: www.twitter.com/@KaikouraDC

Message from the CEO

Focusing on a path to a better future

Last year we set ourselves very big work programmes to tackle some of our Districts biggest issues. This year's Annual Plan aims to deliver \$24 million of work across our district while continuing focus on the future.

The theme of this year's plan, "Building a Sustainable Future" is a major focus for the Kaikōura District. As Council continues to rebuild, repair and plan for the future of Kaikōura, this statement reminds us that the decisions we make today we make not only for ourselves, but for our future generations.

Our focus is on ensuring a sustainable approach to improving our services, taking opportunities to protect, enhance and develop our District, working with our community, our Treaty partners and our visitors and investors and navigating increasing regulation and compliance requirements.

To do so, we know we must;

- work with our key stakeholders and Treaty partners because it is through a partnership approach that we can achieve more for our District,
- listen and respond to the needs of our community including creating a freedom camping bylaw, improving our roads and improving customer services,
- remain focused on bringing the infrastructure rebuild and community facilities repair, rebuild and improvement work to completion,
- think of the future when helping support a new indoor pool for Kaikōura and continuing to drive core district projects,
- use strategic projects such as the Financial and Corporate Sustainability of the Kaikōura District Council and the review of the Natural Hazards components of the District Plan to make the best decisions we can for the future of our community,
- think of the environment as we make decisions about waste minimisation and management, biodiversity and planning for growth.

Becoming more efficient, effective and financially sustainable

Our financial environment remains challenging. This financial year we plan to deliver \$24 million in capital projects, roughly four times our normal pre-earthquake spend. We continue to manage our budgets and spend carefully. To cut costs, we are proposing to join the Local Government Funding Agency, which we estimate may save council around \$100,000 this year at planned debt levels.

One in five of our residents identify as Maori, and Council is looking forward to working with Te Rūnanga o Kaikōura, Te Ahi Wairua and the Maori community to building strong relationships that focus on building a Kaikōura that future generations can thrive in.

To handle the work generated by the earthquake and the ongoing significant changes to our community, council needs to have the right people with the right skills in place to get the job done. This means more Council staff than our pre-earthquake days. Currently council has around 42 roles, 38 ratepayer funded. As the infrastructure and community facilities programmes are completed, around 8 current roles, most externally funded, will come to an end.

Work is underway through the government funded financial and corporate sustainability project to identify other changes to help us to become more cost effective and sustainable in the future.

Investing in our roads, footpaths and streetlights

This year we have allocated \$854k more than last year, on our roading network, footpaths and streetlights. This is a significant increase in investment will make sure our roads are fit for purpose and our infrastructure is better maintained. We continue to work with our current contractor to improve service delivery and ensure a prioritised roading programme is delivered in the areas it is most needed.

Responsible Freedom Camping Bylaw

Council has agreed to develop a bylaw to help encourage visitors to our district to camp responsibly.

Developing a bylaw that will work for our community and not lead to legal challenges and extra costs will take time. A bylaw is unlikely to be fully in place for the 2019/2020 summer. Feedback from the public strongly supported that the Council employ people to monitor freedom camping sites, and to spend time educating campers how to act responsibly. There are mechanisms in place under other legislation, such as the Litter Act 1979, the Reserves Act 1977, and the Summary Offences Act 1981, to take enforcement action against people littering and defecating in public places.

Council has committed to ensuring freedom camping is monitoring, that clean-ups are undertaken, and that we will continue to work with the Responsible Camping Group, which two Councillors have joined as members.

Delivering five major infrastructure projects by July 2020

While progress with our horizontal infrastructure rebuild has been slower than hoped, significant funding has been secured, saving millions in costs to Council for many projects. The rebuild of the Lyell Creek sewer is now underway and in May the repair of six bridges and the replacement of the Ford Reservoir will also get started. Council is finalising details of the Aeration Lagoon construction.

We continue to focus on ensuring we are rebuilding fit for purpose infrastructure that will benefit our community. By the end of the 2019/2020 financial year five of our major rebuild projects will be delivered, and a sixth is expected to have made significant progress.

Prioritising the repair, rebuild or improvement of facilities to meet needs, not wants.

Essential projects for 2019/2020 will be the Memorial Hall, Scout Hall and Cuddons building as well as ongoing toilet improvements and essential 'make safe' work in a number of spots. In addition, we plan to provide \$1million and land as contributions towards a new indoor community pool. Between them, these areas provide shared spaces and essential services for youth, community and charity groups and visitors.

Economic development and core district opportunities

Last year we secured \$200,000 from the Government Provincial Growth Fund to focus on Kaikoura Marine Development Program that will drive the community forward.

Things are progressing well. We hope to have the feasibility studies for a Marine Centre of Excellence, Airport and harbour developments finalised for consideration by council and government by the end of June 2019. We are looking forward to understanding our opportunities and working with our community and our partners to take them forward towards a prosperous future.

We continue to engage with our business community and look forward to working alongside the new Business Association, which is receiving financial support from the Council. Plans are underway to look at what the mid to long term growth priorities are for our community, and how to become even more

business-friendly and work with potential investors, while proactively showcasing our highly liveable District.

Continuing community development

Our Community development team continues to support the wellbeing of our community. We are proud to be supporting work on issues such as housing and be working with our youth and social support agencies in the community. We are pleased to be part of community led projects including the work to maximise the possibilities of the Scout Hall and to build a new indoor pool for our community. This year is full of projects and opportunities and Council will do its' best to help our community thrive.

Environmental Stewardship

We remain committed to maintaining our core Earthcheck accreditation, protecting our unique natural environment and are actively working with various agencies on biodiversity, conservation and waste management and minimisation.

In a post-earthquake Kaikōura, providing for the needs of our community, rebuilding the place we live in, planning for the changes to the land we care for, and making sure our district reaches some of the future potential we know we can, is challenging. It takes planning, hard work and engagement with our community and partners.

This Plan lays out how we are prioritising and working hard to achieve all a sustainable future for everyone. We heard many of your thoughts, suggestions and ideas either at our community meetings or through our submission processes, thank you to those you participated and gave feedback.



A handwritten signature in blue ink that reads "A Oosthuizen". The signature is written in a cursive style.

Angela Oosthuizen
Chief Executive

Key Issues for 2019/2020

The District Revaluation and your rates bill

The rates for 2019/2020 can be found on pages 51-63. The District rating valuation was completed in September 2018. The rates are based on these values plus any new buildings or improvements since that date if applicable.

In this latest valuation, there were substantial increases and decreases in capital value (CV) for many homes, businesses and farms. The district valuation is completed independently by Quotable Values, and any changes in values are beyond the control of Council. On average:

- Residential CV increased by 11.5%
- Lifestyle CV increased by 4%
- Commercial CV by 3.9%
- Farming CV increased by 4.4%
- Crop & specialist CV increased by 7.9%

Most rates apply to the capital value of property, so if your property value changed more than the average for your sector, your rates bill may change more than you are expecting. For example, a house in the town centre that increased 50% in value will see a much larger increase than a house that only increased by 10% in value.

Changes in the comparative value between the sectors can also affect your rates bill. For Kaikōura, the residential share of capital value went up by 2.1%, lifestyle reduced by 1.7% and commercial reduced by 0.4%. Rural remained the same at 22.9%. This means residential properties are now sharing a higher portion of the Districts total rates bill, making it likely most urban residential properties will see a larger increase than commercial or rural properties.

The Council is proposing to offer one-off partial rates remissions for this year to properties where Council deems the rates increase is excessive and significantly onerous because of the change in capital value. More information about this new policy on rates remission is on pages 66-67.

As valuations have now been completed and should take earthquake damage into account, the Council will not be extending the rates remission policy for property that is unsafe to occupy due to earthquake damage.

Joining the Local Government Funding Agency to lower our borrowing costs

Council will commence the process required so as to participate in the New Zealand Local Government Funding Agency Ltd (LGFA) scheme. This is expected to save \$100,000 in costs this year. The LGFA is designed to allow local authorities to borrow at better interest rates than would normally be available.

The LGFA is a council-controlled trading organisation (CCTO) established by a group of local authorities and the Crown. All local authorities are able to borrow from the LGFA. There are one off up-front costs associated with joining the LGFA of approximately \$19,000 and annual ongoing costs of approximately \$4,000 for documentation. Different benefits apply depending on the level of participation. The options are:

- Participate in the LGFA scheme as a Principal Shareholding Local Authority
- Participate in the LGFA scheme as a Guaranteeing Local Authority, but not a Principal Shareholding Local Authority
- Participate in the LGFA scheme, but not as a Principal Shareholding Local Authority or as a Guaranteeing Local Authority (this is our preferred option)
- Not participate in the LGFA scheme

Council is not proposing to acquire shares in the LGFA. However, borrowing under the LGFA Scheme will require Council to acquire some capital notes issued by the LGFA. In some circumstances these could be converted into shares in the LGFA.

As at 30 June 2018 the Council's borrowing is expected to total \$3.2m, with an average cost of borrowing of 4.79% annually. Debt levels are expected to increase to approximately \$9.4m over the year as the infrastructure and community facilities rebuild progresses.

Most local authorities borrowing from LGFA become Guaranteeing Members, entering into guarantees in favour of LGFA and other local authorities, however this is not compulsory. Given our size Council does not recommend becoming a Guaranteeing Member because of the risks to Council.

Councils that are not guaranteeing members do not take on this risk but can only borrow up to \$20,000,000 and must pay a higher interest rate. Participating in the LGFA this way would save approximately \$100,000 in 2019/2020 based on estimated debt levels.

Council is proposing it will participate in the Local Government Funding Agency as a Participating Local Authority, only (option 3). Council believes being a participating member would save money without committing Council to the risk of being a Guaranteeing member. The Council believes that the benefit of the savings outweighs the costs of borrowing from LGFA.

Financial and Corporate Sustainability Review

The Government provided \$1.3million of funding to Council for this work across the 2018/2019 and 2019/2020 financial years.

Council is looking at reducing costs, increasing revenue and considering new, more efficient ways of working. The review started at the end of 2018 and includes;

- a review of all assets, fees and charges, and current debt financing to make savings,
- investigations of new revenue opportunities,
- a review of all the services provided across the District to find efficiencies,
- consideration of the council structure and new ways of working,
- and preparation of a 12-year financial plan for the District.

We've been considering how we run and fund public assets like the airport and harbour and looking at Council's financial management to find cost savings. Soon we'll be looking at how we could change the way we work to be more efficient and cost effective. We will consider whether services may be better delivered differently.

This may include teaming-up with other local councils or other contract options. No matter what changes might be required – retaining local democracy in Kaikōura and meeting the future needs of the District will be key.

The review is likely to highlight issues that will need careful consideration before decisions are made. Council will provide updates as the review progresses. Any recommendations will be ready in time for the Mayor and Councillors following this year's election.

Becoming more effective and efficient

Partnership for the future

Under the Local Government Act Council must “recognise and respect the Crown’s responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.”

To meet these responsibilities, Council has budgeted \$20,000 so that we can improve the way we;

- work to understand and uphold our obligations under the Treaty,
- understand te ao Maori with a focus on the history of Maori in Kaikōura,
- ensure Council decision making processes integrate Treaty values
- ensure the Māori community feels welcome to participate in Council decision making.

One in five of our residents identify as Maori, and Council is looking forward to working with Te Rūnanga o Kaikōura, Te Ahi Wairua and the Maori community to building strong relationships that focus on the future and building a Kaikōura future generations can thrive in.

As a wider goal, Council also continues to work to understand, encourage and celebrate the cultures that make Kaikōura home.

Council systems and support services

Council must meet legal obligations to its employees and ensure Council is delivering value for money for ratepayers with staff who are professional, motivated, highly competent and connected to the community. Spending on Human Relations including training and development and health, safety and wellbeing has been increased to ensure Council staff have the tools they need to work effectively and manage high workloads.

Spending on Councils IT systems and support, including our asset management system has also increased so we can improve the way we handle complaints and requests for services and make smarter, more informed decisions about managing our information and our assets.

Fit for purpose Council staffing

Pre-earthquake Council had approximately 23 FTEs and was delivering between \$5-6 million of work. Currently Council has 42.5 FTEs (4.5 of whom are subsidised), and is planning to deliver \$24million worth of work.

As the infrastructure and community facilities programmes are completed, around 8 current roles, most externally funded, will come to an end.

Changes this year include;

- one regulatory role ending, with responsibilities and workload absorbed into existing roles in multiple teams
- funding for two new finance roles to help with financial reporting, tracking expenditure, loans, grants and special funds which have become increasingly complex in the post-quake environment
- funding for a new communications role focused on connecting council and the community. This had been funded for one year through an external grant but now must become Council funded.
- the works and services (engineering) team is right-sizing and recruiting the right skill-sets for the broad range of projects that need to be completed. This doesn’t mean more staff, but does mean higher personnel costs to attract people with appropriate experience and skills.

Investing in our roads, footpaths and streetlights

To help keep rates increases as low as possible, Council has historically restricted spending on renewing roads/footpaths, sewer and other assets. Over time this has seen some assets deteriorate. Council is now facing big bills built up through deferring maintenance as well as issues such as damage from weather events.

As work continues to improve the quality and efficiency of Council services, significant improvements are being made to how Council manages the 84 km of sealed roads, 101 km of unsealed roads, 37 km of footpaths and 43 bridges in the Council network.

Roads

A number of our rural unsealed roads have deteriorated due to poor maintenance, heavy use and extreme weather events. To help fix the worst affected roads, Council has increased the unsealed maintenance expenditure from \$63.7k to \$100k, and gravelling expenditure from \$64.8k to \$180k.

With 205km of roads in our District, we should be resealing around 5km of our road network each year to keep our roads up to scratch, preserve the waterproofing of the road surface and protect the pavement underneath. To achieve this, Council increased the reseal budget from \$108k to \$300k.

A number of our roadside drains have not been cleaned for many years. Good drainage is essential to preserve the condition of a road pavement. Drainage renewals have increased from \$55k to \$100k.

Footpaths

Chorus will be installing Ultra-Fast Broadband in footpaths across the township over the next year. The 18/19 budget of \$50k for resurfacing has been carried over to 19/20, increasing this years' budget to \$100k. This will allow footpath resurfacing work to line up with the Ultra-Fast Broadband roll-out to prevent waste and allow the costs of new pavements to be shared.

Streetlights

The government has extended its scheme to convert street lights to LED technology at a higher subsidy rate of 85% (normal base rate of 51%) for Council. The benefit is that the same ratepayer contribution can now complete a larger conversion programme with a total value of \$96.9k.

Fairer fees and charges

Councils Revenue and Financing Policy is set at each Long Term Plan and lays out how council should use charges and other income to spread the costs of Council services as fair to our community as possible. Council's fees and charges are a way of making sure that where someone directly benefits from a service, that person pays their fair share.

In the 2019/2020 year we have changed several areas of our fees to fit better with our policy, spread costs more fairly and meet our legal obligations more effectively.

Harbour fees

Following advice from Cruise NZ and Destination Kaikōura, Council has changed our cruise ship fees. Ships will be charged their passenger capacity multiplied by five. For most ships currently visiting this means a fee of around \$3,000. The fees are similar to what other harbours charge and will help with the costs that passengers place on our infrastructure.

Regulatory fees

- Food safety and environmental health – minor changes.
- Litter – introduced fees for illegal dumping.
- Parking – there are a range of fees for illegal, unsafe or nuisance parking.

Pensioner housing

Charges for our 16 Pensioner housing units have not changed since 2016. Increasing charges would mean Council could spend more on maintaining and improving the units and would bring our charges up similar to our neighbours.

Council will be working with our tenants to review these charges over the next year.

Dog and Stock Control

Council has increased dog registration fees. This will help us make sure fees cover about 80% of the cost of providing the dog and stock control service. It will also make our fees similar to our neighbouring councils.

Building fees

Increasing building standards and strong legislation means Council continues to face increases to the cost of providing building services. Since 2014 the cost of providing building services to our community as increased by more than 100%.

Since the earthquake government grants had helped reduce the costs of the building control activity. In 2019/2020 Council will no longer receive over \$200,000 of annual earthquake related funding. Our Revenue and Financing Policy says fees should cover 80% of the cost of our building services. To meet our policy Council needs to increase what we charge.

To keep charges similar to neighbouring Councils we have increased fees for garaging, sheds, drainage, commercial properties, earthquake prone properties and the time associated with exemptions, changes and lapsed paperwork.

We are also proposing to introduce fees that are a legal requirement within the Building Act where Council previously hadn't put fees in place (for example Earthquake Prone Buildings).

For a full list of fees and charges, go to pages [68-81](#).

Introducing (free) Building Warrant of Fitness Audits

A Building Warrant of Fitness is a statement from a building owner that confirms the systems specified in the building's compliance schedule have been maintained and checked for the previous 12 months. BWOFs let building users know that a buildings systems are working properly and that there are no health and safety issues. In 2019 Council's Regulatory Enforcement Officers will be undertaking BWOF Annual audits of premises containing specified systems for the first time since the earthquake. This will be done for free this year. Charging for the service will be introduced in 2020.

Waste management and minimisation

Working with Innovative Waste Kaikōura (IWK) to plan for the future

The impact of the earthquake on our waste means there are only about two or three years' space left at the landfill at current disposal rates. In addition, several of our waste related services and strategies need an overhaul to meet today's challenges and tomorrow's needs.

Reviewing our Strategy

Our current waste management and minimisation strategy is out of date. Over the next year a new waste management and minimisation strategy will be developed covering waste collection and disposal, recycling, reuse, the future of the landfill and how best to provide and pay for services that suit Kaikōura. Partly funded by Ministry for the Environment, the strategy will make use of past work, look at current activities and costs, and review likely future needs and direction.

Revisiting how we manage and minimise waste will take time and may result in some significant changes. Council is getting started with three small but important steps.

Public bin review

There are approximately 47 sets of public bins of various kinds, in the township. Over half a tonne of rubbish comes out of these bins every day; not all of that is from visitors. This year Council will be reviewing and, if needed adjusting the types, locations and servicing of the town bins. This will include the installation of more recycling stations, rather than providing more rubbish bins. The goals are to:

- get better diversion of recyclables away from disposal
- match service to need as much as cost allows
- cut back on littering
- reduce “dodgy dumping” that costs us all.

Suburban recycling station review

The Suburban recycling station has suffered continued abuse and misuse of the area. While a new waste minimisation and management strategy is being developed, the Council has increased the provision for IWK to cover the increased cost of this service, and local sponsorship will be sought to improve the receptacles, and install a camera.

The future of the landfill

With three years of life left at current waste disposal rates, this year we’ll begin assessing and talking to our community about our short, medium and long term waste disposal options. These range from filling the landfill as planned then trucking our waste away to Canterbury or Marlborough; to extending the landfill to maximise use of the site before we start to truck away. The Council has committed \$500,000, loan funded, to start developing solutions and/or modifications to the landfill site.

Community facilities – repair, rebuild, improve

Essential projects for 2019/2020 will be the Memorial Hall, Scout Hall and Cuddons building as well as ongoing toilet improvements and essential ‘make safe’ work in a number of spots. Between them, these areas cover youth, community, charity and basic needs.

Next on the list are our parks and reserves, outdoor tennis courts and former Council offices. Between them, these next three facilities extend our communities access to sport and recreation and could provide a space for community focused work.

There’s also a long list of things we want to look at in future years such as improving the skate park, creating a dog park or a basketball court. While Council would like to investigate these ideas, we won’t have the time, people or budget to take the lead until after 2021. In the meantime, community members are welcome to talk to us about how to get ideas like these started.

Project Capital Cost Estimates	\$000's	Funded by	\$000's
Tennis courts	100	Grants & subsidies	505
West End amphitheatre repairs	85	Loans	1,691
Housing for the elderly	30	Reserves	85
Airport improvements	150	User fees & charges	30
Airport terminal building	100		2,311
Airport hangar	60		
South Bay slipway, boat parking, etc.	300		
Wharf safety improvements	100		
Scout (Drill) Hall	38		
Memorial Hall	750		
Esplanade former council office	60		
New swimming pool design	200		
Cuddon (Op Shop) building	338		
	2,311		

Memorial Hall

Our plan: The Memorial Hall will be repaired, upgraded to meet code requirements and improved to allow use by a wider variety of groups. The main hall end walls will be made stronger and connections between the ends improved. Accessibility will be improved for wheelchair users and others, electrical and fire warning systems will be updated and better stage lighting is planned. Linings will be replaced to give better acoustics and allow for indoor sport.

Cost: \$ \$750k in 2019/2020, 1.1M total

Timeline: Hall closed May – October 2019. Supper room closed May - May-July 2019

Scout Hall

Our plan: Council will fund work to make the southern half of this building safe to use. Council will work with hall users to seek external funding to repair floor damage, make the building weatherproof, and allow use of the northern half.

Cost: \$20,000 (Earthquake Recovery Fund)

Timeline: make safe work by July 2019

The Op Shop (Cuddons) building

Our plan: Strengthening and refurbishing work to make the building safer and give the Op Shop more space.

Cost: approx. \$400,000

Timeline: May-October 2019

Toilets

Our plan: Finish the West End upgrade and minor fixes elsewhere

Cost: \$20,000

Timeline: completed by late 2019

Takahanga Domain Courts

Our plan: Raise the two lower courts to the same level as the two upper courts and investigate conversion to a multi-use court/area. The area is culturally significant and Council will continue to work with the Rūnanga to develop a way forward. External funding, fundraising and/or in-kind work from the community will be central to any work.

Cost: Unknown (estimate \$100,000) – will depend on the final design

Timeline: Unknown – will depend on the final design

Harbour, wharves and Jetties:

Our plan: At Wakatu Quay, \$270,000 of loan funding has been allowed for in case buildings need to be demolished in preparation for leasing out and/or future development. Carry out make-safe works on other wharf and jetty structures.

Cost: \$100,000 to make safe
\$270,000 to demolish if required

Timeline: Urgent work in 2019/2020, less urgent in 2020/2021

Airport:

Our plan: Further safety and operational upgrades including runways and aprons. This will be loan funded and charged back to users.

Cost: \$150,000

Timeline: Underway; completed by July 2019

Walkways and cycleways

Our plan: Maintain existing tracks.

Cost: \$40,000 (Reserves Development Fund)

Timeline: By June 2020

Parks and reserves

Our plan: Better maintain existing parks and reserves. Reserves management plans drafted, consulted on and finalised.

Cost: \$25,000

Timeline: significant progress by June 2020

Former Council Offices – 34 Esplanade

Our plan: Obtain quotes to bring the building up to a tenantable standard, and investigate potential use by community groups and social agencies. Allowance has been made to repair the building if agreement can be reached regarding lease arrangements.

Cost: \$60,000

Timeline: Unknown.

Horizontal Infrastructure Rebuild: delivering five major rebuild projects by July 2020

Despite a few delays to some rebuild projects, Council expects to see substantial progress over 2019/2020. A panel of suppliers for professional services and construction is in place and pre-work has been undertaken to secure eligibility for funding. Council has a dedicated team in place and our funding partners NZTA and the Crown have even provided an additional \$2.4m in betterment funding and a further \$2.2m to cover the shortfall on the Three Waters Infrastructure.

Six Bridges

Our plan: Replace the Hawthorne Rd, Evans bridge and Wards 2 bridge (both on Mt Fyffe Road), Rorrison's Rd, Gillings Lane, and Scotts Road bridges as a package to help ensure value for money and high quality work. Hawthorne Road, Rorrison's Road and Evans bridges will be replaced with two lane bridges (not the original one lane), a pedestrian footpath will also be added to Hawthorne Bridge.

Cost: \$4.5 million (Funded: 90% NZ Transport Agency, 10% Council)

Construction: June 2019 – March 2020

Status: Contracts awarded

Lyell Creek sewer

Our plan: Replace about 1.53km of wastewater reticulation from Hawthorne Road pump station to the Mill Road pump station. A new sewer line will be installed along Beach Road and include pressure sewer collection tanks to service properties between Beach Road and Lyell Creek.

Cost: \$7million (Funded: 79% government, 21% Council)

Construction: May 2019- May 2020

Status: Contracts awarded

Fords reservoir

Our plan: Following significant strengthening to the Fords reservoirs in early 2019, Council plans to complete the rebuild element of the improvements to Fords Reservoirs' by installing a new reservoir tank beside the existing green steel tank; and demolishing and disposing of the concrete reservoirs.

Cost: \$1.23million (Funded: 93% government, 7% Council)

Construction: April 2019 - February 2020

Status: Work commenced

Aeration lagoon

Our plan: The aeration lagoon at the sewerage treatment plant collapsed in the 2016 earthquake. It will be rebuilt within the existing treatment plant site, further away from the stream.

Cost: \$3.6 million (Funded: 76% government, 24% Council)

Construction: June 2019 – May 2020

Status: Contracts awarded

Clarence Valley access

Our plan: Address the loss of the 130m long Glen Alton Bridge across the Clarence River in the Nov 2016 earthquake. Complete the required Indicative Business Case assessment of all infrastructure and non-infrastructure options. This will be considered by NZ Transport Agency and Council and discussed with the community. Council will maintain the temporary four-wheel-drive southern access route in the interim.

Cost: Solution estimates to be confirmed

Timeline: Identify and implement a solution by mid-2020

Developing a Responsible Camping Bylaw

Visitors and residents have been 'freedom camping' in Kaikōura for generations. Over the past few years their growing numbers and the bad behaviours of a small percentage has caused issues and concerns for residents.

Visitor numbers of all types have risen dramatically over the last few years and are expected to rise up to 30% more in the coming years. The challenge is to encourage visitors to use commercial campgrounds or, if they choose to 'freedom camp' to do so in a way that makes sure the impact they have on our home and our economy is as positive and sustainable as possible.

Over the 2018/19 summer, Council trialled three 'responsible camping sites' and began working with the Responsible Camping Working Group to try to finding a sustainable, permanent and positive solution

to ensuring those who camp in Kaikōura do so responsibly. The trial showed that it is definitely possible to change campers behaviour, but also threw up a new range of issues including impact on businesses and our environment.

In March 2019, Council agreed to move from this trial to a regulatory approach and develop a Responsible Freedom Camping Bylaw.

Bylaw options and costs

Under the Freedom Camping Act 2011 there cannot be a blanket ban on freedom camping across the District. The Council has committed to creating a bylaw to control freedom camping, and so it must provide areas where people can camp. Rules can be created about the type of vehicles or tents that are allowed, or the hours or duration of stay in permitted/restricted areas.

Camping can be banned or restricted in specific areas for one or more of the following reason:

1. Protect the area
2. Protect the health and safety of those that visit the area
3. Protecting access to an area

Developing a bylaw that will work for our community and not lead to legal challenges and extra costs will take time. This means a good bylaw is unlikely to be adopted and enforceable before February 2020. In response to public feedback on the issue, the Council has agreed to support the monitoring of freedom camping sites, undertake public education, and have a clean-up regime, so as to better manage the next summer season. In addition to developing the bylaw, Council will continue to work with the community and the Responsible Camping Working Group to do what we can to manage camping issues to find a sustainable solution moving forward.

Where a bylaw is in place in other districts, between 60-80% of fines issued to campers under a bylaw are paid. In Kaikōura we expect fines to offset the costs of a bylaw but not fully cover them, leaving a cost to the ratepayer. We will make an application for funding assistance from the government's freedom camping support fund as soon as this fund is available.

Planning for the future of Kiwa Road and "the Meatworks" area

The Consultation Document includes information about plans for Kiwa Road area. In 2018 Council secured \$35,650 of funding to consult on and develop a Masterplan for the Kiwa Road area from the government Tourism Infrastructure Fund (TIF). Council has to co-fund the project to a minimum of 50%. Over 2019 Council will be consulting with the community about the future of this area. If consultation shows that changes are needed, we hope to apply for additional funding from the Tourism Infrastructure fund by August 2019. There is no provision in the budget for any costs or funding.

Plans for a new swimming pool

The community swimming pool in Kaikōura on the Esplanade closed in 2016 after it was damaged by the earthquake. Since then, Council has provided funding support for a temporary 'pop-up' pool. A working group established in January 2019 worked together and created a plan for a community led project to build a new indoor pool for Kaikōura over the next four years.

Under the plan council and the working group hope to see a community charitable trust formed to lead the project, a final site chosen, a fundraising strategy in place and around \$1.5 million in funding, grants and in kind sponsorship secured by August 2019. The working group will provide regular updates to Council and the community.

The plan relies heavily on the community leading the project through the charitable trust and on community fundraising.

During 2019/2020 the Council has provided \$60,000 in the budget to support the establishment of a Trust, and towards concept designs and feasibility studies. Following public submissions, the Council has added a further \$200,000 to support these ongoing designs and studies, funded from the community facilities reserve set aside specifically for the swimming pool. This is part of the \$1 million already pledged from the Council to support the new pool.

Beyond 2019/2020, once there is a Trust in place, a chosen site for the pool and agreed designs, the Council will partner with and support the trust and the community by donating the land, committing \$250k per year towards operating costs.

In the meantime, the Council continues to provide for the “pop-up pool” to operate again over summer 2019/2020.

District Plan – review of Natural Hazards

The Kaikōura District Plan sets out how risks are assessed and managed for development in our District. Our current District Plan was first drafted in 1998. A lot has changed in our district since then and we’re now legally required to review our plan and see how it can be improved to better meet legislative requirements and our community’s needs.

Following the 2016 earthquake, the level of hazard risk in some areas of the district changed. The natural hazards plan change will consider the new information we have on flooding, liquefaction, landslides, and active faults.

The chapter review will not address coastal hazards. The profile of Kaikōura’s coastline has changed dramatically since the earthquakes, and we do not yet have the information needed for a review of the coastal hazards provisions.

The natural hazards chapter review will be the start of a rolling review of the Kaikōura District Plan. The plan will be reviewed in stages over the next few years, spreading work and costs. We aim to be in a position to be open for public submissions to the natural hazards components of the District Plan by the end of March 2020.

Summary of changes in response to public feedback

The submission period for the Annual Plan closed on 5th June 2019. 63 submissions were received, raising just under 200 issues across 11 groups of topics. The Council heard 24 submitters speak to their submissions on 13th and 14th June 2019, and deliberated on all submissions on the 14th June. Submitters showed clear preferences for Council to join the Local Government Funding Agency (LGFA), for progress to continue for a new swimming pool, and for Council to support greater public education and monitoring of freedom camping sites.

As a result of the submissions, the Council resolved to include a number of changes to the Annual Plan 2019/2020. Key changes made, as a result of the submissions and deliberations, are:

- Provide an additional \$140,000 for responsible (“freedom”) camping monitoring, public education, and enforcement (once a bylaw is operational); and has made application to MBIE’s new fund available for operational expenses related to freedom camping.
- Provide for \$500,000 to complete a landfill transfer station concept and detailed design, funded by loan, noting that the remaining useful life of the landfill is now expected to be two years. The Council is signalling that the physical works at the landfill should commence no later than 2020/2021 and that the cost of the works are currently estimated to be between \$1.2 - \$1.5 million.
- Add \$10,000 to the cost of rural recycling in acknowledgement that this service is currently operating at a loss to the contractor, Innovative Waste Kaikōura Ltd (IWK). The Suburban School collection point is the main area of concern.
- Add \$45,000 to install more recycling stations around the township, subject to a successful application to the TIF.
- Add \$200,000 for further concept designs, detailed designs, and other costs pertaining to the proposed new swimming pool, funded from the property special fund. This is part of the \$1 million already confirmed by the Council, the decision brings the costs forward one year.
- Correct an omission in the Draft Annual Plan, by increasing forecast harbour revenues by \$20,000 and to amend the cruise ship fees, from \$500 per vessel, to \$5.00 per ship’s passenger capacity. This increases cruise ship fees for some regular visiting cruise ships, from \$500 to \$3,430 dependent upon capacity.
- Add \$40,000, funded by loan, to make the 34 Esplanade (former Council offices) safe to use and available for leasing out. A number of organisations and groups have expressed an interest in using that building.
- Provide for \$100,000 to raise and level the two lower tennis courts on Killarney St, so they can be used for multipurpose (tennis, netball, basketball). This is subject to sourcing at least \$70,000 worth of in-kind volunteer work & materials, with the balance \$30,000 funded from reserve development contributions.
- Add \$10,000 to the parks and reserves budget, funded from general rates, to clear and replace the trees on State Highway 1 at the south-east entrance to the township.
- Add another \$10,000 to support Kaikōura Information & Tourism (KITI) to operate the i-Site; funded by the commercial rate
- Add \$10,000 to support the Kaikōura Cycle Club to maintain their cycle trails; funded by the general rate
- Add \$5,000 to support Sport Tasman to deliver youth programmes, therefore repurposing the \$5,000 from Sport Tasman’s grant funding that had been increased in the Three-Year Plan for post-quake programmes. This decision is cost-neutral.
- Provide \$43,000 to install a chlorination treatment system to the Oaro water supply so as to improve drinking water standards, funded by targeted water rates for the Kaikōura

Water Cohort (Kaikōura Urban, Suburban, Ocean Ridge, Peketa and Oaro water supplies).

- Add \$65,000 for additional staffing, including a jointly-funded Cultural Advisor to enable the Council to meet its Treaty of Waitangi obligations and to enhance a positive working relationship with Te Runanga O Kaikōura.

Financial Information

Compliance with Financial Strategy

Rates limits

Our financial strategy limits the rates increases the Council should impose on our community. The rates increase limit for the 2019/2020 financial year is 14.0%. Post-quake, rates increases are inevitable to enable the rebuild to take shape and to provide an appropriate level of service to the community. The actual rates increase is 11.9% for 2019/2020, and we aim to smooth rates increases to no more than 10% in 2020/2021.

Debt limits

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

- Actual total borrowings will not exceed the self-imposed \$15 million cap, and
- Gross interest expense of all external borrowings will not exceed 10% of total revenue.

The Council increased our debt limit from \$12 million to \$15 million last year, in readiness for the substantial infrastructure rebuild to renew earthquake-damaged assets. Actual debt is forecast to remain less than \$10 million in 2019/2020, and loan interest will remain at less than 5% of total revenue.

Balanced budget

We are forecasting a surplus of \$15.67 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 \$21.87 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.

Financial assumptions

- The Crown will fund the three-waters projects at 60% of the cost of rebuild, paid on a claims basis. This means the Council will need to loan-fund any cash shortfall for the period between payment to supplier and receipt of the subsidy from the Crown.
- 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 30 years
- Address smoothing of rates increases over a period of time – by raising cashflow loans and utilising all available cash reserves

Level of uncertainty, and risks

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 potential grants 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 may reveal further damage which may lead to escalated costs
- 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) have been undertaken as at 30 September 2018, which includes valuation of earthquake 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.

Rates remissions on property that is unsafe to occupy

The Council will not be extending the rates remission policy for property that is unsafe to occupy due to earthquake damage. This is because the district valuations have now been completed, and these rating valuations take earthquake damage into account. Also, it is likely that landowners will have settled their insurance claims. Where properties are unsafe to occupy due to earthquake damage, and circumstances still leave landowners in financial hardship, the Mayoral Earthquake Relief Fund is available to offer some financial relief.

New Rates Remission Policy on property with extreme rates increase

The Council has a new rates remission policy to assist land owners that are facing rates increases beyond the normal range of increases across the district. This means that, where rates on an individual property are increasing more than the average for that sector, or more than \$500 (whichever is the greater), that property will receive a one-off rates remission to smooth rates to no more than these thresholds (whichever is the greater). More information about this new policy on rates remission is on pages 66-67.

Forecast Statement of Comprehensive Revenue & Expense

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
Revenue			
Rates revenue	6,852	7,679	7,668
Water meter charges	130	134	130
User fees & charges	1,443	1,576	1,551
Grants & subsidies	20,676	8,930	21,870
Development contributions	-	82	81
Interest income	75	20	19
Other revenue	1,247	785	787
Total revenue	30,423	19,206	32,106
Expenses			
Personnel	3,499	2,895	3,593
Depreciation & amortisation	2,043	2,396	2,173
Financing expenses	572	588	316
Other expenses	11,396	7,054	10,350
Total expenses	17,510	12,933	16,432
Net surplus / (deficit)	12,913	6,273	15,674
Other comprehensive income			
Gains on asset revaluation	14,332	-	-
Financial assets at fair value through equity	-	-	-
Total other comprehensive income	14,332	-	-
Total comprehensive income	27,244	6,273	15,674

The delay in the horizontal infrastructure rebuild has meant that grants and subsidies from the Crown and NZTA to complete the works were also delayed in 2018/2019, and carried over to the 2019/2020 financial year.

Forecast Statement of Financial Performance (by Activity)

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
Revenue			
Roading	2,249	1,938	2,636
Water supplies	1,190	1,561	1,528
Wastewater	715	794	835
Stormwater	136	124	114
Refuse & recycling	576	255	318
Community facilities	2,404	1,406	1,720
Commercial activities	1,217	759	750
Leadership & governance	834	548	766
Regulatory services	818	540	690
Community development	94	68	99
Strategy & policy	2,402	736	593
Earthquake event	15,311	7,660	19,090
General rates	2,402	2,797	2,948
Interest revenue	75	20	19
Total revenue	30,423	19,206	32,106
Expenses			
Roading	2,606	2,111	2,273
Water supplies	1,453	1,402	1,358
Wastewater	919	1,015	1,060
Stormwater	188	172	150
Refuse & recycling	616	571	565
Community facilities	2,293	2,313	2,383
Commercial activities	1,056	681	954
Leadership & governance	1,988	1,424	2,099
Regulatory services	1,069	981	1,075
Community development	930	707	1,000
Strategy & policy	2,832	1,145	1,159
Earthquake event	1,560	411	2,356
Total expenses	17,510	12,933	16,432
Net surplus / (deficit)	12,913	6,273	15,674
Gain on asset revaluation	14,332	-	-
Other comprehensive revenue	-	-	-
Total comprehensive revenue	27,244	6,273	15,674

Forecast Statement of Movements in Equity

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
Equity opening balance	163,414	190,659	169,946
Net surplus/(deficit)	12,913	6,273	15,674
Revaluations	14,332	-	-
Equity closing balance	190,659	196,932	185,620

Forecast Statement of Financial Position

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
Current assets			
Cash and cash equivalents	1,832	9	500
Trade & other receivables	3,742	2,365	3,956
Prepayments	98	98	98
Other financial assets	-	-	-
Total current assets	5,672	2,472	4,554
Non-current assets			
Other financial assets	-	-	-
Forestry assets	2,583	2,583	2,583
Investment property	2,313	2,313	2,513
Property, plant & equipment	192,026	201,823	187,767
Total non-current assets	196,922	206,719	192,863
Current liabilities			
Trade & other payables	1,955	1,488	1,658
Employee entitlements	100	100	180
Borrowings - current	616	844	658
Total current liabilities	2,671	2,432	2,496
Non-current liabilities			
Borrowings – non-current	8,699	9,263	8,736
Other term debt	565	565	565
Total non-current liabilities	9,264	9,828	9,301
Net assets	190,659	196,932	185,620
Equity			
Ratepayers equity	107,427	116,426	121,488
Special funds & reserves	4,981	2,255	1,898
Asset revaluation reserve	78,251	78,251	62,234
Total equity	190,659	196,932	185,620

Forecast Statement of Cash Flows

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
Operating activities			
<i>Cash was provided from:</i>			
Rates	6,852	7,679	7,668
Interest revenue	75	20	19
Other	22,761	12,883	23,142
<i>Cash was applied to:</i>			
Interest expense	(572)	(588)	(316)
Operating expenses	(14,290)	(10,416)	(14,153)
Net cash flow from operating	14,826	9,578	16,360
Investing activities			
<i>Cash was provided from:</i>			
Sale of investment properties	-	-	-
Sale of assets	-	-	-
<i>Cash was applied to:</i>			
Purchase of investment properties	(200)	-	(338)
Purchase of assets	(19,746)	(12,193)	(25,061)
Net cash flow from investing	(19,946)	(12,193)	(25,399)
Financing activities			
<i>Cash was provided from:</i>			
Drawdown of borrowings	2,323	1,408	5,342
<i>Cash was applied to:</i>			
Repayment of borrowings	(397)	(616)	(305)
Net cash flow from financing	1,927	792	5,037
Total net cash flows	(3,193)	(1,823)	(4,002)
Opening cash balance	5,025	1,832	4,503
Closing cash balance	1,832	9	500

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 2019 to 30 June 2020.

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:

Infrastructural Assets	Years	Rate (Rounded)
<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%
Infrastructural Assets	Years	Rate (Rounded)
<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%

Operational Assets	Years	Rate (Rounded)
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%

Restricted Assets	Years	Rate (Rounded)
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 2018-2021 Three-Year Plan.

Notes to the Forecast Financial Statements

Depreciation & amortisation expenses

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
Roading	814	946	821
Water supplies	341	370	349
Sewerage	294	401	379
Stormwater	62	68	56
Refuse & recycling	1	1	1
Community facilities	428	489	447
Commercial activities	-	-	-
Leadership & governance	70	85	85
Regulatory services	-	-	-
Community development	33	35	35
Strategy & policy	-	-	-
Earthquake event	-	-	-
	2,043	2,396	2,173

Targeted rates for metered water supply (water meter charges)

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
Water meter charges	130	133	130

Water meter charges are separately identified in the Statement of Comprehensive Revenue and Expense ([page 21](#)), but are included in targeted rates in the Forecast Funding Impact Statement ([page 47](#)), 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

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
Horizontal Infrastructure Rebuild (Earthquake rebuild projects)			
Roads contingency	-	790	-
Bridges contingency	-	589	-
External resources	124	-	-
Roads sealed surfaces	237	-	-
Roads drainage	482	-	-
Footpaths	192	-	-
Streetlights	89	-	-
Bridges	6,541	4,349	9,341
Kaikōura water reticulation	88	176	253
Kaikōura water structures	909	262	1,200
Wastewater reticulation	2,462	2,211	5,536
Wastewater structures	2,599	181	3,639
Three-waters betterment projects ¹	1,300	200	-
Stormwater reticulation	319	6	-
Stormwater structures	302	5	-
	15,644	8,769	19,969
Roading			
Sealed surface renewals	105	108	300
Unsealed road renewals	63	65	180
Kerb & channel renewals	53	54	100
Road rehabilitation	-	308	307
Minor improvements	100	51	52
Traffic Services	12	38	38
Footpath renewals	50	51	140
Streetlight replacement	27	29	97
Undergrounding power	125	-	-
	535	704	1,214
Water supplies			
Kaikōura water main	54	56	-
Kaikōura pipe renewal	-	400	400
Kaikōura treatment & SCADA	6	-	37
Suburban treatment & intake	156	3	162
Mackles bore & pump	-	-	50
Ocean Ridge upgrade	1	54	75
East Coast upgrade	-	7	9
Kincaid renewals	22	22	20
Kincaid intake upgrade	6	9	11
Fernleigh upgrade	6	5	8
Oaro upgrade	7	10	53
Peketa upgrade	3	226	226
	261	792	1,051

¹ Betterment projects are included in Water Supplies, Sewerage and Stormwater as applicable, so as to differentiate these projects from the earthquake horizontal infrastructure rebuild.

Capital Works Programme

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
<u>Wastewater</u>			
SCADA upgrade	-	-	40
Pipe renewals	20	80	40
	20	80	80
<u>Stormwater</u>			
Upgrades & consents	-	100	100
Renewals	10	10	10
	10	110	110
<u>Refuse & Recycling</u>			
Landfill development	311	257	500
Landfill aftercare	8	8	-
New recycling stations	-	-	45
	319	265	545
<u>Community Facilities</u>			
Tennis courts	30	-	100
Public toilets	276	-	-
West End amphitheatre	-	-	85
Pensioner flats	98	21	30
Walkways & cycleways	100	-	-
Airport upgrades	27	-	150
Airport terminal renewal	-	581	100
Airport hangar	190	-	60
Repair swimming pool	700	-	-
New swimming pool designs etc	-	-	200
South Bay slipway & boat parking	300	-	300
North Wharf safety upgrade	150	-	100
Drill Hall	225	-	38
Memorial Hall	750	750	750
Freedom camping signage	-	-	60
	2,846	1,352	1,973
<u>Commercial Activities</u>			
25 Beach Road	200	-	338
Other investment property	-	-	-
	200	-	338
<u>Leadership & Governance</u>			
Office furniture	14	14	14
Computer software	20	20	20
Computer equipment	20	21	20
Vehicles & plant	34	38	38
	88	93	92
<u>Community Development</u>			
Library books	26	26	26
	26	26	26
Total Capital Expenditure	4,303	3,424	25,398

Special Funds & Reserves

	Opening Balance	Transfers In	Interest Applied	Transfers Out	Closing Balance
Roading	22	-	-	-	22
Kaikoura urban water	14	23	-	-	37
East coast water	(8)	-	-	-	(8)
Kincaid water	123	4	1	-	128
Fernleigh water	2	-	-	-	2
District plan	82	-	-	(50)	32
Stormwater	13	10	-	-	23
Sewerage	1	25	-	-	26
Social services	5	-	-	-	5
Tourism	35	-	-	-	35
George Low fund	57	-	-	-	57
Forestry	763	-	4	(300)	467
Parks & reserves	71	-	-	(102)	(31)
Properties	11	-	-	-	11
Community facilities	1,078	-	6	(260)	824
Earthquake Outreach	55	-	-	(55)	-
Landfill aftercare	94	8	-	-	102
Landfill development	82	-	-	-	82
Earthquake rebuild fund	1,504	-	7	(1,500)	11
Footpaths & streetlights	54	-	-	(50)	4
Registered premises	10	-	-	(10)	-
Town centre	120	-	1	(85)	36
Stock control	25	-	-	-	25
Significant natural areas	29	-	-	(29)	-
Waste minimisation levy	26	-	-	(24)	2
Creative communities	6	-	-	-	6
	4,274	70	19	(2,465)	1,898

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.

	Purpose	Amount \$000's
Stormwater Loan	Upgrade stormwater in flood-prone area	100
Wakatu Quay Demolition Loan	Demolish the buildings at Wakatu Quay	270
25 Beach Road Loan	Major repairs to the Opshop building	337
34 Esplanade Loan	Major repairs to the former Council office building	60
Memorial Hall Loan	Upgrade the Memorial Hall	413
Landfill Development Loan	Designs & site configuration	500
Kaikōura Water Loan	Kaikoura Urban & Suburban water projects	342
Peketa Water Loan	New bore & treatment plant for Peketa water supply	225
Airport Facilities Loan	Airport terminal, hangar & safety improvements	330
South Bay Harbour Loan	Slipway, boat parking and safety improvements	300
Earthquake (Roding) Loan	Rebuild earthquake-damaged bridges	836
Earthquake (Water) Loan	Rebuild earthquake-damaged water services	181
Earthquake (Sewer) Loan	Rebuild sewer main, wastewater treatment plant, etc.	665
Earthquake (Stormwater) Loan	Repair earthquake damaged assets	123
Earthquake (Cashflow) Loan	Cash management during earthquake rebuild	720
		5,402

Summary of forecast borrowing needs:

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
Opening balance of debt	6,139	9,315	4,358
Movements through the financial year:			
Loans maturing	(397)	(616)	(305)
New borrowings	2,323	1,408	5,402
Net movement through the financial year:	1,926	792	5,097
Closing balance of debt	9,315	10,108	9,455

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;

Measure	Limit	Actual
Total debt (unless activity is self-funded)	\$15 million	\$9.455 million
Loan interest as a percentage of total revenue ²	10%	0.99%
Loan interest as a percentage of total revenue less subsidies	10%	3.10%

² Loan interest as a percentage of total revenue is particularly low due to the significant subsidies from the government, which bring total revenue to \$32.1 million.

Financial Forecasting Assumptions

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 are forecast to be 4.5%
- 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 \$259,900 in 2019/2020 – of which we issue 13.37% to Environment Canterbury. These funds are used to cover all expenses relating to Council's forestry activities in the first instance, with the balance used to replenish the forestry special fund. The Council signalled in the Three-Year Plan that it would draw on the special fund to help reduce the impact on rates and debt. In 2019/2020 that means \$300,000 from the forestry special fund will be used to cover some of the unsubsidised costs and additional personnel that are needed post-quake. Those unsubsidised costs would otherwise be another burden on ratepayers.

Taxation

The commercial nature of the South Bay marina makes the harbour a taxable activity. Council has unused tax losses at 30 June 2018 of \$219,692, with a tax effect of \$61,514 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 other funding support packages, such as betterment funding for certain projects where the renewal of earthquake damaged assets also requires an upgrade (such as to meet new drinking water standards).
- 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.
- The Sport NZ rural travel grants, and the George Low bequest, are assumed to continue at current levels. Creative Communities has advised a funding increase to \$15,000 per annum.

District Valuation

The latest District valuation for rating purposes was undertaken in September 2018, and this valuation, combined with the value of any construction work completed during the year, forms the basis upon which rates for 2019/2020 will be set. The District valuation has no effect on Council's prospective financial statements, but will have a significant effect on individual rateable properties, as most of the

Council's rates are applied to the capital value of property. The valuation has resulted in significant movements in property values following the effect of the earthquake on land stability in certain parts of the district, and substantial increases and decreases in the capital value of many homes, businesses and farms.

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 is under increasing pressure due to demolition waste, and a significant drop in domestic and international markets to take recyclable materials. 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 2019/2020 financial year.

Emissions trading scheme

The Council has statutory obligations under the Emissions Trading Scheme to purchase carbon credit units, and surrender these dependent upon the level of emissions from Council operations. The Scarborough Street landfill does have emissions. This year the Council has made provision for the purchase and surrender of 1600 carbon credits at \$25.00 each (a cost of \$40,000).

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 cashflow 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 2019/2020, are of a magnitude previously unseen in the Kaikoura district. The timing of these projects, the costs to complete them, and the actual amounts we receive in subsidies, 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

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's
Sources of operating funding			
General rates, UAGC, rates penalties	2,402	2,797	2,948
Targeted rates (incl. water meter charges)	4,580	5,016	4,850
Subsidies and grants - operating	5,143	1,308	3,789
Fees & charges	1,404	1,537	1,534
Interest & dividends from investments	75	20	19
Fuel tax, fines & other revenue	1,286	824	802
Total operating funding (A)	14,890	11,502	13,942
Applications of operating funding			
Payments to staff & suppliers	14,896	9,943	13,938
Finance costs	572	595	323
Other operating funding applications	-	-	-
Total applications of operating funding (B)	15,468	10,537	14,261
Surplus/(deficit) of operating funding (A - B)	(578)	965	(319)
Sources of capital funding			
Subsidies and grants – capital	15,533	7,622	18,145
Development and financial contributions	-	82	82
Increase / (decrease) in debt	1,927	792	5,097
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	17,460	8,496	23,324
Applications of capital funding			
Expenditure to meet additional demand	1,051	172	1,057
Expenditure to improve level of service	4,310	1,590	2,337
Expenditure to replace assets	14,585	10,431	22,006
Increase / (decrease) in reserves	(3,064)	(2,732)	(2,395)
Increase / (decrease) in investments	-	-	-
Total application of capital funding (D)	16,882	9,461	23,005
Surplus/(deficit) of capital funding (C – D)	578	(965)	319
Funding balance ((A – B) + (C – D))	-	-	-

Rating Funding Impact Statement

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

Definitions

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

Commercial property

All rateable properties in the District;

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

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. The objective of the differential rate is to acknowledge that rural and semi-rural properties are predominantly farmland with high capital values (in comparison with their urban counterparts) but that their capital value does not necessarily reflect the services they receive or have access to.

Self-contained and serviced

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

Separately used or inhabited part of a rating unit

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

- *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. The separately inhabited part of a rating unit may be part of a larger structure containing multiple parts, but is separate by virtue of being self-contained and having separate external access.

Small accommodation property

All rateable properties providing short-term accommodation for commercial reward, but not meeting the criteria of a commercial property. For the avoidance of doubt, this means (having not met the criteria of a commercial property in the first instance), all rateable properties that provide short-term visitor accommodation, and which are;

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

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

Targeted Rates

Targeted rates enable the Council to identify specific properties that it considers receive the greatest benefit from, or create the greatest need for, the Council's various activities.

Targeted rates can be applied on a number of categories of rateable property, including (for example);

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

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

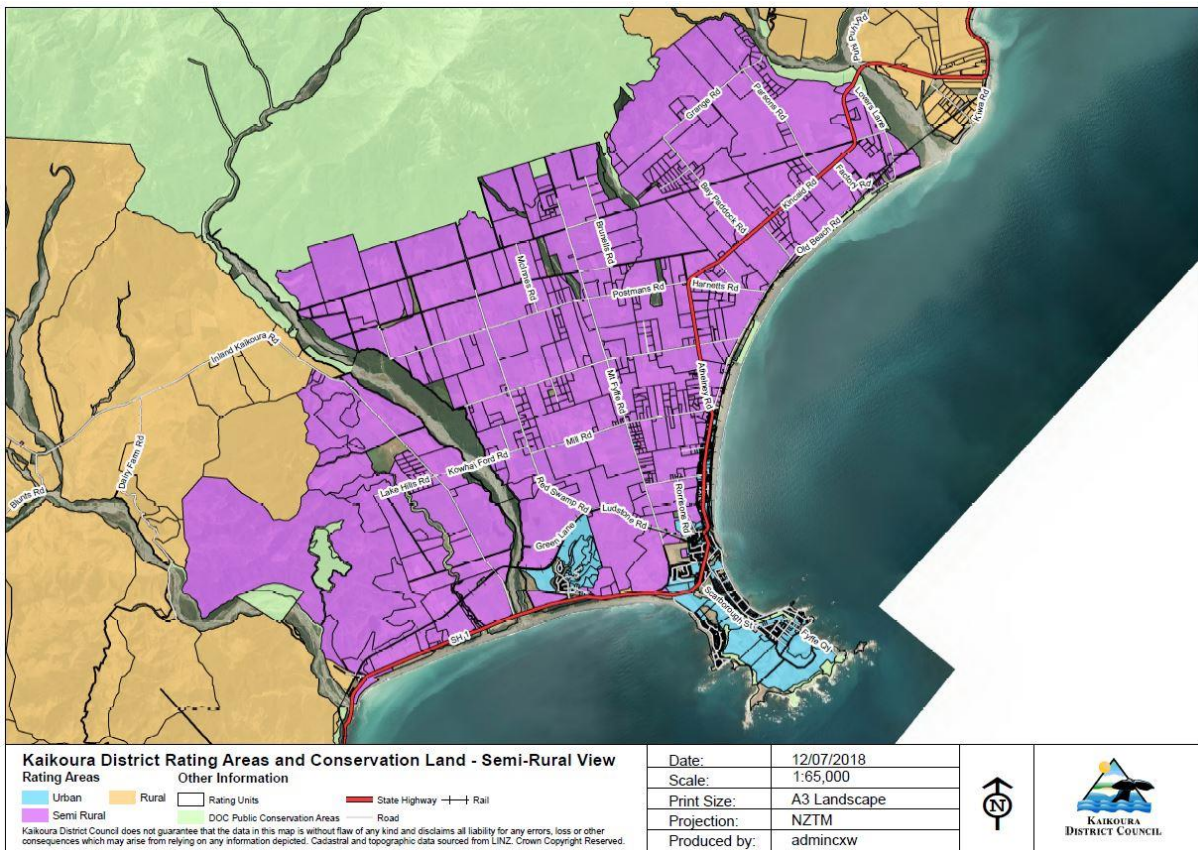
The Council will not be inviting lump sum contributions in respect of any targeted rates.

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.

Rating Areas

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



The above map shows each of the rating areas. The bulk of the District is rural, portrayed in pale orange. The purple 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 pale blue area is 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.

Rates for 2019/2020

General Rates & Uniform Annual General Charges

General Rates and the Uniform Annual General Charge apply to all rateable land. In 2016 the Council introduced a differential on the general rate of 0.9:1 for all properties in the rural and semi-rural areas (i.e. outside the urban area), except for utilities. The map on page 50 indicates those rating areas.

<i>General Rate: to fund the general operations of Council, including general management, community services, communications, strategy & policy, economic development, environmental planning, the net costs of statutory planning, building control, dog control, community facilities, general parks and reserves, the airport, and a portion of public toilets and traffic control.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties within the urban area, and all rateable properties classified as utilities	\$0.00110875 per dollar of rateable capital value	\$901,301
All rateable properties outside the urban area, except for properties classified as utilities	\$0.00099787 per dollar of rateable capital value	\$794,734
Total		\$1,696,036
<i>Uniform Annual General Charge: to fund the general operations of Council, including landfill and recycling operations, governance, library services, sports fields, playgrounds, cemetery, walkways, public halls, swimming pool, general environmental health and civil defence preparedness.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties within the District	\$559.15 per separately used or inhabited part of a rating unit	\$1,693,667

Targeted Rates

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

<i>Earthquake Rate: to fund the net costs of earthquake response and rebuilding, including loan servicing costs relating to earthquake work.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties within the District	\$0.00001429 per dollar of rateable capital value	\$23,011

<i>Earthquake Levy: to build resilience reserves which can be used for current and future emergency event response and rebuilding.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties within the District	\$45.00 per separately used or inhabited part of a rating unit	\$136,305
<i>Roading Rate: to fund the net costs of upgrading and maintenance of the district bridges and roading network</i>		
Category	Calculation	Amount required (including GST)
All rateable properties within the District	\$0.00069515 per dollar of rateable capital value	\$1,119,085
<i>District Planning Rate: to fund the costs of District Planning for the Kaikōura District.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties within the District	\$0.00015311 per dollar of rateable capital value	\$246,489
<i>Civic Centre charge: to fund the net costs of the museum, library and Council office building.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties within the District	\$63.27 per separately used or inhabited part of a rating unit	\$191,648

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

<i>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 Ocean Ridge, East Coast, Peketa and Oaro water supplies.</i>		
Category	Calculation	Amount required (including GST)
Full Charge: All rateable properties connected to the Kaikōura water supply.	\$542.38 per separately used or inhabited part of a rating unit	\$954,048
Half Charge: All rateable properties situated within 100 metres of any part of the Kaikōura water supply, but not connected to the supply.	\$271.19 per separately used or inhabited part of a rating unit	\$47,865

Total		\$1,001,913
<i>Kaikōura Water Loan Charge: to fund the loan servicing costs of the Kaikōura water supply.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties situated within 100 metres of any part of the Kaikōura water supply.	\$24.99 per separately used or inhabited part of a rating unit	\$48,213

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.

<i>Ocean Ridge Water Annual Charge: to fund the costs of the supply, treatment, and maintenance of the Ocean Ridge water supply.</i>		
Category	Calculation	Amount required (including GST)
<u>Full Charge</u> : All rateable properties connected to the Ocean Ridge water supply.	\$542.38 per separately used or inhabited part of a rating unit	\$24,950
<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.	\$271.19 per separately used or inhabited part of a rating unit	\$28,204
Total		\$53,154
<i>Rural Water Charges to fund the supply, treatment, upgrading, and maintenance of the following water supply areas.</i>		
Category	Calculation	Amount required (including GST)
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)	\$99,360
Kincaid Rural Water Charge: all rateable properties connected to the Kincaid rural water supply.	\$228.36 per water unit (1,000 litres per day)	\$137,930
Oaro Rural Water Charge: all rateable properties connected to the Oaro rural water supply.	\$542.38 per separately used or inhabited part of a rating unit	\$36,340

Peketa Rural Water Charge: all rateable properties connected to the Peketa rural water supply.	\$542.38 per separately used or inhabited part of a rating unit	\$10,305
Suburban Water Charge: all rateable properties within the Suburban water area.	\$379.67 per water unit (1,000 litres per day)	\$41,384
Fernleigh Rural Water Charge: all rateable properties connected to the Fernleigh rural water supply	\$102.31 per water unit (1,000 litres per day)	\$29,670

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.

<i>Stormwater Rate: to fund the costs of stormwater disposal, loan servicing, upgrading and maintenance of the Kaikōura Stormwater scheme.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties within the Kaikōura urban area.	\$0.00015588 per dollar of rateable capital value	\$119,740
<i>Sewerage Loan Rate: to fund the loan servicing costs of the Kaikōura Sewerage scheme.</i>		
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.	\$0.00019470 per dollar of rateable capital value	\$157,514

<i>Sewerage Charge: to fund the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.</i>		
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 (see definition on the following page).	\$342.06 per separately used or inhabited part of a rating unit, and \$171.03 for each water closet and urinal after the first within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal. <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>	\$563,722
<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.	\$171.03 per separately used or inhabited part of a rating unit.	\$107,579
<i>Sewerage Charge (continued): to fund the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.</i>		
Category	Calculation	Amount required (including GST)
<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.	\$342.06 per separately used or inhabited part of a rating unit, and \$115.00 for each water closet and urinal after the first within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.	\$43,930

<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.	\$342.06 per separately used or inhabited part of a rating unit, and \$200.00 for each water closet and urinal after the first within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.	\$55,200
Total		\$99,130

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.

<i>Kerbside Recycling Charge: to fund the costs of the weekly kerbside recycling collection service.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties that have access to the kerbside recycling collection service (including Oaro)	\$104.00 per separately used or inhabited part of a rating unit	\$203,424
<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>		
Category	Calculation	Amount required (including GST)
All rateable properties other than those that have access to the kerbside recycling collection service	\$56.21 per separately used or inhabited part of a rating unit	\$58,123

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.

<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>		
Category	Calculation	Amount required (including GST)
All rateable properties in the District; <ul style="list-style-type: none"> • Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or • Used principally for visitor accommodation for commercial reward for <i>not less than five persons</i>, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, or camping ground; or • Used as licensed premises under the Sale of Liquor Act 1989. 	\$0.00263352 per dollar of rateable capital value	\$424,016
<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>		
Category	Calculation	Amount required (including GST)
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, baches rented out as holiday homes, and other visitor accommodation such as Air B&B-style, but not including long-term rental accommodation.	\$400.00 per separately used or inhabited part of a rating unit	\$74,400

<i>Public Rubbish Bin Charge: to fund the costs of providing a public rubbish bin collection service at various locations around the District.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties in the District; <ul style="list-style-type: none"> • Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or • Used principally for visitor accommodation for commercial reward for <i>not less than five persons</i>, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, camping ground or “boarding house”³; or • Used as licensed premises under the Sale of Liquor Act 1989. 	\$157.94 per separately used or inhabited part of a rating unit	\$36,800
<i>Registered Premises Charge: to fund the net costs of liquor licensing, food and health safety inspections, and environmental health.</i>		
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.	\$345.00 per license	\$43,988

Please refer to the sewerage charges on pages 55-56 as they pertain to certain commercial properties, and also to the water meter charges on page 63 for commercial properties that are metered.

³ 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). Please refer to the definitions and map of rating areas, on page 50.

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.

Category	Calculation	Amount required (including GST)
All rateable properties within the urban area.	\$0.00008666 per dollar of rateable capital value	\$70,443
All rateable properties within the semi-rural area.	\$0.00004333 per dollar of rateable capital value	\$18,174
All rateable properties within the rural area.	\$0.00002166 per dollar of rateable capital value	\$8,167
Total		\$96,784

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.

Category	Calculation	Amount required (including GST)
All rateable properties within the urban area.	\$0.00006933 per dollar of rateable capital value	\$56,359
All rateable properties within the semi-rural area.	\$0.00003467 per dollar of rateable capital value	\$14,541
All rateable properties within the rural area.	\$0.00001733 per dollar of rateable capital value	\$6,534
Total		\$77,434

<i>Footpath & Streetlight Rate: to fund the net costs of maintaining, upgrading and operating footpaths and streetlights, including electricity and loan servicing costs.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties within the urban area.	\$0.00016031 per dollar of rateable capital value	\$130,317
All rateable properties within the semi-rural area.	\$0.00008016 per dollar of rateable capital value	\$33,622
All rateable properties within the rural area.	\$0.00003206 per dollar of rateable capital value	\$12,087
Total		\$176,026

One targeted rate also relies upon these definitions of rating areas to determine which properties the rate applies to, by excluding the urban area.

<i>Stock Control Rate: to fund the net costs of stock control.</i>		
Category	Calculation	Amount required (including GST)
All rateable properties outside the urban area (i.e. including both semi-rural and rural properties).	\$0.00001881 per dollar of rateable capital value	\$14,978

The previous pages identify each rate for the 2019/2020 financial year. Note that all amounts are GST inclusive, whereas those amounts within the Forecast Funding Impact Statement (on page 49) 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 365m³ 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 st week July	January to June	20 August 2019
1 st /2 nd week January	July to December	20 February 2020

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 2019 to 30 September 2019	20 September 2019
Instalment 2:	1 October 2019 to 31 December 2019	20 December 2019
Instalment 3:	1 January 2020 to 31 March 2020	20 March 2020
Instalment 4:	1 April 2020 to 30 June 2020	20 June 2020

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 2019/2020

	Rates 2018/2019 \$	Rates 2019/2020 \$	Change %
General Rate (Urban & Utility)	0.00084147	0.00110875	31.76%
General Rate (Rural & Semi-rural)	0.00075732	0.00099787	31.76%
Uniform Annual General Charge	519.85	559.15	7.56%
Earthquake Rate	0.00013204	0.00001429	(89.17)%
Earthquake Levy	45.00	45.00	-
Kaikōura Water Loan Charge	47.96	24.99	(47.89)%
Kaikōura Water Annual Charge	396.92	542.38	36.64%
Kaikōura Water Half Annual Charge	198.46	271.19	36.64%
Sewerage Loan Rate	0.00020946	0.00019470	(7.04)%
Sewerage Charge (1 Pan)	290.84	342.06	17.61%
Sewerage Half Charge	145.42	171.03	17.61%
Sewerage Charge ⁴	145.42	171.03	17.61%
Sewerage Commercial Charge ⁵	189.00	200.00	5.82%
Sewerage Self Contained Charge ⁵	105.00	115.00	9.52%
Stormwater Rate	0.00022382	0.00015588	(30.35)%
Ocean Ridge Water Annual Charge	396.92	542.38	36.64%
Ocean Ridge Water Half Charge	198.46	271.19	36.64%
Roading Rate	0.00053906	0.00069515	28.96%
Footpath & Streetlight Rate			
Urban	0.00027690	0.00016031	(42.11)%
Semi-rural	0.00013845	0.00008016	(42.11)%
Rural	0.00005538	0.00003206	(42.11)%
Kerbside Recycling Charge	104.00	104.00	-

⁴ For each subsequent pan where there is more than one pan

Rates for 2019/2020

	Rates 2018/2019 \$	Rates 2019/2020 \$	Change %
Rural Recycling Charge	40.76	56.21	37.91%
Public Rubbish Bin Charge	155.93	157.94	1.29%
Stock Control Rate	0.00003844	0.00001881	(51.07)%
Commercial Rate	0.00261534	0.00263352	0.70%
Accommodation Sector Charge	400.00	400.00	-
Registered Premises Charge	337.05	345.00	2.36%
Civic Centre Charge	67.92	63.27	(6.84)%
Town Centre Rate - Urban	0.00011362	0.00006933	(38.98)%
Town Centre Rate - Semi-rural	0.00005681	0.00003467	(38.98)%
Town Centre Rate - Rural	0.00002840	0.00001733	(38.98)%
District Planning Rate	0.00020650	0.00015311	(25.85)%
Harbour Rate - Urban	0.00008206	0.00008666	5.6%
Harbour Rate - Semi-rural	0.00004103	0.00004333	5.6%
Harbour Rate - Rural	0.00002051	0.00002166	5.6%
East Coast Water Charge	690.00	690.00	-
Kincaid Water Charge	267.40	228.36	(14.60)%
Fernleigh Water Charge	108.24	102.31	(5.48)%
Oaro Water Charge	396.92	542.38	36.64%
Peketa Water Charge	396.92	542.38	36.64%
Suburban Water Charge	277.84	379.67	36.64%
Water Meter Charge (per m ³)	1.00	1.00	-
Water Meter Maintenance Charge	50.00	50.00	-

All rates are shown GST inclusive.

Impact of Rates on Benchmark Properties

The District rating valuation was completed as at 30 September 2018, 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 2019/2020 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.

Prior to the Three-Year Plan 2018-2021, we have used a sample set of benchmark properties – *actual* properties in the district; and this sample set had been used for over fifteen years. The benchmark properties we are now using are a *theoretical* set of properties, designed to give indicative rates impacts for high, medium, and low value properties across the district, and therefore should be more useful for comparisons.

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

		2017/2018	2018/2019	2019/2020
Residential Urban High Value CV \$580,000	Change %		10.15%	7.21%
	Total rates	2,718.96	2,994.94	3,211.01
	Change \$		275.98	216.06
Residential Urban Med Value CV \$420,000	Change %		11.16%	8.31%
	Total rates	2,316.37	2,574.96	2,788.90
	Change \$		258.59	213.93
Residential Urban Low Value CV \$255,000	Change %		12.66%	9.89%
	Total rates	1,901.19	2,141.85	2,353.60
	Change \$		240.66	211.74
Residential Semi-Rural High Value CV \$580,000	Change %		5.55%	7.63%
	Total rates	1,733.75	1,829.94	1,969.63
	Change \$		96.18	139.69
Residential Semi-Rural Med Value CV \$420,000	Change %		5.83%	7.61%
	Total rates	1,427.65	1,510.93	1,625.90
	Change \$		83.28	114.98
Residential Semi-Rural Low Value CV \$255,000	Change %		6.29%	7.57%
	Total rates	1,111.98	1,181.95	1,271.44
	Change \$		69.97	89.49

Impact of Rates on Benchmark Properties

		2017/2018	2018/2019	2019/2020
Commercial – urban – 30 room motel CV \$4,200,000	Change %		4.30%	2.41%
	Total rates	25,906.69	27,020.55	27,670.99
	Change \$		1,113.86	650.43
Commercial – urban – 12 room motel CV \$730,000	Change %		5.15%	5.13%
	Total rates	6,507.02	6,841.87	7,193.15
	Change \$		334.85	351.27
Commercial – urban – Retail shop High Value CV \$1,430,000	Change %		5.55%	2.81%
	Total rates	8,863.05	9,355.04	9,618.35
	Change \$		492.00	263.29
Commercial – urban – Retail shop Low Value CV \$510,000	Change %		6.72%	5.17%
	Total rates	4,248.55	4,534.01	4,768.37
	Change \$		285.46	234.35
Farm Rural High Value CV \$ 8,350,000	Change %		5.07%	9.61%
	Total rates	14,768.82	15,516.99	17,008.63
	Change \$		748.17	1,491.64
Farm Rural Med Value CV \$4,000,000	Change %		5.19%	8.74%
	Total rates	7,400.03	7,784.17	9,214.83
	Change \$		384.14	740.66
Farm Rural Low Value CV \$1,800,000	Change %		5.45%	9.32%
	Total rates	3,673.28	3,873.32	4,234.17
	Change \$		200.04	360.85

* Rural water charges have been excluded from this table where they apply to rural and semi-rural properties, so as to make comparisons easier, because other farms in the District may or may not have these charges, and the charges vary depending on which rural supply the farm is connected to. Urban properties are subject to urban water charges, and these have been included in the above table where applicable.

Rates Remission Policy

The Council is proposing to offer one-off rates remissions for the 2019/2020 year to properties that are facing rates increases beyond the normal range.

Rates remission policy for property affected by valuation increases

Purpose

The purpose of the policy is to mitigate the impacts of a significant rate increase in the capital value rates due to the 2018 revaluation, where extreme increases in rates have occurred for individual properties.

Criteria

To qualify for the remission all of the following criteria must be met:

1. The rating unit must be in the same ownership name as at 14 November 2016, and
2. The rating unit must have had no improvements since the last revaluation (2015) nor change of basis of rating from the 2018/2019 financial year, and
3. The rating unit must have had an increase in capital value greater than the average for the District or their type (as noted below) whichever is the greater, and
4. The increase in capital value rates percentage is greater than the increase in capital value percentage, and
5. The amount of increase in CV rates is greater than \$500 for commercial, rural and utility properties and \$200 for urban and semi-rural properties.

Rates on properties which meet all the above criteria will have their capital value based rates estimated as per rating type applicable below. The remission will be the difference between the original rates assessed and the estimated rates from this process.

Note average rateable value increases to be used in step 3 above.

Type (see step 3)	Value increase
Rural	6.95%
Semi-rural	0.12%
Urban residential & utilities	10.35%
Commercial	2.64%
District average	6.79%

Applications for rates remission under this policy must be made in writing by the ratepayer, and must be received no later than 31st March 2020.

Rates remissions under this policy apply to the 2019/2020 rates only. The Council will not backdate remissions to periods earlier than 1 July 2019, and the Council does not intend to extend this rates remission policy beyond 1 July 2020. The rates remission policy for owners of earthquake damaged properties will cease at 30 June 2019. The district valuation of 1 September 2018 now takes earthquake damage, plus improvements and other matters, into account in the new valuation for rating purposes from 1 July 2019.

Fees & Charges

Administration Fees

	Price (including GST)	
	Black & White	Colour
A4 Photocopying/printing	20c per sheet	\$1.00 per sheet
A4 Photocopying/printing double-sided	25c per sheet	\$2.00 per sheet
A3 Photocopying/printing	35c per sheet	\$2.00 per sheet
A2 Photocopying/printing	\$4.00 per sheet	\$10.00 per sheet
A1 Photocopying/printing	\$5.00 per sheet	\$15.00 per sheet
Debtors Booking Fees	\$25.00	
Property File Lookups (if not your own property)	\$20.00	
GIS map production (if it takes more than 10 minutes to produce)	\$90.00 per hour	
GIS map production for bona fide community groups	First 30 minutes no charge	
Other GIS services	\$90.00 per hour	

Airport Landing Fees

	Price per landing (incl. GST)
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

Animal Control Fees

This year we propose to increase dog registration fees, to ensure that these fees cover about 80% of the cost of the dog control activity. The proposal is to increase the fees by \$30 for standard dogs, and by \$20 for neutered or spayed dogs. We also propose that the registration fee for working dogs is \$160 for three or more working dogs, and the non-working fees apply per dog if less than three. Dog control officers may need to verify that the dog meets the criteria of a working dog in the Dog Control Act 1996. This may involve observing the dog at work (e.g. mustering or some other activity that proves it can be classified as working under the Act).

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

	Price (incl. GST)
Dog Registration Fees	
Standard	\$80.00 per dog
Neutered or Spayed Dogs	\$60.00 per dog
Menacing/Dangerous Dogs	\$100.00 per dog

Working Dogs ⁵	\$160.00
Guide Dogs	Free
Replacement tag	\$5.50
Licence Fee for keeping more than two dogs in a residential area (Kaikōura Township, Oaro, Goose Bay, Peketa, Hapuku, Rakautara, Clarence and Kekerengu)	\$40.00
Late Registration Penalty	
A 50% penalty will be applied if a registration has not been completed by the owner by 20 August of each year	
Microchipping	
Microchipping as a service (dogs only)	\$50.55
Impoundment Fees	
Impoundment First Offence	\$80.00
Impoundment Second Offence	\$110.00
Impoundment Third Offence	\$160.00
Daily Impoundment (Sustenance) Fee	\$25.00 per day
Investigative fee	\$135.00 per hour
Stock Control Fees	
Callout fee	\$140.00 plus \$140.00 per subsequent hour

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, Structural Engineers, Environmental Health Officers are not included in the deposit, but may be required for some consent processing for example commercial buildings

Further fees may accrue throughout the building process, e.g. re-inspection for failed inspections. The following fees are not fixed costs or final costs.

	Price incl. GST
Residential Buildings	
New Dwelling – large > 250m ²	\$3,900.00
New Dwelling – small < 250m ²	\$3,100.00
Dwelling alterations – large	\$2,200.00
Dwelling relocated	\$1,600.00
Dwelling – minor plumbing	\$450.00
Solid/Liquid Fuel Heaters	
Solid/Liquid fuel heater – freestanding/inbuilt/liquid	\$400.00
Solid/Liquid fuel heater – change location or make and/or model	\$250.00
Garages and/or Conservatories	
Proprietary garage – no plumbing	\$1,000.00
Proprietary garage – with plumbing & drainage	\$1,400.00

⁵ Working Dogs are as defined in the Dog Control Act 1996

Proprietary garage – with sleepout, plumbing & drainage	\$1,700.00
Conservatories	\$800.00
Commercial or Industrial Buildings	
Commercial/industrial building =/≤\$50,000	\$2,200.00
Commercial/industrial building \$50,001 - \$100,000	\$3,200.00
Commercial/industrial building \$100,001 - \$150,000	\$4,000.00
Commercial/industrial building \$150,001 - \$250,000	\$4,800.00
Commercial/industrial building \$250,001 - \$350,000	\$5,800.00
Commercial/industrial building \$350,001 - \$500,000	\$6,700.00
Commercial/industrial building \$500,001 - \$1,000,000	\$7,500.00
Commercial/industrial buildings > \$1 million	At time and cost
Commercial alterations large	\$3,500.00
Commercial new/alterations small	\$2,000.00
Farm buildings	
Minor farm building (four bay shed)	\$750.00
Large farm buildings	\$1,000.00
Other Building Consent Applications	
Septic tank and effluent field consent only	\$550.00
Decks, patios, garden sheds, retaining walls, verandas, pergolas etc	\$550.00
Swimming pool – inbuilt plus fencing consent	\$450.00
Swimming pool – 1,200mm above ground and spa pool and fencing	\$100.00
Swimming pool compliance audit	\$200.00
Marquee over 100m ²	\$360.00
Solar hot water systems	\$460.00
Partial demolition of building	\$450.00
Drainage & septic tanks – minor work	\$450.00
Drainage & septic tanks – major work	\$900.00
Extension of time for consents not started within first year of granting	\$100.00
Waiver/modification waiver amendment	\$190.00
Project Information Memoranda (PIM)/Building Consideration	
PIM (deposit only) – processing time for PIM will be invoiced upon completion	\$350.00
Territorial Authority Building Consideration where no PIM applied for (deposit only) – processing time for PIM will be invoiced upon completion	\$350.00
PIM/Building Consideration rechecking fee	\$200.00
Specialist Reviews	
Consultancy (specific design peer reviews)	At Cost
Various charges	
Pre-consent meeting	First 30 minutes free, then charged at hourly rate
Monthly building statistics report	\$155.00
Lapsing of building consent	\$90.00
Surcharge – receiving hard copy applications, lodging online (per hour)	\$90.00
Building warrant of fitness renewal	\$100.00
Building warrant of fitness audit report and inspection fee	\$90.00
Construction statement review and acceptance	Charged at hourly rate in 15 minute increments

Exempt Building Work	
Lodgement of Building Act Schedule 1 - Exempt work reports with owner's declarations	\$90.00
Application for exempt work	\$500.00
Application for property report	\$70.00
Notices to Fix	
Notice to fix where consent held	\$200 plus recovery charges per hour for monitoring of notices under the Building Act 2004.
Notice to Fix where no consent held	\$450 plus recovery charges per hour for investigation and monitoring of notices under the Building Act 2004.
Application for Certificate of Acceptance (non-refundable) <i>Note: In the case of an application for a certificate of acceptance under Section 96(1)(a) of the Building Act 2004, the application must be accompanied by any fees, charges or levies that would have been payable had the owner, or the owner's predecessor in title, applied for a building consent before carrying out the building work.</i>	\$850.00 Where the cost to process a Certificate of Acceptance exceeds the deposit then additional cost will be charged at the relevant processing time.
Code Compliance Certificates & Compliance schedules	
Compliance schedule	\$200.00
Compliance schedule amendment	\$150.00
Compliance schedule statement	\$200.00
Code compliance certificate	One certificate included in consent application fee
New code compliance application following rejected application	\$100.00
Older code compliance certificate application (includes review of building consents if over four years old)	At cost
Earthquake prone buildings	
Application for exemption for an earthquake prone building (deposit)	\$450.00
Application for extension of time for a Heritage earthquake prone building (deposit)	\$450.00
Assessment of information related to a building's earthquake prone status (deposit)	\$550.00
Building Act 2004 Certificates	
Section 72 Land information Certificate (hazardous land register)	\$370.00
Section 73 Natural hazard	\$370.00
Section 75 Construction of building on 2 or more allotments	\$370.00
Building Warrant of Fitness audits	\$200.00 (1 inspection plus hourly)
Certificate of Public Use	\$345.00 (includes 1 inspection)
Certificate of Public Use – first extension	\$450.00
Certificate of Public Use – any further extensions	\$600.00
Request for Certificate of Title	\$25.00

Request for information to be placed on property file	\$90.00+ any additional fees for photocopying
Fire & Emergency New Zealand reviews (plus all FENZ charges)	\$250.00 + FENZ Charges)
Levies	
MBIE Levy	0.201% of value of building work over \$20,444
BRANZ Levy	0.1% of value of building work over \$20,000
Building Consent Accreditation (BCA) levy, applies to all projects unless otherwise stated	\$1.00 per \$1,000 of the estimated project value
Printing/submitting Building Consents*	
Full Building Consent	\$45.00
Additional Copy	\$45.00 + administration time
GoGet Administration Surcharge (all consents)	\$30.00
Online portal charge (all consents)	\$50.00
Regulatory hourly rates	
Administration officers	\$90.00 per hour
Building control officer (processing and inspections)	\$190.00 per hour
Regulatory officers (monitoring and enforcement)	\$190.00 per hour
Fire & Emergency NZ reviews	\$250.00 plus FENZ charges

*This charge does not apply to minor consents

Car Parking Fees – Pay and Display

Fee/charge	Price (inc GST)
Peak (22 December – 31 January)	\$1.50 / hour
Off peak (1 February – 21 December)	\$1.00 / hour
Monthly permit (May – September incl only)	\$50.00/month
Annual permit (limited to 15 permits annually)	\$650.00/year

Please refer to the Infringement fees on pages 75-76 for statutory fines relating to parking of vehicles.

Cemetery Charges

Fee/charge	All Prices Include GST
Ashes Plot:	
Ashes Plot Fee	\$200.00
Plinth Base	\$200.00
Preparation of Plot	\$150.00
Standard Rose	\$50.00
Maintenance Fee	<u>\$100.00</u>
	\$700.00
Lawn Cemetery:	
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

Development Contributions

The Council's Development Contributions Policy provides for a threshold to be met before contributions apply, and recommends that developers seek to enter into a Developer Agreement with the Council (an agreement reached by negotiation with the Council).

Development contributions will apply to those developments which exceed any of the below thresholds:

- Ten (10) housing equivalent units (HEU); or
- \$1 million capital value of development; or
- For non-residential development only, a gross floor area of 100m²

The below table states the contributions that would apply to a development that exceeds the above thresholds, and only if the developer were to opt not to enter a separate developer agreement.

Fee/charge	Per Housing Equivalent Unit ⁶	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"> - An independent valuation for the new lot(s) which is no greater than three months old, arranged at the applicants cost, Or - a signed sale and purchase agreement for the new lot(s) 	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 ²)
	Rural (lots > 5 hectares)	0.5% of land value of each additional lot (assessed up to maximum 40,000m ²)
	Non-subdivision	The value equivalent to 20m ² of land for each additional housing equivalent unit created

Water supply fees

Fee/charge	Price (incl GST)	
Water unit charges Applies to purchase of new units of water. These charges are in addition to service approval fees and development contributions (if any).	Fernleigh	\$1,150.00
	Kincaid	\$1,150.00
	Peketa	\$1,150.00
	Suburban	\$1,374.25
	East Coast	\$1,150.00
Change in restrictor size Applies to either an increase or a reduction in the size of restrictor	All supplies	\$115.00
Physical works All costs associated with connection, shifting location, or other physical work related to water supply such as pipes, toby, restrictor, backflow preventer, meter, and any other components	Actual costs of plant, labour and materials.	

⁶ 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 or at the Council office.

Meter reading fee (extra) Applies to any meter reading required to be taken outside the usual meter reading schedule (such as a final meter reading)	All supplies \$60.00
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Engineering Fees

Fee/charge	Price (inc GST)
Road Crossing Fee Applies to laying of services under a road or footpath	\$350.00 Plus hourly rate of processing officer should reinstatement fail to comply with stated conditions
Service Approval Fees For each of water, sewerage and stormwater services	\$250.00 per service
Effluent Disposal Fees Applies to septic tank and/or portaloos emptying to the sewerage ponds	\$11.50 per cubic metre of waste
Hourly processing fees	Asset Manager \$160.00 Engineering Manager \$160.00 Engineering Support \$145.00

Environmental Health Fees

Fee/charge	Price (incl. GST)
Funeral director	\$170.00
Camping Grounds Registration	\$275.00
Hairdressers Registration	\$200.00
Offensive Trade Licence	\$210.00
Transfer Fees	\$90.00
Itinerant Traders	\$115.00
Hawkers Licence	\$90.00
Mobile Shop (Non Food)	\$115.00
Mobile Shop (Food)	\$184.50
Any other environmental health service (including Amusement Devices)	\$160.00 per hour plus mileage

Food Premises

The Food Act 2014 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.

Fee/Charge	Price incl. GST
New registration	
Food Control Plan (FCP) single site	\$280.00
Food Control Plan multi-site	\$310.00
National Programme (NP)	\$430.00
FCP or NP involving more than one hour officer time	\$160.00/hr plus travel

New business assistance over one hour, or pre-opening visit	\$160.00/hr plus travel
Registration renewal	
12 month renewal of Food Control Plan single site	\$280.00
12 month renewal of Food Control Plan multi-site	\$310.00
24 month renewal National Programme	\$430.00
Site audits	
Food Control Plan – single site audit (incl. Close out up to 15 minutes)	\$620.00 + travel
Food Control Plan – multi site audit (incl. Close out up to 15 minutes)	\$620.00 + hourly rate if close out takes > 15min
Food Control Plan audit close out over 15 minutes	\$160.00 + 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
Additional fees	
Food Control Plan mentoring (based on two hours)	\$320.00 plus travel
Monitoring and compliance (based on half hour time spent)	\$80.00/30 mins
Complaint resulting in issue of improvement notice and its review	\$160.00/hr plus travel
Application for exemption	\$160.00/hr plus travel
Travel fees	
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

Harbour Fees

Fee/charge	Price (inc GST)	Frequency
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	\$5.00 per passenger capacity per vessel	Per visit

Infringement Fees & associated costs

Fee/charge	
Litter infringements	
Litter left in a public space or on private land without occupier's consent	\$400.00
Hazardous or offensive litter ⁷ , left in a public space or on private land without the occupier's consent	\$400.00 \$11.50 per cubic metre of waste

⁷ Hazardous litter includes broken glass, barbed wire, jagged metal, medicines. Offensive waste includes rotting food, animal remains, faeces (including discarded nappies)

Noise control	
Infringement notice to be issued under Resource Management Act (RMA 1991)	\$500.00
Return of confiscated equipment (seizure of any property)	\$100.00 plus investigative time at officers hourly rate
Parking and vehicle infringements	
Parked within an intersection	\$60.00
Parked within six meters of an intersection	\$60.00
Parking near corner, bend or rise	\$40.00
Parking on or near a pedestrian crossing	\$60.00
Parking on or near a pedestrian crossing	\$40.00
Parked over the time limit	\$57.00
Parked on broken yellow line	\$60.00
Parked in area reserved for vehicles hire/reward	\$60.00
Parking within six meters of an indicated bus stop	\$40.00
Parked across a vehicle entrance	\$40.00
Parked within 500mm of a fire hydrant	\$40.00
Parked between fire hydrant and road marking	\$40.00
Double parked	\$60.00
Incorrect kerb parking – left side of road	\$40.00
Parked on footpath or cycle lane	\$40.00
Parking trailer on road more than seven days	\$60.00
Parking trailer on road more than seven days	\$60.00
Parked on a loading zone	\$40.00
Incorrect angle parking	\$40.00
Parked on a road when off road park available	\$40.00
Parked wrong way one way street	\$40.00
Parked on a flush median or traffic island	\$40.00
Parked on a level crossing	\$150.00
Parked near a level crossing	\$150.00
Left passenger service vehicle unattended	\$60.00
Used vehicle no authorised licence affixed	\$200.00
Fail to display license label prescribed manner	\$200.00
Failed to display carpark receipt	\$40.00
Parked in an area reserved for disabled persons	\$150.00

Library Fees

Fee/Charge	Price (inc GST)
Overdue Items – charges accrue at the following rates <ul style="list-style-type: none"> - Children's / Young Adult's - Adults - DVDs 	10c per day per item 20c per day per item \$1.00 per day per item
Lost or damaged item	Full replacement cost plus administration charge
Replacement Library Card	\$5.00
Reserves	\$1.00
Inter-library loan postage	\$5.00
Public PC word processing and excel spreadsheets	\$2.00 for first half hour \$1.00 for quarter hour thereafter
Photocopy printing <ul style="list-style-type: none"> - Black & White A4 	20c

- Black & White A3	40c
- Colour A4	\$2.00
- Colour A3	\$4.00
Scanning	20c per page
Internet	
- 15 minutes	\$2.00
- 30 minutes	\$3.00
- 60 minutes	\$6.00
Laminating A4	\$1.50 per page
Laminating A3	\$3.00 per page
Rental Fiction (three week issue)	50c, \$1.00, \$2.00
Tours (one to three week issue)	\$1.00, \$1.50, \$2.00
DVDs (one week issue)	\$2.00-\$4.00

Landfill and Resource Recovery Charges

Fee/Charge	Price (inc GST)
Bag (up to 65L)	\$4.50 per bag
Large bag (over 65L)	\$8.00 per bag
General refuse	\$350.00 per tonne
Green waste	\$80.00 per tonne
Wood waste	\$160.00 per tonne
Special Waste (Commercial & Industrial Products)	\$275.00 per tonne
Mixed Demolition Waste	\$350.00 per tonne
Clean Fill	\$80.00 per tonne
Electronics (excluding TV's)	\$3.00 per item
Televisions – CRT & LCD	\$45.00 per item
Whiteware (excluding refrigerators)	\$3.00 per item
Refrigerators	\$15.00 each
LPG cylinders	\$17.60 each
Car tyre	\$4.00 each
4x4 tyre	\$6.00 each
Light truck tyre	\$8.50 each
Other tyres	Individual pricing

Licence to Occupy

Fee/charge	Price (inc GST)
Mobile shops (foreshore, Beach Rd, Esplanade)	\$2,875.00 per annum
West End carpark (tourism advertising signs)	\$360.00 per m ² /year

LIM Fees

Fee/charge	Price (inc GST)
LIM – available within 10 working days	\$200.00
LIM – fast track (two working days)	\$300.00

Liquor Licensing Fees

	Application Fee	Annual Fee*	Risk Weighting
On, Off and Club premises			
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
Special licence			
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)	
Other fees			
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.

Marriage Licence Fees

Fee/charge	Price (inc GST)
Notice of Marriage by Celebrant	\$150.00
Notice of Marriage by Registrar	\$240.00

Pensioner Units

	Price (inc 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

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.

Fee/Charge	Price (inc GST)
Sign Consents	
Signs Permit Fee	\$160.00
Land Use Consents	
Category 1 – Non-Notified Land Use Base Fee	\$700.00
1. Less than 20% breach of bulk and location standards of the District Plan for the following rules:	

<ul style="list-style-type: none"> - Internal Boundary or Road Setback - Recession plane - Site Coverage - Height - Density <p>2. Visitor accommodation</p> <p>3. Relocated buildings</p>	
<p>Category 2 – Non-Notified Land Use Base Fee</p> <ul style="list-style-type: none"> - Building in a flood hazard area - Earthworks or modification within an archaeological area or site - Temporary activities 	\$360.00
<p>Category 3 – All other Non-Notified Land Use Consent Applications not listed as either category 1 or category 2 – Base Fee</p>	\$900.00
<p>If an application requires a hearing</p>	An additional base fee of \$5,500.00 plus costs
<p>Subdivision Consents</p>	
<p>Subdivision – two lots</p>	Base fee \$1,800.00
<p>Subdivision – more than two lots</p>	Base fee plus \$400.00 per lot over two lots
<p>If public or limited notification of an application requires a hearing</p>	An additional base fee of \$5,500.00 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"> Title plan checking and certification (s223) Consent notice preparation & issue Refundable bond preparation Checking & Issuing conditions certificate (s224) Registering bond preparation & releases <p>Engineering time per hour:</p> <ul style="list-style-type: none"> Engineering Plan checking and approval Roads, access ways and services 	<p>See “Processing Fees” on the next page.</p>
<p>Hearings/Committee Meetings – non-notified applications</p>	<p>\$72.00 for first ½ hour or part thereof</p> <p>\$145.00 per hour after first ½ hour, plus officer’s attendance per hour per officer, plus Commissioner (if required) at actual cost</p>
<p>Hearings/Committee Meetings – notified applications</p>	<p>Actual cost of committee attendance, facility cost, officer attendance,</p>

	minutes secretary, or independent Commissioner (if required) at actual cost
Submitter request to Council for independent Commissioner under section 100A(2)	Base fee \$2,000.00 plus additional actual costs
Application for variation of consent conditions (including change of consent notices for non-notified consents)	\$360.00
Application for variation of consent conditions (including change of consent notices for notified consents)	\$700.00
Application for extension of consent timeframe	\$360.00
Application for existing use rights	\$700.00
Certificate of Compliance (section 139 RMA)	\$360.00
Processing & Administration	
Processing fees (hourly rates) per processing officer	
Planning Officer	\$135.00
Senior Planner	\$150.00
Asset Manager / Engineering Manager	\$160.00
Engineering Technical Support Officer	\$145.00
Environmental Health Officer	\$150.00
Administration	\$90.00
Building Control Officer	\$190.00
Consultancy/Legal Advice	At actual cost
Creation/Variation or Waiver of Esplanade Strips and Reserves	\$260.00
Site Visits and Travel costs	Staff hourly rate plus 73c per km
Plan Changes & Designations	
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	\$10,000.00
Requirement for Designations or Heritage Orders	\$1,740.00
Alteration of Designation	\$2,500.00
Assessment of Outline Plan	\$650.00
Removal of Designation	\$650.00
Miscellaneous Charges	
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
Reports and Plans	
Kaikōura District Plan (Full Copy)	\$175.00
Kaikōura District Plan (Maps Only)	\$35.00
Kaikōura District Plan (CD)	\$60.00

Venue and Equipment Hire

Memorial Hall hires are subject to an additional charge for metered use of heater. Terms and conditions apply to hire of the hall and all equipment hire.

Fee/charge			Price (inc GST)
Memorial Hall	Half Day	Whole Day	Bond
Supper Room only (hire fee includes chairs & tables)	\$50.00	\$100.00	\$200.00
Supper Room, Projector & Screen Package	\$150.00	\$200.00	\$400.00
Supper Room bond for function serving alcohol			\$400.00
Main Hall only (hire fee includes chairs & tables)	\$150.00	\$300.00	\$200.00
Main Hall & Microphone Only Package	\$250.00	\$400.00	\$500.00
Main Hall & Projector & Screen Package	\$300.00	\$450.00	\$500.00
Main Hall & Projector, Screen & Microphone Package	\$350.00	\$500.00	\$500.00
Main Hall & Projector, Screen & Wireless Headset Package	\$450.00	\$600.00	\$600.00
Main Hall bond for function serving alcohol			\$600.00
Upstairs meeting room (includes two trestle tables in room)	\$30.00	\$60.00	-
Downstairs meeting room	\$20.00	\$40.00	-
Additional equipment		Hire Fee	Bond
Extra handheld microphone & stand		\$50.00	-
Extra wireless headset microphone		\$100.00	-
Civic Centre	Half Day	Whole Day	Bond
Council Chambers (1 st Floor)	\$40.00	\$80.00	-
Function Room (Top Floor)	\$20.00	\$50.00	-
Equipment available for external hire	Half Day	Whole Day	Bond
Portable projector screen	\$60.00	\$120.00	\$100.00
Portable data projector	\$20.00	\$40.00	\$40.00
Chairs (per chair per day)		\$1.00	\$50.00
Trestle tables (per table per day)		\$5.00	\$50.00

Annual plan disclosure statement

Annual plan disclosure statement for year ending 30 June 2020

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)	\$7,954,000	\$7,797,969	Yes
• Increases (quantified limit on rate increases)	14%	11.9%	Yes
Debt affordability benchmark			
• Quantified limit on borrowing	\$15 million	\$9.455 million	Yes
Balanced budget benchmark	100%	194.9%	Yes
Essential services benchmark	100%	1399.2%	Yes
Debt servicing benchmark	10%	0.99%	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**

The Council maintains 205km of local roads and 40 bridges in our district, with 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 – Gillings Lane, Hawthorne Road, Rorrison's Road, Evans Bridge and Scotts Road. These will be replaced as part of the rebuild.

Goal

To provide for the safe and reliable movement of people and goods throughout the District, connecting communities and accessing property.

Our Objectives: Why we're doing what we're doing

- To ensure that roads, footpaths and cycleways are safe to use
- To ensure the form and function of roads, footpaths and cycleways is appropriate for their use
- To ensure that the roading network is resilient to unplanned events
- To ensure that new and replacement facilities comply with standards and current practice
- To secure customer satisfaction with the roading network and its facilities.

What has changed from the Three-Year Plan?

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
Rates	940	1,025	1,126	101
Grants & subsidies	1,274	862	1,457	595
Other income	35	36	38	2
	2,249	1,923	2,621	698
Operating expenses				
Depreciation	814	946	820	(126)
Loan interest	35	35	7	(28)
Other expense	1,757	1,130	1,446	316
	2,606	2,111	2,273	162
Capital projects & funds				
Roads & bridges	333	625	977	352
Footpaths	50	51	140	89
Streetlights	152	28	97	69
Loan principal	48	68	19	(49)
Reserves	-	-	(50)	(50)
Development contributions	-	-	(15)	(15)
New loans	(125)	-	-	-
	458	772	1,168	396

Why has this changed?

A number of our rural unsealed roads are exhibiting signs of deterioration due to deferred expenditure on gravel replacement programmes over a number of years. The plan proposes to increase the unsealed maintenance expenditure from \$63.7k to \$100k and gravelling expenditure from \$64.8k to \$180k.

We should be resealing around 5km of our road network each year to preserve the waterproofing of the road surface and protect the pavement underneath. To achieve this the plan proposes to increase the reseal budget from \$107.9k to \$300k.

A number of our roadside drains have not been cleaned for many years. Good drainage is essential to preserve the condition of a road pavement. The plan proposes to increase drainage renewals from \$54.5k to \$100k.

The Ultra-Fast Broadband roll-out is about to commence across the township. Chorus will be installing these facilities in the footpath. The original plan provided \$50k per year to resurface poor condition footpaths. The Three-Year plan proposed to delay this expenditure until the UFB roll-out on the programmed streets is complete to prevent wastage and provide the opportunity to share the cost of providing the new surfaces. Consequently, the 18/19 budget of \$50k has been carried over to 19/20 and increased this plan's budget to \$100k. The Council has also supported an extra \$40k for additional footpath renewals while there is the opportunity for cost-sharing with Chorus.

The government has extended its scheme to convert street lights to LED technology at a higher subsidy rate than the normal base rate of 51% for Council. The enhanced rate is 85%. To maximise the benefit from this scheme, we will use the local share provided to secure additional funding and complete a larger conversion programme with a total value of \$96.9k.

Assumptions

Major assumptions made for this activity are;

- That the earthquake rebuild is completed to programme and all significant damage is repaired
- That any damage arising future minor storm or earthquake events will be funded from within the existing business as usual programme
- That NZ Transport Agency will continue to fund eligible roading activities at current assistance rates or better
- That NZ Transport Agency will continue to fund the maintenance of NCTIR haul routes on local roads at 100%
- That asset management activities for roading will be funded to enable determination of future roading needs to support funding applications to NZ Transport Agency
- That the average expected life of existing sealed surfaces is 20 years
- NCTIR haul routes will continue to be maintained and renewed at no cost to the ratepayer, for at least the first twelve months of the Three-Year Plan.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
The number of fatalities and serious injury crashes on the local road network expressed as a number. (Change from previous year)	Reduction of more than 1	Reduction of more than 1	Reduction of more than 1
The average quality of ride on the sealed road network measured by Smooth Travel Exposure.	Greater than 85%	Greater than 85%	Greater than 85%
The average quality of ride on the sealed road network measured by NAASRA roughness	Less than 125	Less than 120	Less than 120
The percentage of customer service requests relating to roading, footpath and associated infrastructure faults responded to within one week	Greater than 90%	Greater than 90%	Greater than 90%
The number of customer service requests received about Council's roading network per year	Less than 365	Less than 365	Less than 365
The number of complaints received per year (due to a service request not being actioned appropriately)	Less than 37	Less than 37	Less than 37
The percentage of the sealed network that is resealed per year	Greater than 5%	Greater than 5%	Greater than 5%
The percentage of footpaths that are condition grade 4 or 5	Less than 10%	Less than 10%	Less than 10%
The percentage of streetlights not functioning during an audit of any part of the network	Less than 2%	Less than 2%	Less than 2%
The percentage of regulatory road signs incorrect or missing during an audit of the road network.	Less than 0.5%	Less than 0.5%	Less than 0.5%

Capital projects

Project Expenses	\$000's	Funded by	\$000's
Sealed surface renewals	300	NZTA subsidies	651
Unsealed surface renewals	180	Roading rate	479
Drainage, kerb & channels	100	Footpath & streetlight rate	34
Road rehabilitation	307	Reserves	50
Minor improvements	52		1,214
Traffic service renewals	38		
Footpath renewals	140		
Streetlight conversion to LED	97		
	1,214		

Water supplies

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**

Our Goals: What we're working towards

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

Our Objectives: Why we're doing what we're doing

- To ensure that water supplied to consumers is safe to drink
- To ensure that the supply of water is continuous and uninterrupted by unplanned events
- To minimise the impact and frequency of planned service interruptions
- To secure customer satisfaction with their drinking water supply.

What has changed from the Three-Year Plan?

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
Rates & charges	1,187	1,533	1,397	(136)
User fees	4	4	4	-
Grants & subsidies	-	-	104	104
	1,191	1,537	1,505	(32)
Operating expenses				
Depreciation	341	370	349	(21)
Loan interest	52	57	28	(29)
Other expenses	1,060	974	981	7
	1,453	1,401	1,358	(43)
Capital projects and funding				
New/Upgrades	239	371	631	260
Renewals	22	422	420	(2)
Loan principal	35	39	17	(22)
Loans	(215)	(292)	(575)	(283)
Development contributions	-	-	(23)	(23)
Reserves	(2)	(9)	27	36
	79	531	497	(34)

Why has this changed?

Operation and management of the facilities, such as treatment plants and reservoirs, that make up our water schemes is essential to protecting public health and ensuring continuity of supply. This requires real time communication with those facilities to enable remote control of pumps and receive alarms of

faults or water quality. This is achieved through a radio based SCADA system. The current system is very limited in terms of capability and reliability. The plan includes an increase in funding to upgrade the SCADA system from \$69.9k to \$97.5k.

Since the earthquake the Suburban water scheme has been under a Mandatory Boil Water Notice due to the risk of contamination from the surface water source at the Waimangarara River intake. Significant works are required to provide a reliable and safe supply to the scheme. Multiple options are still being investigated, including integration with the rebuild programme. The allocated funding for 18/19 is to be transferred to 19/20 to continue this work resulting in an increase of \$159k for the provision of Suburban Improvements.

A project is included in the plan to upgrade the chlorination plant for the Ocean Ridge Scheme. This requirement was identified as part of the investigation into the causes of the contamination of the scheme in late 2017. The Three Year Plan allocated \$50k in 19/20 to undertake this work. Design and costing work has identified that this budget needs to be increased to \$70k and this has been allowed for in this Annual Plan.

The Crown has indicated that several of these projects are eligible for subsidies, utilising the betterment funding that had been announced in last year's Treasury Budget 2019. The Council has opted to raise loans for renewal projects for urban water, but only for renewals that have not been programmed.

In response to submissions, the Oaro water supply will receive a new chlorination plant (cost \$43k) to help to ensure that this supply complies with drinking water standards.

Assumptions

Major assumptions made are;

- Water bore and surface water sources do not change significantly during the plan period
- The earthquake rebuild is completed to programme and all significant damage is repaired
- The Director of Health will require chlorination of all public water supplies within the life of this Plan
- The requirements of the NZ Drinking Water Standards do not change significantly within the life of this Plan.
- The number of water schemes and current scheme boundaries do not change.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
The extent to which the water supply complies with part 4 of the NZ Drinking Water Standards (bacteria compliance criteria)	100%	100%	100%
The extent to which the water supply complies with part 5 of the NZ Drinking Water Standards (protozoal compliance criteria)	100%	100%	100%
The extent to which the water supply with the testing and monitoring requirement of the NZ Drinking Water Standards	100%	100%	100%
The percentage of real water loss from networked reticulation systems	Less than 30%	Less than 30%	Less than 30%

The average consumption of drinking water per day per resident	Less than 200 litres	Less than 200 litres	Less than 200 litres
The median response time to urgent callouts, being service failure, supply fault or contamination, from the time of notification to the time that service personnel attend the site	Less than 1 hour	Less than 1 hour	Less than 1 hour
The median resolution time to urgent callouts, being service failure, supply fault or contamination, from the time of notification to the time that the fault is resolved	Less than 2 days	Less than 2 days	Less than 2 days
The percentage of urgent callouts, being service failure, supply fault or contamination, responded to within one hour from the time of notification to the time that service personnel attend the site	98%	98%	98%
Median response times to non-urgent callouts (minor leaks and equipment maintenance)	Less than 1 day	Less than 1 day	Less than 1 day
Median resolution time to non-urgent callouts	Less than 1 week	Less than 1 week	Less than 1 week
Percentage of non-urgent callouts responded to within 48 hours from the time of notification to the time that service personnel attend site	98%	98%	98%
The number of customer service requests received about Council water supply schemes per year	Less than 365	Less than 365	Less than 365
The number of complaints received per year (due to a service request not being actioned appropriately).	Less than 37	Less than 37	Less than 37
The number of complaints received about drinking water clarity, per year per 1,000 connections	Less than 1	Less than 1	Less than 1
The number of complaints received about drinking water taste, per year per 1,000 connections	Less than 5	Less than 5	Less than 5
The number of complaints received about drinking water odour per year per 1,000 connections	Less than 5	Less than 5	Less than 5
The number of complaints received about drinking water pressure or flow, per year per 1,000 connections	Less than 10	Less than 10	Less than 10
The number of complaints received about drinking water continuity of supply, per year per 1,000 connections	Less than 5	Less than 5	Less than 5

Capital projects:

Project Expenses	\$000's	Funded by	\$000's
Kaikoura urban SCADA upgrade	34	Loans	575
Suburban SCADA upgrade	3	Grants & subsidies	104
Suburban reservoir storage	159	Development contributions	23
Kaikōura bore & pump renewals	50	Targeted rates & charges	349
Kaikōura urban water plan upgrades	3		1,051
Kaikōura urban pipe renewals	400		
Ocean Ridge chlorination upgrade	70		
Ocean Ridge SCADA upgrade	2		
Ocean Ridge water plan upgrades	3		
East Coast SCADA upgrade	2		
East Coast water plan upgrades	7		
Kincaid water renewals	20		
Kincaid SCADA upgrade	8		
Kincaid water plan upgrades	3		
Fernleigh SCADA upgrade	5		
Fernleigh water plan upgrades	3		
Oaro SCADA upgrade	3		
Oaro water plan upgrades	3		
Oaro chlorination renewals	47		
Peketa SCADA upgrade	1		
Peketa chlorination upgrade	25		
Peketa new bore & treatment plant	200		
	1,051		

Wastewater

Our Goals: What we're working towards

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 in larger urban communities.

Our Objectives: Why we're doing what we're doing

- To ensure that properties in serviced communities have access to wastewater disposal facilities
- To ensure that the disposal of wastewater from Council's schemes is effective and environmentally acceptable
- To ensure that the access to the wastewater network is continuous and uninterrupted by unplanned events
- To minimise the impact and frequency of planned service interruptions
- To ensure the wastewater system is secure and functional
- To secure customer satisfaction with their wastewater services.

What has changed from the Three-Year Plan?

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
Rates & charges	684	740	741	1
User fees	17	17	17	-
Grants & subsidies	14	13	52	39
Development contributions	-	25	25	-
	715	795	835	40
Operating expenses				
Depreciation	294	401	379	(22)
Loan interest	62	56	22	(34)
Other expenses	564	557	659	102
	920	1,014	1,060	46
Capital projects and funding				
New/upgrades	-	-	40	40
Renewals	20	80	40	(40)
Loan principal	70	75	49	(26)
Reserves	-	26	26	-
	90	181	155	(26)

Why has this changed?

Operation and management of the facilities, such as the treatment plant and pump stations, that make up our wastewater schemes is essential to protecting public health and ensuring continuity of the service. This requires real time communication with those facilities to enable remote control of pumps and receive alarms of faults. This is achieved through a radio based SCADA system. The current system is very limited in terms of capability and reliability. The plan includes an increase in funding to upgrade the SCADA system from \$0k to \$40k in association with a similar water supply project.

The Three Year Plan included an allocation of \$80k to renew pumps and reticulation as it reaches the end of its serviceable life. Recent assessments have identified that the network is in better condition than anticipated and this expenditure has been reduced to \$40k in this Annual Plan.

Assumptions

The major assumptions around wastewater are;

- That the earthquake rebuild is completed to programme and all significant damage will be repaired
- That there is no significant change in the volume and composition of the wastewater being discharged into the system
- That infiltration into the system is significantly reduced by earthquake repairs
- That the number of schemes and current wastewater scheme boundaries do not change.

Major projects:

Project Expenses	\$000's	Funded by	\$000's
SCADA upgrade	40	Government subsidies	40
Pump and network renewals	40	Targeted rates	40
	80		80

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
The number of dry weather sewage overflows, expressed per 1,000 sewer connections	0	0	0
The number of abatement notices issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of infringement notices issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of enforcement orders issued to the Council for non-compliance of consent conditions	0	0	0
The number of convictions against the Council in relation to its resource consents	0	0	0
The median response time to sewage overflows from the time of notification to the time that service personnel reach the site	Less than 1 hour	Less than 1 hour	Less than 1 hour
The median resolution time to sewage overflows from the time of notification to the time of resolution of the blockage or other fault	Less than 1 day	Less than 1 day	Less than 1 day
The number of complaints received about sewage odour, expressed per 1,000 connections	Less than 2	Less than 2	Less than 2
The number of complaints received about sewage system faults, expressed per 1,000 connections	Less than 3	Less than 3	Less than 3
The number of complaints received about sewage system blockages, per 1,000 connections	Less than 3	Less than 3	Less than 3
The number of complaints received about the Councils (or the Councils service providers) response to the above issues, per 1,000 connections	Less than 3	Less than 3	Less than 3
The number of customer service requests received about Council wastewater schemes per year	Less than 365	Less than 365	Less than 365
The number of complaints received per year (due to a service request not being actioned properly)	Less than 37	Less than 37	Less than 37

The percentage of urgent callouts, being service failure, supply fault or overflow, responded to within one hour from the time of notification to the time that service personnel depart to the site.	98%	98%	98%
The percentage of non-urgent callouts, being minor breaks and equipment maintenance, responded to within 48 hours from the time of notification to the time that service personnel attend site	98%	98%	98%

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.

Our Goals: What we're working towards

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

Our Objectives: Why we're doing what we're doing

- To ensure that properties in serviced communities have access to stormwater disposal facilities
- To ensure that rainfall runoff from urban properties is captured in a network of open and closed drains
- To ensure that the disposal of stormwater from Council's schemes is effective and environmentally acceptable
- To ensure that the access to the stormwater network is continuous and uninterrupted by unplanned events
- To minimise the impact and frequency of planned service interruptions
- To ensure the stormwater system is secure and functional
- To secure customer satisfaction with their stormwater services.

What has changed from the Three-Year Plan?

No changes are proposed in this Annual Plan.

Assumptions

Major assumptions for stormwater planning are;

- That the earthquake rebuild is completed to programme and all significant damage is repaired
- That there is no significant change in the volume of the stormwater being discharged into the system other than due to development
- That the number of schemes and current stormwater scheme boundaries do not change.

Capital projects:

Project Expenses	\$000's	Funded by	\$000's
New assets or upgrades	100	Loan	100
Renewal works	10	Targeted rate	10
	110		110

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
The number of flooding events where water enters habitable property per year	Less than 1	Less than 1	Less than 1
For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system	Less than 3	Less than 3	Less than 3
The number of abatement notices issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of infringement notices issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of enforcement orders issued to the Council for non-compliance of consent conditions	0	0	0
The number of convictions against the Council in relation to its resource consents	0	0	0
The median response time taken to attend a flooding event, from the time of notification to the time that service personnel reach the site	Less than 1 hour	Less than 1 hour	Less than 1 hour
The number of complaints received about performance of the stormwater system, expressed per 1,000 connections	Less than 3	Less than 3	Less than 3
The percentage of urgent callouts, being service failure, supply fault or overflow, responded to within one hour from the time of notification to the time that service personnel depart to the site	98%	98%	98%
The percentage of non-urgent callouts, being minor breaks and equipment maintenance, responded to within 48 hours from the time of notification to that time that service personnel attend site	98%	98%	98%
The number of customer service requests received about Council stormwater schemes per year	Less than 200	Less than 200	Less than 200
The number of complaints received per year due to a service request not being actioned properly	Less than 20	Less than 20	Less than 20

Refuse & Recycling

Sub-Activities

**Solid waste & landfill
Recycling & waste minimisation**

Our Goals: What we're working towards

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

Our Objectives: Why we're doing what we're doing

- To ensure that recycling and re-use opportunities are maximised
- To minimise the impact of residual solid waste on the community
- To ensure that properties in serviced communities have access to recycling and solid waste disposal facilities
- To ensure that the disposal of residual solid waste is effective and environmentally acceptable
- To ensure that recycling activities and solid waste disposal are secure and functional
- To secure customer satisfaction with solid waste services.

What has changed from the Three-Year Plan?

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
General rates	365	331	274	(57)
Targeted rates	247	241	259	18
Grants & subsidies	315	-	45	45
Other revenue	14	14	14	-
	941	586	592	(64)
Operating expenses				
Depreciation	1	1	1	-
Loan interest	1	16	11	(5)
Other expenses	614	554	552	(2)
	616	571	564	(7)
Capital projects and funding				
New/upgrades	312	-	-	-
Improve level of service	-	-	45	45
Renewals	8	265	500	235
Loan principal	7	8	-	(8)
Reserves	-	-	(16)	(16)
	327	273	529	256

Why has this changed?

Council is required by legislation to have a Solid Waste Management Plan that includes initiatives for waste minimisation. The previous plan is no longer applicable or fit for the current environment and needs to be replaced by a new plan. Council commenced the preparation of a Solid Waste Management Plan in 18/19 funded from waste levy income and it is intended to complete this plan in 19/20. \$24k has been included in this Annual Plan, funded from the waste levy balance.

The landfill collection point site reconfiguration has largely been completed in 2018/2019, utilising grant funds from the Ministry for the Environment, and so that project has been removed in this Annual Plan

year. Major redevelopment will be required once the landfill has reached capacity; and given the useful life of the landfill is less than three years, work towards designing and developing a solution for waste has been brought forward, with \$500k now provided in this Annual Plan to progress.

In response to submissions, the Council also added \$45k to provide more recycling stations around the township. There is no appetite to increase the number of rubbish bins.

Assumptions

We have assumed that residual waste from earthquake rebuild during the plan period reduces significantly.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
Residual solid waste produced (kilogram/year) per resident	152 kg	152 kg	152 kg
The number of abatement notices issued to the Council for non-compliance with resource consent conditions	0	0	0
The number of infringement notices issued to the Council for non-compliance with resource consent conditions	0	0	0
The percentage of urgent callouts, being hazardous or environmental waste dumping on public land, responded to within one hour from the time of notification to the time that service personnel depart to the site	98%	98%	98%
The percentage of non-urgent callouts, being illegal dumping on public land, responded to within 48 hours from the time of notification to the time that service personnel attend site	98%	98%	98%
The number of Customer Service Requests received about recycling collections per year	Less than 100	Less than 100	Less than 100
The number of complaints received per year (complaint being due to a service request not being actioned appropriately)	Less than 10	Less than 10	Less than 10

Community facilities

Sub-Activities

Parks & reserves
Community properties
Airport
Harbour

Our Goals: What we're working towards

Rebuilding, improving and maintaining physical facilities that support and develop the Kaikoura district.

Our Objectives: Why we're doing what we're doing

To provide facilities that are;

- safe, welcoming and attractive
- accessible for all abilities, socio-economic circumstances, ages and cultures
- culturally appropriate
- appropriate and affordable on an ongoing basis.

What has changed from the Three-Year Plan?

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
General rates	787	694	723	29
Targeted rates	467	400	442	42
User fees & charges	782	880	762	(118)
Grants & subsidies	1,155	118	507	389
Development contributions	-	8	8	-
	3,191	2,100	2,442	342
Operating expenses				
Depreciation	428	489	447	(42)
Loan interest	291	276	136	(140)
Other expenses	1,575	1,548	1,800	252
	2,294	2,313	2,383	70
Capital projects and funding				
Parks & reserves	406	-	185	185
Property	1,773	771	1,078	307
Airport	217	581	310	(271)
Harbour	450	-	400	400
Loan principal	171	188	103	(85)
New loans	(250)	-	(1,203)	(1,203)
Reserves	(1,441)	(1,265)	(367)	898
	1,326	275	506	231

Why has this changed?

Memorial Hall, Esplanade (old Council) Offices, and Scout Hall:

The Memorial Hall will be repaired, upgraded to meet code requirements and improved in 2018/19 and 2019/20 to allow use by a wider variety of groups. Following review of contract tenders, the previous forecast cost of \$1.5M has been reduced to \$1.0M overall. That cost is spread over the two financial years, meaning \$750k is forecast to be spent during 2019/2020.

With no external funding secured for the Scout Hall, the original budget of \$107k has been reduced to \$38k to complete only the highest priority work. Community support for this Hall is strong, and so in-kind support, or volunteer work and donated materials, may complete the Hall to a better standard.

As a result of submissions, the Council has agreed to obtain quotes to complete the major repairs for the 34 Esplanade former office building, and to work through leasing options with several community groups who have expressed an interest in occupying the building.

Swimming Pool:

The existing swimming pool in Kaikōura on the Esplanade was closed in 2016 after it was damaged by the earthquake. Since then, Council has provided funding support for a temporary 'pop-up' pool.

A working group established in January 2019 worked together and create a plan for a community led project to build a new indoor pool for Kaikōura over the next 4 years.

By August 2019 council and the working group hope to see a community based charitable trust formed to lead the project, a final site chosen, a fundraising strategy in place and around \$1.5 million in funding, grants and in kind sponsorship secured. The working group will be providing regular updates to Council and the community on the project's progress.

Under the plan Council will partner with and support the trust by donating the land, a project funding contribution of \$1 million and a commitment to fund an operating cost of \$250k per year as well as ongoing support to the working group and Trust throughout the project. In response to submissions, the Council has brought forward some of the design work with provision of \$200k for design fees and preliminary work to commence in 2019/2020.

The plan relies heavily on the community leading the project through the charitable trust and on community fundraising.

There are three site options still being considered. The Working Groups top preference is to see a new indoor pool built on the Scarborough Street South site. For whichever site is the final choice, the project will be split into two stages.

- Stage one: fundraising, planning and developing the site then building an outdoor pool similar to the existing pool but to modern standards.
- Stage two: fundraising an additional \$1.7million for a building and ventilation system to convert the pool to an indoor pool.

For all three sites, future development work could include 'extras' such as a pool shop, café, a hydro slide, BBQ area, 24/7 external access toilets/showers. Some may generate revenue, helping to contribute to the running costs, some could give our community extra spaces for recreation or social connection and some could provide facilities for visitors and tourists. Whether or not any of these "extras" can/should be built will depend on the amount of money raised, the final site chosen and feedback from the community on what it wants.

For all three options, the amount of fundraising/sponsorship in kind needed is significant for our small community. If the money cannot be raised in the short timeframes set, the project will be delayed until the money/sponsorship in kind can be raised.

The working group intends to make an application to the DIA Lotteries fund by August 2019. To do so, a decision about the design and location of a pool will need to be made by June 2019 at the latest.

Reserves, Toilets and Playgrounds:

The number and location of reserves is believed to exceed the demand and needs of the community. During 2018/2019, the number of reserves, their locations and current and likely future uses were assessed. Council would consult with the community around the potential sale of any underused areas or areas which are surplus to the community's needs. That review has yet to be concluded.

Use of loans rather than reserve funds:

The Three-Year Plan showed that we would utilise the material damage settlement funds in the first instance, rather than raise loans for the various rebuild projects planned. In reality, due to the delays in getting these projects underway, the surplus funds have repaid debt wherever possible, therefore saving many tens of thousands of dollars in loan interest. What this means, though, is that all surplus funds have now been depleted (with the exception of funds set aside for the swimming pool and some other projects). We will draw loans only as required, in order to complete the remaining facility rebuild projects.

Assumptions

- Where external capital funding (grants) has been assumed in the Three Year Plan the work will not proceed unless these funds are secured
- Non-earthquake safety works will be undertaken as soon as practicable or facilities will need to be closed
- Internal and external resources will be available to deliver the programme including earthquake repairs.

Capital projects

Project Expenses	\$000's	Funded by	\$000's
Tennis courts	100	Grants & subsidies	507
West End amphitheatre	85	Loans	1,203
Housing for the elderly	30	Reserves	63
Airport safety improvements	150		1,773
Airport terminal building	100		
Airport hangar	60		
South Bay slipway, boat parking, etc	300		
North Wharf safety improvements	100		
Scout (Drill) Hall	38		
Memorial Hall	750		
34 Esplanade former offices	60		
	1,773		

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
The number of Memorial Hall bookings (excluding KDC use) per annum	50	75	75
The percentage of Council housing tenants who fit Criteria One (the highest priority), in the Councils housing for the elderly policy.	100%	100%	100%
The percentage of pesticides used that are biodegradable	100%	100%	100%
The percentage of cleaning chemicals purchased that are biodegradable	Greater than 90%	Greater than 90%	Greater than 90%
The percentage of tracks and cycleways that are condition grade 4 or 5	Less than 10%	Less than 10%	Less than 10%
The number of customer service requests received about Council's community facilities per year	Less than 500	Less than 500	Less than 500
The number of complaints received about Council's community facilities per year (due to a service request not being actioned appropriately)	Less than 50	Less than 50	Less than 50

Commercial activities

Sub-Activities

Leased Properties (Wakatu Quay, 25 Beach Road, 34 Esplanade, and others) Forestry

Our Goals: What we're working towards

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

Our Objectives: Why we're doing what we're doing

All Council owned assets are operated on a commercial basis. Council's commercial activities are financially sustainable.

What has changed from the Three-Year Plan?

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
General rates	(461)	(377)	(367)	10
User fees & charges	19	24	15	(9)
Forestry revenues	1,198	735	735	-
	756	382	383	1
Operating expenses				
Loan interest	-	-	14	14
Other expenses	1,056	681	940	259
	1,056	681	954	273
Capital projects and funding				
Leased property	200	-	338	338
New loans	-	-	(608)	(608)
Reserves	(500)	(300)	(300)	-
	(300)	(300)	(570)	(270)

Why has this changed?

The Op Shop (Cuddon) building at 25 Beach Road will be upgraded to meet code requirements and receive deferred maintenance and repairs. This will enable the Op Shop to substantially increase their revenue back to the community. A ballpark budget of \$200,000 was allocated for this work, based on very limited information at pre-concept design stage. After detailed design and analysis of tenders for a bundled contract for this work and similar work on the Memorial Hall, the budget has been revised to \$400,000. The \$200,000 increase will be more than offset by a \$350,000 reduction in the budget for the Memorial Hall.

The strategic review of KDC assets (Land and Buildings) was undertaken during the 18/19 year in order to;

- explore opportunities for retaining or divesting assets (including Marlborough Regional Forestry), and
- understand property operational and capital investment requirements to maximise returns to the community.

This review has identified that the land at Wakatu Quay is a strategic asset and to realise future investment opportunities the site could be cleared of the dilapidated buildings and associated pavement and make safe repairs made. This work may be undertaken in the 2019/2020 year at an estimated cost of \$270,000, but any investor interest in that site as is, will be taken into account before any buildings are demolished. This work is planned to be funded by loan, and the loan will only be raised if the demolition commences.

The strategic review of assets including the Councils ongoing investment in Marlborough Regional Forestry will be considered as part of the financial and corporate sustainability review scheduled for completion in the first quarter of 2019/2020.

Assumptions

- Wakatu Quay buildings are demolished

Major projects

Project Expenses	\$000's	Funded by	\$000's
25 Beach Rd (OpShop) major repairs	338	Loan	338
Wakatu Quay buildings demolished	270	Loan	270
	608		608

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
The proportion of revenue from commercial activities as a percentage of total revenue	4%	2%	2%

Leadership & governance

Sub-Activities

Mayor & Councillors
Chief Executive
Support services
Communications & engagement

Our Goals: What we're working towards

Council is an elected body that provides a governance structure for effective leadership, advocacy and accountable stewardship of the Council's assets and resources. Council is made up of elected members – seven Councillors and one Mayor – who are elected to serve a three-year term of office.

Council provides systems for democratic local decision making for the overall benefit of the community, for both our current and future generations. Council decision making and actions are concerned with meeting the current and future needs of communities for good quality infrastructure, local public services and the performance of regulatory functions in a cost effective way for both business and households.

Mayor and Councillors provide governance to set direction, monitor and review Council performance, represent the Community as well as inform the Community of decisions made.

Our Objectives: Why we're doing what we're doing

The Local Government Act 2002 requires Council and elected members to lead and represent their community. This Act requires Council to meet current and future needs of the community in terms of good quality infrastructure and services as well as provide quality regulatory functions, all in a cost effective way. As well as this, Council is well placed to provide advocacy and leadership on other local matters that are outside those core functions.

What has changed from the Three-Year Plan?

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
General rates	425	669	669	-
User fees & charges	34	48	46	(2)
Grants & subsidies	800	500	720	220
	1,259	1,217	1,435	188
Operating expenses				
Loan interest	46	53	25	(28)
Depreciation	70	85	85	-
Other expenses	1,872	1,286	1,988	702
	1,988	1,424	2,098	674
Capital projects and funding				
Vehicles, plant & equipment	88	94	92	(2)
Loan principal	10	165	49	(116)
New loans	(720)	(380)	(720)	(340)
Reserves	(38)	-	-	-
	(660)	(121)	(579)	(458)

Why has this changed?

Financial reporting, tracking expenditure, loans, grants and special funds has become increasingly complex in the post-quake environment. Additional finance staff are essential to support the rebuild and the new organisation structure. There is provision for two new finance roles.

Budget has been included for a full time communications staff member. This role will be focused on ensuring the community is connected with Council and that information is available in the right way and at the right times to enable informed community input to key issues and decision making.

In addition, the works and services team is right-sizing and recruiting the right skill-sets for the broad range of projects that need to be completed. For works and services, this doesn't translate to more staff, but it does translate to higher personnel costs so as to attract people with appropriate experience and skills.

Spending on Human relations including, training and development and health Safety and wellbeing has been increased to ensure Council staff have the tools they need to work effectively and manage high workloads and stressful environments. This is driven by a need to meet Councils legal obligations and to ensure Council is delivering value for money for ratepayers with staff who are professional, motivated, highly competent and connected to the community.

Budget of \$20k has been allocated to work with our iwi partners Te Runanga o Kaikōura and ensure we have a mutually beneficial and strong relationship. This includes working with TROK to improve Council staff cultural literacy, TROK membership on committees and other council decision making groups and a renewed focus on two way communication and conversation.

The cashflow loans that we had forecast in the Three-Year Plan have not been needed as yet, and so the timing of those loans has been deferred by one year. That means there are savings in loan interest and principal in the Annual Plan 2019/2020, with the first of the cashflow loans expected to be drawn down before the end of September 2019, dependant upon progress with the various rebuild projects.

Work on the review of financial sustainability is progressing, looking at reducing costs, increasing revenue and considering new, more efficient ways of working. The review started at the end of 2018 and includes:

- a review of all assets, fees and charges, and current debt financing to make savings;
- investigations of new revenue opportunities;
- a review of all the services provided across the district to find efficiencies;
- consideration of the council structure and new ways of working;
- and preparation of a 12-year financial plan for the district.

Council is also considering how we run and fund public assets like the airport and harbour, looking at the Council's financial management to find cost savings. This includes looking at how Council could change the way we work to be more efficient and cost effective including whether activities and services may be more effectively and/or efficiently delivered differently such as teaming-up with other local councils or other contract options.

The Government has approved \$1.3m of funding to assist Council with undertaking this work. The external funding is spread across the two financial years 2018/2019 and 2019/2020.

Key to all the work underway – no matter what changes might be required – will be ensuring the retention of local democracy in Kaikōura and meeting the future needs of the district.

Any recommendations will be ready in time for the Mayor and Councillors following this year's election.

Assumptions

- Recruitment of suitably qualified and/or experienced personnel is successful
- that the major operational and strategic issues facing Council do not change significantly from those identified through the 3 Year Plan
- that the local government elections are conducted smoothly and successfully
- that incoming elected Council continue to prioritise improving how we work and providing value for money for ratepayers
- that the Financial and Corporate Sustainability review will result in recommendations about a pathway to ensure council is fit-for-purpose and financially viable into the future

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
The percentage satisfaction with the Mayor Councillors and staff	75%	75%	75%
Compliance with legislation	100%	100%	100%
Regular hui's with Iwi Executive	6	6	6
Council meetings allows for public participation public forum, providing accountability, transparency and public accessibility to information provided.	100%	100%	100%
Ensure at least 90% of residents are satisfied that Council consults with them on important issues	90%	90%	90%

Regulatory services

Sub-Activities

- Building control**
- Food premises & environmental health**
- Parking & traffic control**
- Dog & stock control**
- Liquor licensing**
- Other TA Regulatory functions**

Goals – what we're working towards

To protect public health and safety and minimise risks by ensuring:

- Enforcement of the requirements of the Building Act
- All dogs are registered
- Dogs and stock are adequately controlled
- Premises that prepare and sell food are registered and inspected;
- Premises that sell alcohol are licensed and inspected
- Noise complaints and other environmental nuisances are responded to
- Advice and guidance is available to members of the public.

Objectives - Why we're doing what we're doing

To protect public health and safety by ensuring compliance with legislation and local bylaws. Delivering assurance by ensuring the decisions made are fair, sound and protect Council and ratepayers.

Key Issues for 2019/2020

Feedback on the Draft Annual Plan showed strong support for freedom camping sites to be monitored, which requires additional staffing and resources. The Council has provided an extra \$140k (boosting the total cost of freedom camping and developing a bylaw to \$280k). An application has been made to the Tourism Infrastructure Fund (TIF) for assistance to meet the additional cost.

Post-earthquake an increase in construction development, illegal building work has seen an increase to enforce the requirements under the Building Act to ensure minimum building standards in our district are met. This has ensured that the building stock in our district is fit for purpose for current and future building owners.

Building Control and Inspections

All new buildings within the District must comply with the Building Act 2004 and building codes and regulations, to provide the assurance that our homes and businesses are structurally sound, accessible and weatherproof. The national building codes ensure the community is well positioned in the building recovery following the 14th November Earthquake. By complying with the building code and Building Act 2004 resilience and assurance can be built into our building stock.

The Building Consent Authority goes through a two yearly accreditation process with MBIE and IANZ. MBIE and IANZ are due back in 2020. Work to ensure compliance with our Kaikoura District Council Building Consent Authority Manual has been continuing since the last successful audit to ensure that we can show what we are doing is in accordance with our manual.

To further speed the processing of consents the Kaikoura District Council has moved to digital online application portal known as Simpli. The cost benefit for our customers has removed hard copy consents needed for lodgement and no more having to reprint plans etc. when addressing requests for further information from our processing officers.

Traffic Control

Council employ 1.5 FTE's Regulatory Enforcement Officers with traffic warden duties as part of their role, to minimise irresponsible parking practices, particularly in the West End. Council must ensure 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 1,200 dogs registered in the District. This has been a significant increase from previous years as our Officers spent a lot of time educating and following up un-registered dogs in our district. We worked hard at getting our current impound facility for dogs fit for purpose. To address complaints regarding dogs and stock, and for impounding when these are found wandering, Regulatory Enforcement Officers are on call 24/7.

Building Warrant of Fitness Audits

Regulatory Enforcement Officers are now in the process of undertaking BWoF Annual audits. A Building Warrant of Fitness is a statement from a building owner that confirms the systems specified in the building's compliance schedule have been maintained and checked for the previous 12 months. Council have not undertaken annual audits of premises containing specified systems since the earthquakes. The revenue that can be generated from this will be implemented 2020 as Council consider it only fair to re-introduce this fee after we have undertaken the 2019 period as a free service enabling our customers to get better ready for the roll out of that service in the future.

Noise Control

Our Regulatory Enforcement Officers carry out Noise Complainant investigations a good number of these being weekend call outs during the late evening or early hours of the morning.

Litter and Illegal Dumping

Regulatory Enforcement Officers have been involved in a number of littering issues which have included working alongside our Environmental Health Officers with particular regard to human defecation on a number of local beaches.

Food premises & environmental health

Council has a responsibility to administer and undertake its registration, verification and enforcement functions pursuant to the Food Act 2014, Food Regulations 2015 and the respective Food Notices (Guidelines) issued by the Ministry for Primary Industries (MPI). The Council will continue to carry out its functions as a co-regulator with MPI.

Along with alcohol licensed premises, the earthquake caused many of the registered food businesses to close. It is recognised that some businesses will remain closed, some will re-open and there will be a number of new premises that will be established. We will be working closely with the food industry, as the businesses re-establish, to ensure that they are all registered and verified in accordance with the Act. This will be a positive and encouraging approach with a focus on compliance and ensuring that all foods sold are safe and suitable.

The transitional period for the Food Act 2014 is now complete and all our food businesses are now operating under the new legislation. The community has received the changes well and are working towards acceptable outcomes. This verification process is aimed to be a positive visit that encourages and assists operators to meet the requirements of the Act and provide safe and suitable food.

Liquor Licensing

Council ensures that the sale and supply of alcohol is managed responsibly with the purpose of minimising alcohol-related harm, and that licensed premises are top quality hosts.

Council recognises the requirements of the Sale and Supply of Alcohol Act 2012 to establish and maintain arrangements between the Licensing Inspector, Police and Medical Officer of Health to ensure the ongoing monitoring of licences and the enforcement of the Act, together with the need to develop and implement strategies to reduce alcohol-related harm. The Council's Licensing Inspectors maintain advocacy in a tri-agency approach to ensure that the alcohol industry performs to the requirements of the Act.

Other TA Regulatory functions

Other regulatory functions include general registered and inspected premises such as hairdressers and camping grounds. The general registered premises will continue to be registered and inspected.

What has changed from the Three-Year Plan?

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
General rates	195	441	375	(66)
Targeted rates	68	99	59	(40)
User fees & charges	428	441	553	122
Grants & subsidies	322	-	78	78
	1,013	981	1,065	84
Operating expenses				
All operating expenses	1,069	981	1,075	94
Capital projects and funding				
Reserves	(56)	-	(10)	(10)

Why has this changed?

The building control activity will no longer receive any funding from DIA for post-quake capability support, and while this was signalled in the Three-Year Plan, the impact on the general rates in the 2019/2020 year was untenable. In order to reduce the impact on rates, the Council is proposing increased building consent fees in recognition that the cost of building control should be recovered where possible by the consent applicants. Further information on these fee increases can be found on pages 69 to 82.

Assumptions

The Council will continue to provide its core statutory and regulatory functions for the community.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
Estimated parking occupancy rate in the West End pay and display car park during November to February	20,000	20,000	20,000
The number of complaints about dogs (wandering, barking nuisance, dogs rushing, etc)	155	135	135
The percentage of licensed liquor premises assessed as low to medium risk	83.7%	83.7%	83.7%

Community development

Sub-Activities

Customer Services
Community Development
Civil Defence Emergency Management
Community Grants, Events & Fundraising
Youth Development
Kaikōura District Library

The Community Development activity encompasses all community-focussed services.

What has changed from the Three-Year Plan?

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
General rates	659	629	785	156
Targeted rates	10	10	20	10
User fees & charges	50	50	52	2
Grants & subsidies	35	8	27	19
	754	697	884	187
Operating expenses				
Depreciation	33	35	35	-
Other expenses	896	671	965	294
	929	706	1,000	294
Capital projects and funding				
Reserves	(168)	-	(107)	(107)

Why has this changed?

The externally funded earthquake recovery programmes, Winter Warmer and Rebuild Navigator, are ongoing with funds carried over into 2019/2010. The Winter Warmer programme is to help home owners make their damaged homes weatherproof and improve heating and insulation. The Rebuild Navigator provides support, advice and negotiates with insurers (if required), to help home owners work through the often challenging red-tape involved with insurance settlements and repairing their damaged properties.

Customer Services

Our Goals: What we're working towards

In the year 2019/2012, there is a strong focus on customer services. We are committed to putting our residents and visitors first. We will provide services that are responsive, courteous, timely, accurate and accessible.

Our Objectives: Why we're doing what we're doing

- To deliver professional customer service provision and be responsible for effective and efficient administrative and accounting services to our residents and our staff
- To support the community and the organisation to flourish – connected, positive citizens with healthy economies

What has changed from the Three-Year Plan?

There are no changes to this activity in the Annual Plan 2019/2020.

Assumptions

- Our internal and external processes and customer service responses need improving.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
Increased customer satisfaction with Customer Services Team	90%	91%	91%

Community Development

Our Goals: What we're working towards

The goal is to move seamlessly from social recovery to community development continuing the process where community comes together to take collective action and generates solutions to common problems. This strengthens community resilience, safety and wellbeing, ensuring everyone in the community has their essential needs met and enhances quality of life for residents and visitors (Reimagine Kaikōura p.54):

- Creates a cohesive community that is focused towards a common vision and goal for Kaikōura
- Grows strong, resilient and supportive communities where people take responsibility for their own actions
- Increases sport, art, cultural, environmental & educational opportunities
- Enriches quality of life for residents and visitors
- Making it happen – builds strong community networks to encourage youth participation & capacity.

Our Objectives: Why we're doing what we're doing

To enhance positive networks between the community, business and local government by creating a robust community development programme.

What has changed from the Three-Year Plan?

Community development resources have been retained, the Rebuild Navigator position was filled later than anticipated and so has funds available to carry over into 2019/2020.

Why has it changed?

Five externally funded positions have come to an end and the two-part time Community Development officers have seamlessly taken on much of the work underway. Community capability, individual and organisational capacity is well on the way to positive long term change with this extra support.

In October 2018, KDC employed a Rebuild Navigator with external DIA funding which allows for continued support of post-earthquake community resilience and help to ensure everyone in the community has their essential needs met. This support will be available until the grant is exhausted.

Assumptions

The following assumptions have been made;

- Recovery is a long-term endeavour
- Most recovery funding will have ceased by December 2018 decreasing the delivery of service
- There will be an on-going need for community support
- Community development skills and expertise will be important.

Civil Defence Emergency Management

Our Goals: What we're working towards

- Promoting strong, resilient and connected communities able to prepare, respond and recover well from any emergency.
- Maintaining and improving our Emergency Operations Centre and staff to lead a coordinated emergency response.
- Building close relationships with the community and local partner agencies to ensure effective response and recovery.

Our Objectives: Why we're doing what we're doing

Under the Civil Defence Emergency Management (CDEM) Act 2002, the Council must plan and provide for civil defence emergency management for the district, focussing on the 4 R's – Reduce Hazards, Readiness, Response & Recovery.



Civil Defence

The Council supports the community to respond effectively to and recover well from emergencies through education programs and support for community disaster plans.

Emergency Management

Council is responsible for training Council staff to resource an Emergency Operation Centre (EOC) to the best of Council's ability to coordinate response in case of an emergency as defined by the CDEM Act 2002.

The Council is a member of the Canterbury Civil Defence Emergency Management Group (CCDEM). Composed of territorial authorities across Canterbury, CCDEM works to coordinate emergency management at a regional level working with emergency response, iwi, Environment Canterbury, the community and other partner agencies and to help support local territorial authorities.

What has changed from the Three-Year Plan?

There are no changes to this activity in the Annual Plan 2019/2020. An issue for this activity – although it has no direct impact on budgets, is delivering Emergency Management training to new or overloaded Council staff and leadership.

Assumptions

The following assumptions have been made;

- The Kaikoura district has a diverse range of natural and man-made hazards, some of these have a low probability of happening but a very high impact on the community
- There will be a need for Council to deliver civil defence emergency management in our district
- Training of staff and public education is an ongoing process.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
Percentage of survey respondent with an emergency kit	90%	90%	90%
Number of Team Leadership/CDEM meetings per year	6	6	6
Number of Emergency Management (all staff) exercises per year (Exercise Pandora)	1	1	1
Hours of CDEM Training per staff member per year	12	12	12

Community Grants, Events & Fundraising

Our Goals: What we're working towards

Increase sport, art, cultural, environmental & educational opportunities within the district.

Our Objectives: Why we're doing what we're doing

Foster community engagement and participation by:

- providing promotion and advancement of existing community grants
- supporting fundraising projects that develop short and long term community resilience.

What has changed from the Three-Year Plan?

The Council proposes to support up to four events per year, in the Annual Plan 2019/2020, capped at \$10,000 overall per annum.

Why has it changed?

Events are an opportunity for the community to come together and celebrate, which is an important part of our ongoing social recovery.

Assumptions

The following assumptions have been made;

- As long as external funding is available, KDC will deliver community grants
- Fundraising capability for small and large community projects will continue to be needed.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
Externally funded community projects	3	4	4

Youth Development

Our Goals: What we're working towards

Making it happen – growing and developing the skills and connections young people need to be able to take part in society and reach their potential.

Our Objectives: Why we're doing what we're doing

To provide opportunities for our young people to become successful learners, confident individuals, effective contributors and responsible citizens.

What has changed from the Three-Year Plan?

There are no changes to this activity in the Annual Plan 2019/2020.

Assumptions

It has been assumed that funding will continue to be available for youth development.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
Facilitate monthly youth Council meetings	10	10	10
Support with youth Council activities	5	5	5
The number of Committees youth are represented on	3	3	3

Kaikōura District Library

Our Goals: What we're working towards

Delivering a world class library service which retains its community values.

Our Objectives: Why we're doing what we're doing

To connect people with information and ideas to foster lifelong learning, improved literacy and creative expression.

The library operates a diverse service as an educational, informational, recreational and cultural resource and aims to satisfy the developing resilience needs of the Kaikōura community. The library plays a key part in creating opportunities for the elderly, youth and retaining families in the community. By staying current with our evolving community, their needs and interests, we are able to:

- continuously adapt and evaluate our services, programmes and collection
- support equitable access to information and technology
- offer a community meeting space where all members of the community can gather, interact and participate in programmes, events and activities
- encourage a love of reading
- provide and maintain a current collection of resources
- invest in our staff, technology and infrastructure in order to best serve community needs.

Key Issues for 2019/2020

The earthquake has put a strain on existing resources. Investment in our library service continues to be crucial, as it enriches people's lives and plays an important role in meeting the aspirations of the Kaikōura community.

What has changed from the Three-Year Plan?

There are no changes to this activity in the Annual Plan 2019/2020.

Assumptions

The following assumptions have been made.

- Funding will continue to be available for library activities
- There will be no major changes to the delivery of service
- The Library will continue to be funded by rates.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
The number of library event opportunities provided to the community	28	32	32
The number of lending items per capita	7	7.7	7.7

District development

Sub Activities:

Strategy and Policy
District Planning
Natural Hazards
Statutory Planning
Economic Development
Tourism & Marketing

Our Goals: What we're working toward

Ensure that 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.

To enable our community to meet development needs while balancing the protection of the natural and built environment by ensuring an innovative and progressive District Plan.

To provide clear direction and certainty for parties with buildings severely affected by natural hazards as a result of the November 2016 earthquake.

Ensure the District's natural and physical environment is sustainably managed by ensuring that standards and guidelines set down in legislation and regulations are met.

Ensure that Kaikōura recovers by providing the community with the ability to meet and comply with statutory requirements in a friendly and helpful way.

Strategy and Policy

Our Objectives: Why we're doing what we're doing

Ensure that Kaikōura recovers by providing the community with frameworks which will:

- Strengthen community resilience
- Attract investment
- Enhance economic diversification
- Create awareness and understanding of natural hazards
- Protect and enhance Kaikōura's unique biodiversity
- Provide for sustainable tourism opportunities
- Allows collaboration with researchers and community groups.

Key Issues for 2019/2020

As a Council it makes sense to ensure our strategy and bylaws align with our community. Community aspirations change over time and bylaws only have a limited life span. A number of our bylaws require updating to reflect community values. Responsible camping has been raised as a real issues for our community. To create sound strategic direction and to have supporting bylaws requires that Council is involved in our community at multiple levels. It is vital that we are aware of the desires of our Iwi, and the direction which is being developed by Te Korowai, Canterbury Water and community groups. As a community we have also achieved EarthCheck certification which has been a significant milestone. To ensure that we meet the aspirations of our community and stay connected requires staff time and resources. In addition to staff time, costs include the need for specialty advice such as legal reviews and general overheads.

We will protect and enhance the unique natural environment and biodiversity in our District and ensure that the indigenous biodiversity of the District is managed so as to prioritise areas of high value, and prevent net loss and encourage expansion of biodiversity. Council will continue to work with landowners to encourage willing landowners to protect and enhance significant natural areas on their properties identified as part of the significant natural areas programme. Council will retain membership and contribute to the goals of the Kotahitanga mo te Taiao Alliance.

EarthCheck Platinum Certification will be retained and we will strive towards improving sustainability throughout the District. Council will promote environmentally-friendly practises, energy efficiency, water conservation and actively reduce waste.

What has changed from the Three-Year Plan?

1. Council will be producing a Responsible (or “Freedom”) Camping Bylaw
2. We wish to be ecologically exemplary and additional resources are required to achieve this

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
General rates	430	409	487	78
Targeted rates	554	626	495	(131)
User fees & charges	107	110	98	(12)
Grants & subsidies	1,741	-	-	-
	2,832	1,145	1,080	(65)
Operating expenses				
All operating expenses	2,832	1,145	1,159	14
Capital projects and funding				
Reserves	-	-	(79)	(79)

Why has this changed?

Council acknowledges the high number of responsible campers in the district, and that education and advocacy needs to be supported by regulation, and so has committed to developing a bylaw under the Freedom Camping Act 2011. The timing of any Responsible Camping Bylaw is unlikely to be adopted and enforceable before February 2020 – too late for the peak of the next summer season. Community support has been very strong for the Council to provide for additional resources to monitor any freedom camping sites, to educate campers how to camp responsibly, to provide for environmental clean-ups of areas. In response to this feedback, the Council has committed an additional \$140k (boosting the total provision to \$280k), with applications made for funding assistance to MBIE’s tourism infrastructure fund. The bulk of these costs appear in Regulatory & Control group of activities for monitoring, public education and enforcement.

To ensure we are ecologically exemplary and to meet Councils duty in relation to the protection of significant natural areas. With the pending National Policy Statement for Indigenous Biodiversity it is important that we refocus attention on biodiversity.

The streamlined plan process for the District Plan review has been dropped, which has delayed progress on the Plan’s review. That in turn has meant there are unspent funds in the District Plan reserve, which have been carried over to 2019/2020. Forecast costs for the District Plan have also been spread over multiple years to reflect the longer timeframe this process will now take.

Assumptions

The following assumptions have been made;

- The “Reimagine Kaikoura” Recovery plan will be supported and taken up by Strategy and Policy.
- Sufficient resources will be available to advocate for community outcomes
- There will be no significant changes to legislation
- No external resources will be sought
- The relationship with Te Runanga o Kaikoura and Te Runanga o Kaikoura continue to flourish.
- No more than two bylaws will be produced for the 2019/2020 financial year
- No significant changes occur to the Freedom Camping Act 2011
- National Policy Statement for Indigenous Biodiversity do not see a complete shift in biodiversity thinking.
- Resource allocated are for the development of a bylaw as opposed to giving effect to the bylaw.

Levels of Service: How we measure what we’re doing

Measure	2018/2019 Target	2019/2020 Target	2020/2021 Target
Report District Energy Use in Gigajoules per person	84.56	84.4	84.2
Report District Greenhouse Gas production CO ₂ per person per year (tonnes)	4.047	4.03	4.013
District Air Quality - NO ₂ kg/ha	0.856	0.855	0.853
District Air Quality - SO ₂ kg/ha	0.0696	0.0695	0.0693
District Air Quality PM ₁₀ kg/ha	3.096	3.08	3.063
Solid Waste produced per person per year (kg)	75.66	75.5	75.3
The percentage of the District’s Biodiversity under protection	49.4%	49.6%	49.8%
The percentage of District Water Quality (samples passing "Quality Standard")	78.3%	78.5%	78.67%

District Planning

Our Objectives: Why we’re doing what we’re doing

- To begin a rolling review of the Kaikōura District Plan to meet our statutory 10 year review requirements
- To undertake a review of the Natural Hazards within the District Plan given the changes to the landscape following the earthquake
- To ensure present Biodiversity requirements are upheld
- Undertake subsequent review of other chapters of the District Plan to meet community expectations.

Key Issues for 2019/2020

Reviewing the District Plan is a costly process which requires sound expert advice and collaboration with our community and key stakeholders. It is important that our plan is future focused and ensures appropriate development is provide for that avoids legacy issues beyond the life the plan. A number of issues have been identified with our 20 year old plan that reflect the thinking of the past and revision of the document is necessary to ensure it is appropriate. Although our residential population is relatively static, development pressure is still occurring and Council needs to ensure that appropriate zoned land is available.

Our community needs an appropriate natural hazard framework to ensure its future sustainable development. As tourist numbers increase additional business land will be required within the life of the second generation plan. Planning is an expensive process which can often be litigious. It is the need for specialist advice, legal advice, hearing panels and commissioners account for much of the cost.

What has changed from the Three-Year Plan?

The Streamline Plan Process has been dropped; the natural hazard plan process will now follow the standard plan change process. This delays hearing costs and provides more time for planning making, this pushed the hearing costs out to 2020/21 financial year.

Why has this changed?

The streamlined planning process has been dropped so as to provide greater community input and control over the planning process. Council will follow the standard plan change process. The final decision on natural hazard changes will now be made by commissioners as opposed to the Minister for the Environment and decisions will be able to be appealed to the Environment Court.

Assumptions

The following assumptions have been made;

- The excellent planning support from Environment Canterbury will continue
- Council will be able to attract experienced staff to assist with the review and provide technical knowledge
- Changes to legislation which provide for National Planning Framework do not require additional work in 2020/21.
- Collaboration of iwi is possible in the decision making framework
- Council is not moving to a full E-plan format.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
Maintain or enhance resident satisfaction	80%	80%	80%
Natural hazards District Plan Review to be completed by 2020/2021 financial year	Public workshops & technical reports completed	Plan change completed	Plan change completed

Note these targets were set with the development of the Three-Year Plan, and since then we have dropped the streamlined plan process. We no longer expect to meet these timeframes. The revised timeframe will be for public workshops and technical reports to be completed during 2019/20, and the plan change completed by 2021 – subject to any environment court appeals or other matters that may arise.

Natural Hazards

Our Objectives: Why we're doing what we're doing

Ensure that work related to the November 2016 earthquake;

- Strengthens community resilience
- Creates awareness and understand of natural hazards
- Allows collaboration with researchers and community groups.

Key Issues for 2019/2020

Council has received \$1.5m funding for natural hazard properties with life safety risk. Council has no duty to provide funding. The key issue is ensuring that property owners accept the reasonable but limited funding.

Council is not in a financial position to be able to financially beyond the funding which has been allocated. Council will continue to work with property owners subject to life safety risks.

Assumptions

The following assumptions have been made;

- That initial designed mitigation is still valid and will be able to be delivered within the \$1.5m provided by Central Government
- That no major natural hazards events will occur in the next three years.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
Ensure that strategies for mitigation of risk or retreat occurs for properties with unacceptable life safety risks	100%	Nil	Nil

Statutory Planning

Our Objectives: Why we're doing what we're doing

Ensure that consents are processed within the statutory timeframes.

What has changed from the Three-Year Plan?

Staffing budget has increased by 32%.

Why has this changed?

In the 2017/18 financial year budget was increased by 50% to keep up with earthquake related work and to ensure experienced staff could be attracted. The budget was then cut by 56% due to the inability to attract and maintain suitably qualified staff. Our new staff are providing an excellent level of service to the community and their experience grows with time. Land Information Memoranda are now a service provided by the planning team (formally by Customer Services). The changes will still be less than what was provided in the 2017/18 year.

Assumptions

The following assumptions have been made;

- Statutory Planning services will continue to be provided locally by Council staff
- Council will be able to attract and maintain suitably qualified staff
- Costs for provided advice are not always able to be recovered

- No major legislation changes will occur.

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
Number of resource consents processed within statutory time frames	100%	100%	100%

Economic Development

Our Goals: What we're working towards

- Kaikōura, like many other regions, faces a variety of economic development challenges including our small population, relative geographic isolation and current economic makeup that focuses on tourism and summer months trading.
- Our economic development goal is to aid Kaikōura's transition from post-quake adversity to future ongoing economic prosperity by helping to build an economy that performs well all year-round, is diverse, caters for the employment needs of current and new residents and helps attract visitors and tourists.
- Council intends to support structures to assist business development and capability building to create a passionate, creative and resilient business community and ongoing job creation.
- The ultimate goal is to develop, enhance and retain a vital, resilient, well-structured district economy, based on best practice and innovative environmental management with the aim of attracting values-based investment.

Our Objectives: Why we're doing what we're doing

Council has confirmed it's a new focus on mid to long term strategic economic development by creating and staffing a full-time economic development position in November 2018.

Since then Council initiated free access to economic analysis and forecasts through an Informetrics service since December 2018. The goal is to help local businesses and those who may be looking to invest in our district understand the economic forces which affect their businesses or organisations. The information also helps inform the Council's economic development planning, policy, and strategic decisions

The focus remains on the six key areas of people, investment, diversification, business community, environment and tourism. They will also work with investors to facilitate further development and to enable business networking events and business capability development.

Further work will be done towards forming an external economic board to help focus on the 'big picture' and drive Kaikōura forward. This board will be made up of industry experts including some external to Kaikōura to make sure we have access to the best thinking and leadership we can.

Council is focusing on finding local solutions to local problems, leading to inclusive and sustainable growth for the whole community. We believe our role is to facilitate productivity-enhancing and environmentally sustainable commercial activities especially those that can improve wages and return on the investment made recently by the Central Govt. during restructure efforts.

Council continues its focus on facilitating new, exciting projects, and assisting organisations and people across the district to become successful and prosperous, rather than leading everything ourselves.

What has changed from the Three-Year Plan?

There are no changes to this activity in the Annual Plan 2019/2020.

Assumptions

The following assumptions have been made.

- Funding will continue to be available for library activities

Tourism and Marketing

Our Goals: What we're working towards

Maintaining the solid recovery gains of the tourism sector in 2018/2019 summer season and providing stewardship towards measured, sustainable future growth in 2019/2020.

Our Objectives: Why we're doing what we're doing

- Sustainable growth of the tourism sector as one of the key drivers of GDP in the Kaikoura District
- Gradually developing a professional meeting and conference program to help with off-season visitation in collaboration with private and not for profit sectors (e.g. Sudima Hotel, Mayfair theatre)
- Continue development of cruise sector business
- Continue communication with regional and national tourism and Central Govt. funding agencies
- Consult and align with the private sector for new infrastructure investment drive
- Collaborate with surrounding local governments and not for profit organisations on tourism projects which are of mutual interest
- Maintain partnership marketing with Tourism NZ, Canterbury RTOs (APT) with cost-effective activities offshore and onshore

Key Issues for 2019/2020

Tourism-related activity across the District during the summer season 2018/19 has overall reached pre-quake (2016) levels. The main objective from here on will be to maintain tourism spend and visitor flow for the 2019/2020 season and beyond.

Council and Destination Kaikoura will collaborate in exploring new ways in developing additional tourism/visitor economy activities in a sustainable way, respecting eco. For example conference, related visitation is expected to grow substantially, once new venues such as Sudima Hotel and Mayfair Theatre become operational.

Enhanced collaborative partnerships will be used to continue Kaikoura District marketing efforts for 2019/2020.

What has changed from the Three-Year Plan?

There are no changes to this activity in the Annual Plan 2019/2020.

Assumptions

The following assumptions have been made.

- Funding will continue to be available for library activities

Levels of Service: How we measure what we're doing

Measure		2018/2019	2019/2020	2020/2021
Growth of international and domestic visitor spend.	Pre-quake spend was \$113M	90% of pre-quake spend	100% of pre-quake spend	105% of pre-quake spend
Increase the length of stay and guest nights	Pre-quake nights were 1.6	1.8	2.0	Increase by 5%
Collaborative/partnership marketing	Continue work with RTOs, Tourism NZ, and to grow visitor numbers			
Build conference and event business to assist with year-round visitation			By June 2020 be recognised as a new conference destination	
Grow new product areas			By June 2020 new businesses attracted	
The percentage of environmentally friendly tourism operators	18%	18%	18%	18%

Horizontal Infrastructure Rebuild

Sub-Activities

Earthquake damaged Council owned horizontal infrastructure including:

- Roading and bridges
- Footpaths and streetlights
- Water supply
- Sewerage
- Stormwater

Our Goals: What we're working towards

Rebuilding quality infrastructure that meets the needs of the community whilst achieving long term affordability for Council.

Our Objectives: Why we're doing what we're doing

To restore pre-earthquake levels of service (LOS) across the infrastructure network wherever possible and improve levels of service where funding allows.

To deliver a safe and high quality rebuild programme within the funding envelope agreed with our funding partners.

To work with our key stakeholders in a collaborative way to achieve successful outcomes.

Key Issues for 2019/2020

Repairing and future proofing our bridges

Five of our local bridges require a full replacement after the earthquakes (Hawthorne Road, Evans Bridge Mt Fyffe Road, Rorrison's Road, Gillings Lane and Scotts Road). Based on safety audit findings and future growth planning, the Council has agreed to improve the level of service by replacing these one-lane bridges with two lanes, at the Hawthorne Rd, Rorrison's Rd, and Evans (Mt Fyffe Road) as well as making provision for a pedestrian footpath on the Hawthorne and Rorrison's bridges. The total project cost is estimated at \$4.37m. Detailed design of the five bridges is expected to be complete by June 2019 with construction starting in the first quarter of next financial year, with completion of all bridges in early 2020.

Three frequently used one-lane bridges have been identified to be replaced with two-lane:

Bridge name	Improvement	Capital Cost for KDC	Benefits on Levels of Service
Evans Bridge (Mt Fyffe Rd)	Two lane	After NZTA 95% funding + 51% betterment FAR: \$150k	Improve safety, better cater for future developments increased traffic volumes and be consistent with the adjacent road.
Rorrison's Rd	Two lane plus footpath	After NZTA 95% funding + 51% betterment FAR: \$90k	Improve safety, better cater for future developments increased traffic volumes and be consistent with the adjacent road.
Hawthorne Rd	Two lane plus footpath	After NZTA 95% funding + 51% betterment FAR: \$165k	Improve safety, better cater for future developments increased traffic volumes and be consistent with the adjacent road. Footpath on school road.

Clarence Valley Access

A business case process in relation to loss of all-weather access to the Clarence Valley as result of the earthquake is underway. The first stage of this process, known as the Strategic Business Case, is now complete. The next stage of the process to develop, an Indicative Business Case, has been approved and is underway. This process will identify a long list of options to address the problems identified which will be shortlisted down to a preferred option. The outcome from this stage will be to provide residents and stakeholders with some certainty over the long term and is targeted to be completed by June 2019. Approval will be required to progress beyond the Indicative Business case depending on findings.

Lyell Creek Sewer replacement

The repair and replacement of the main sewer is the largest project in the horizontal infrastructure rebuild programme at an estimated cost of approximately \$7.12 million. Detailed design and procurement is complete to replace the sewer line along Beach Road from Hawthorne Road pump station to Mill Road pump station. Construction is about to get underway and will take about a year to complete the project. Affected properties between Beach Road and Lyell Creek will have a new pressure sewer collection system to allow the new sewer line to be located away from the unstable land along Lyell Creek. The new sewer line will be located under Beach Road. After contributions from insurance and the Crown it is expected that KDC will need to fund approximately \$714,000 of the capital cost.

Replace the full length of rising sewer main along State Highway 1 (Beach Road)

Cost for KDC	Risks / Benefits provided
<u>Capital</u> \$7.12M <u>O&M</u> \$2,600/yr. <u>KDC cost (capex)*:</u> \$2.195M (\$1.48M from insurances)	<ul style="list-style-type: none"> - Resilient engineering outcome. - Pressure reticulation will keep pipes shallow and alignment flexible. - All pipes are polyethylene (PE) which are proven to perform comparatively well in an earthquake. - Lyell Creek PS pumping costs due to requirement for new rising (pressure) sewer main.

Repairing and future proofing our aeration lagoon

Detailed design of this project is complete and construction is expected to be underway in May 2019, and completed by April 2020. It has been agreed to rebuild the aeration lagoon within the existing WWTP (wastewater treatment plant) site boundaries along Old Beach Road, and further away from Middle Creek stream. The current most likely total project cost estimate is \$3.59 million. After contributions from insurance and the Crown it is expected that KDC will need to fund approximately \$504,000 of the capital cost.

Repairing and future proofing our major water structures

A number of projects are underway to repair and replace our major water structures. The largest is the replacement of Fords reservoir with a new 1,500,000 litre steel tank. The expected project cost for this is \$1.227 million to be funded by a combination of insurance and Crown contribution, with KDC ready to raise loans if there is a shortfall.

What has changed from the Three-Year Plan?

	Three-Year Plan 2018/2019 \$000's	Three-year Plan 2019/2020 \$000's	Annual Plan 2019/2020 \$000's	Change from Three-Year Plan 2019/2020 \$000's
Revenue				
Targeted rates	290	230	211	(19)
Grants & subsidies	15,022	7,430	18,879	11,449
	15,312	7,660	19,090	11,430
Operating expenses				
Loan interest	85	95	74	(21)
Other expenses	1,475	316	2,282	1,966
	1,560	411	2,356	1,945
Capital projects and funding				
Rebuild projects	15,643	8,769	19,969	11,200
Loan principal	56	73	69	(4)
New loans	(1,013)	(386)	(1,804)	(1,418)
Reserves	(934)	(1,207)	(1,500)	(293)
	13,752	7,249	16,734	9,485

Why has this changed?

The timing of projects has driven the major changes.

Assumptions

The following assumptions have been made;

- The remaining infrastructure rebuild programme estimate is approximately \$20 million (for roading and three-waters assets but excluding community facilities). This needs to be delivered by 30 June 2020 in order to have certainty around the external funding support from NZTA.
- There will be significant physical works activity on projects in the 2019/2020 financial year with the bulk of the rebuild work being completed by June 2020.
- Eligibility of funding for the scope of work for each project is approved at the option assessment stage. Not all projects will proceed if they are not eligible for funding by the Council's funding partners the Crown and NZTA.
- Not all earthquake damage will be fixed through the rebuild programme if it is not eligible for external funding. Programme contingencies will continue to be reviewed as the whole rebuild programme develops.
- Internal and external resources will be available to deliver the rebuild programme on time and within budget.

Capital projects:

Project Expenses	\$000s	Funded by	\$000s
Bridge repairs (x 15)	355	Crown subsidies	8,921
Bridge replacement (x 6)	4,395	NZTA subsidies	8,558
Clarence Valley access	4,590	Loans	1,804
Lyell Creek sewer main	5,123	Reserves	686
Sewerage reticulation	414		19,969

Aeration lagoon	2,972		
Sewerage structures	667		
Water reticulation	253		
Water – Fords reservoir	942		
Water – Mackles bore	68		
Water – Peninsula reservoir	190		
	19,969		

Levels of Service: How we measure what we're doing

Measure	2018/2019	2019/2020	2020/2021
Rebuild programme completed on time and budget	Annual programme delivered within 20% of forecast	Rebuild complete by June 2020	Rebuild complete by June 2020
The rebuild is delivered safely	Zero fatalities	Zero fatalities	Zero fatalities
Compliance with statutory requirements	No major transgressions on consent conditions	No major transgressions on consent conditions	No major transgressions on consent conditions
Customer satisfaction with rebuild outcomes	Over 80% satisfaction measure in rate payer survey	Over 80% satisfaction measure in rate payer survey	Over 80% satisfaction measure in rate payer survey
Handover of acceptable asset data on time and to KDC requirements	Council asset management system updated within three months of project completion	Council asset management system updated within three months of project completion	Council asset management system updated within three months of project completion
Quality rebuild outcomes	Less than 5% rework across the rebuild programme	Less than 5% rework across the rebuild programme	Less than 5% rework across the rebuild programme

Council Controlled Organisations

A Council-controlled organisation is an organisation that the Council owns 50% or more of the voting rights, or can appoint 50% or more of the directors or trustees.

Kaikoura Enhancement Trust

The Council owns a 100% shareholding in the Kaikoura Enhancement Trust. The primary purpose of the Trust is to protect, enhance and sustain the district's natural resources through sustainable waste management practices, rather than for financial return. Accordingly, the Trust has designated itself and group as public benefit entities for the purposes of NZ IFRS (the New Zealand equivalents to International Financial Reporting Standards).

Objectives

The objectives of the Trust are exclusively charitable, and are;

- The collection and disposal of waste in an ecologically sound manner including but not limited to management of refuse facilities and including sewerage treatment programmes;
- To protect, enhance and sustain the natural and physical resources of the Kaikoura District particularly through sustainable waste management practices and more widely to encourage development of similar practice in other areas;
- The establishment, improvement and promotion of recycling programmes and programmes generally to reduce waste;
- Raise public awareness of the effects of alternative waste disposal methods through education and generally to create public awareness of sustainable management of resources;
- To make grants or provide other assistance for the research, development, distributions and implementation of alternative waste disposal methods, including waste reduction methods;
- To promote ecologically sound waste management processes and practices generally;
- To do all such things as may be necessary and consistent with creating a better living environment whilst sustaining the natural environment for future generations.

Innovative Waste Kaikoura Ltd

Innovative Waste (IWK) is 100% owned by the Kaikoura Enhancement Trust, and is responsible for the day-to-day objectives of that Trust.

IWK is a leading provider of waste management services, public toilet maintenance, recycling services, 3 waters maintenance services, reserve planting and maintenance services and general maintenance services.

Objectives

IWK's key objectives are:

- To implement safe working practices to maintain a safe working environment for staff, contractors, customers and others and to recognise Council's legal obligations under the Health and Safety at Work Act 2015.
- To maintain a strong market presence in the areas of waste minimisation, maintenance and management of public utilities.
- To provide cost effective and efficient service delivery that meets the district and clients' expectations and maintains contract longevity.
- To provide advice and support to local businesses to divert waste from landfill.
- To deliver Kaikoura District Council essential services which ensure continuity of supply, value for money and prudent management of Council assets
- To operate in an environmentally friendly manner.
- To be recognised nationally as a leader in environmental sustainability
- To operate water supply and wastewater facilities in an environmentally sustainable manner.
- To ensure that the business operates in a way that generates appropriate financial returns and dividend streams for the shareholder. To implement sound strategic and financial planning to ensure the capacity is available to meet the three waters, waste and recycling needs of the Kaikoura District in a commercially viable manner.
- To assist Council in empowering, educating and encouraging the community in recycling surplus resource and waste in the community.

Nature and Scope of Activities

IWK is in the business of minimising waste and maintaining and managing public amenities. The company's main service offerings currently are as follows:

- Waste minimisation and management through provision of recycling services, resource recovery and landfill management
- Environmental rehabilitation preservation and development through the Trees for Travellers programme
- Maintaining water and wastewater infrastructure predominately for local authorities
- Maintaining public toilet facilities in Kaikoura

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

Key performance targets

The following are the financial performance targets from IWK's Statement of Intent 2019-2020.

Table 1 – Financial Performance Targets

	2019/20	2020/21	2021/22
Revenue	1,953,864	2,051,568	2,124,500
Net Profit After Tax	9,116	67,944	78,135
Return on Equity	1%	9%	10%
Shareholder funds/total assets	57%	67%	77%
Equity	669,866	737,810	815,945
Debt to Debt plus Equity	9%	9%	9%
Earnings per Share	91	679	781
Dividend Ratio	10%	10%	10%

The following are IWK's operational performance targets for the 2019/2020 year.

Table 2 – Operational Performance Targets

Target	Performance measure 2019/20
Client Satisfaction	<p>98% of all urgent or callouts to the contract are responded to within one hour or two hours respectively from the time of notification to the time that service personnel depart to the site.</p> <p>98% of all non-urgent call outs, applicable to the contract are responded to within 48 hours from the time of notification to the time that service personnel attend site.</p> <p>Service requests received about recycling are less than 20 per year.</p>
Health & Safety	5% reduction in TRIF (Total Recordable Incident Frequency) accident rates. LTIFR (LTI per 200,000 hours worked) <6
Staff Engagement	Establish baseline satisfaction by 10%.
Service Performance	<p>Zero abatement notices or infringements issued to KDC for non-compliance with resource consent conditions.</p> <p>The number of complaints received per year being due to a service request not being actioned appropriately is less than 10.</p>

Kaikoura Community Facilities Trust

The KCFT was established in 2009 and does not trade with the intention or purpose of making a profit. The KCFT is considered to be a Council Controlled Organisation because the Kaikoura District Council appoints its trustees. There are currently six appointed trustees, with the Mayor being the only elected representative.

The KCFT has no equity and generates no revenue, with its primary role being to develop funding options for the community and recreational facilities in the Kaikoura District, initially focusing on a new aquatic centre. The KCFT has no funds of its own, and applies to Council on a project-by-project basis. Nothing has been allocated for the KCFT in this Three-Year Plan.

Objectives

- Develop funding options for the planning and establishment of a community centre and recreational facility on land administered by the Council,
- To encourage and enable ongoing funding for public recreation, leisure and health facilities, including aquatic centres, museums, sports halls and other recreation and community facilities,
- Any other charitable purpose related to the above objects.

Performance targets

The KCFT is currently inactive and has no performance targets. However once a decision is made relative to the development of a new pool, the Trust may be used for external fund-raising.