

Annual Plan 2022/2023

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## The Kaikōura District

The Kaikōura district spans from the Haumuri bluffs in the south to the Kekerengu valley in the north, covering 2,046 square kilometres of diverse landscape. The inland boundary of our district is the Inland Kaikōura Range, climbing 2,885 metres and snow covered for much of the year. The spectacular coastline provides excellent fishing, sporting and recreation for our 3,912 residents. The Kaikōura Canyon, at around 1,300 metres deep, provides the natural habitat for the sperm whale, and is also host to over 200 species of marine life.

The township is situated on a peninsula protruding from this rugged coastline. Māori legend tells that it was from this peninsula that Maui fished up the North Island from out of the ocean. Māori history and culture are an integral part of Kaikōura, and there is evidence of Māori settlement in the area up to 1,000 years ago.

Historically the district has thrived in the fishing, farming and dairy industries. Today Kaikōura is a world-class tourism destination, attracting one million visitors each year, yet still maintaining its fishing and farming heritage. The district boasts award-winning restaurants, cafés and accommodation facilities, and world-renowned visitor attractions such as whale watching, swimming with dolphins and seals, surfing, golf, and much more.

### Rating database estimate at 1 July 2022:

	Capital value \$000's	Land value \$000's	Count
<b>Rateable</b>	2,221,473	1,338,035	3,015
<b>Non-rateable</b>	114,486	59,309	252
<b>Part-non-rateable</b>	5,611	3,356	8
<b>Total rating units</b>	2,341,570	1,400,700	3,275
<b>Separately used or inhabited parts of a rating unit</b>			3,069

**Population** 3,912 (usually resident population count, Census 2018)

**Land Area** 2,046 sq. km

**Represented by** 1 Mayor and 7 Councillors, elected at large

**Utilities & Services**  
1 Landfill  
8 Public Water Supplies  
1 Wastewater system

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Twitter: [www.twitter.com/@KaikōuraDC](https://www.twitter.com/@KaikōuraDC)

## From the CEO

Welcome to the Annual Plan for the 2022/2023 financial year.

This is the first Annual Plan this Council has produced without consultation with the community. This is because we are simply delivering on Year 2 of our Long-Term Plan 2021-2031 (the LTP). We consulted extensively with our communities to develop the LTP, and there are no major differences between this Annual Plan and the forecasts for year two of the LTP, other than the timing of some capital projects. Put simply, we are sticking to the plan and doing what we said we would do.

The results from our Residents Survey were received in time to inform our decisions around the Annual Plan, and the Survey confirmed we are spending in those areas where our community has identified as needing improvement (most notably roads and footpaths). The Survey didn't raise any unforeseen issues.

We are very pleased to be able to keep the rates increase at 4.63% (very close to the 4.04% we forecast in the LTP). This has been achieved in a time of cost escalations and global supply shortages. We have managed to keep the rates increase under control because much of our major renewal projects have already been completed – mainly due to the rebuild following our 2016 earthquake, but also due to the three-waters stimulus funding from the Government to improve our drinking water supplies and wastewater treatment systems. The remaining capital projects for roading and three-waters are being funded by loans and special reserves, and so only have minimal rates impact. We have also achieved this without adjusting any scope or removing projects.

We have three key projects this year; replacement of the Glen Alton bridge (over the Waiau-Toa Clarence River), the Wakatu Quay project, and the Link Pathway. These three projects have been delayed in 2021/2022, however progress should ramp up over the coming months. The Wakatu Quay development and the Link Pathway are expected to be completed by the end of June 2024, and the Glen Alton bridge is now expected to be completed by June 2025.

As we enter the 2022/2023 financial year, the Council's financial position is very stable, with debt at \$5.3 million

and expected to reach no more than \$7.3 million by the end of June 2023. The earthquake rebuild has put us in a very good position in terms of the age and capacity of our three-waters assets, and our community buildings and facilities have been strengthened and refurbished. Significant work has been done to renew our bridges, road sublayers and surfaces, and we are continuing our commitment to address the roading backlog.

It is from this position of financial stability that we are faced with massive uncertainty due to the multiple legislative reforms coming the way of local government. Three-waters reform will likely result in the Council relinquishing management, maintenance and control of our community's water supplies, wastewater, and stormwater systems. The Resource Management reforms are likely to have an even greater impact on communities, as the Resource Management Act will be replaced by three new Acts that together determine how communities and rural areas can be developed, built and used. Add to these the review into the Future for Local Government, which is the most significant review into the form, function and funding of local government since the 1970's.

COVID-19 continues to impact our communities and our economy, and I acknowledge the hard mahi from our Mayor, Councillors, and Council staff who have kept the day-to-day machine running as well as supporting the Kaikōura Health team and the wider community – all while many of us have been downed by COVID as well. It looks like 2022/2023 will bring more of the same.

The local government elections take place in October this year. The current local government environment, with so much reform underway and COVID-19 impacting our district, will demand strong leadership. As always, the Kaikōura District Council will keep moving Kaikōura forward, focusing on what we can control in uncertain times, and doing everything we can for our communities.

Keep safe and well everyone.

Will Doughty  
Chief Executive

# Changes from the Long-Term Plan 2021-2031

The key feature of this 2022/2023 Annual Plan is that there are no significant changes to what was already provided for in the 2022/2023 year of the Long-Term Plan (the LTP). It is for that reason that the Council opted not to consult on the Annual Plan – all the main issues in the Annual Plan were already consulted on for the LTP.

There are, however, some changes from the LTP, and these are highlighted below.

## Timing of capital spend

Replacement of the Glen Alton bridge has been delayed with the Rūnanga expressing major concerns about Waka Kotahi (NZTA)'s chosen solution and its potential impact on the Waiau-Toa Clarence River. This bridge once crossed the river inland up the Clarence Valley Road until it was destroyed in the 2016 earthquake. The replacement was originally forecast to be complete by June 2024, however this now expected to take until June 2025, and with the most significant costs in the 2024 and 2025 years.

A portion of the NCTIR haul routes budget has also been rolled over, to progress with Ludstone Road rehabilitation and resealing. That work had been delayed while an adjacent project – to widen the road and include a footpath or cycleway – was worked through.

Urban water projects have carried over, particularly renewal of a water main on Beach Road, due to delays with the archaeological authority. The roofs of both the Ocean Ridge and Kaikōura peninsula reservoirs require replacement, and funds are available to do so.

The Link Pathway would benefit from extending the stormwater outfalls along the Esplanade and coastal areas as far as Jimmy Armers beach. The Link Pathway itself is now assumed to be completed by the end of June 2024 – a year later than the LTP had forecast.

The nature of the Wakatu Quay development has evolved since a third party expressed an interest in co-funding the entire project. It is now assumed that the Council will own and develop the land and services, but that the third party will build-to-own all, or several of, the buildings. In terms of timing, we now expect the development will be complete by 30 June 2024 (a year later than the LTP forecast), and that the dynamic of the

costs – operating versus capital – will be entirely different to that of the LTP.

Other minor timing differences have subtle differences to that of the LTP. The increasing cost of construction has been widely acknowledged, although on the whole, inflationary cost pressures have not significantly affected the capital project budgets. This is because several projects have a financial limit, such as the Glen Alton bridge, Wakatu Quay and Link Pathway projects where an external funder has granted a set dollar amount.

## Lower debt levels

The delay of capital projects from the 2021/2022 financial year has also meant that several loans forecast to be drawn have not yet been required, meaning we start the Annual Plan year with almost \$2 million less in debt than the LTP had forecast. Further, some of these loans may not be required to the full extent, such as savings in reconfiguring the landfill transfer station site should mean the loan will be much less than the LTP budget.

We now forecast ending the 2023 financial year with \$7.3 million in external debt, versus \$8.0 million forecast for the same year in the LTP.

## Grants and subsidies funding

The LTP had forecast close to \$13 million in grant funding for the 2022/2023 year, with over \$7 million from the Provincial Growth Fund for the Wakatu Quay and Link Pathway projects, plus \$4.75 million from Waka Kotahi for the Glen Alton bridge over the Waiau-Toa Clarence River. Delays in both projects also affects the timing of this external funding, now expected to be \$5.5 million for Wakatu Quay and the Link Pathway and \$1.42 million for the Glen Alton bridge. The overall funding for all three projects is unchanged, however the funding and the expenditure are now expected to continue well into the 2023/2024 year as well.

## How will rates be affected?

The LTP forecast the rates increase for the 2022/2023 year would be 4.04% overall. The Annual Plan 2022/2023 shows a total rates increase of 4.63%.

By far the greatest impact on the rates for individual properties is the district valuation, conducted by

Quotable Values in August 2021, which takes effect this 2022/2023 financial year. The valuation produced significant increases in property values, including significant variations in the increases across different sectors (residential vs. commercial, etc) and even quite variable increases within the same sector depending on location and other attributes.

The impact of the district valuation on rates for individual properties is beyond the Council's control or influence.

## The Council Discretionary Fund

Because we are not consulting on the Annual Plan this year (and are not obliged to consult where there are no significant differences to the LTP), there isn't the opportunity for community organisations to approach the Council for funding assistance. Normally these are received via submissions to the Annual Plan.

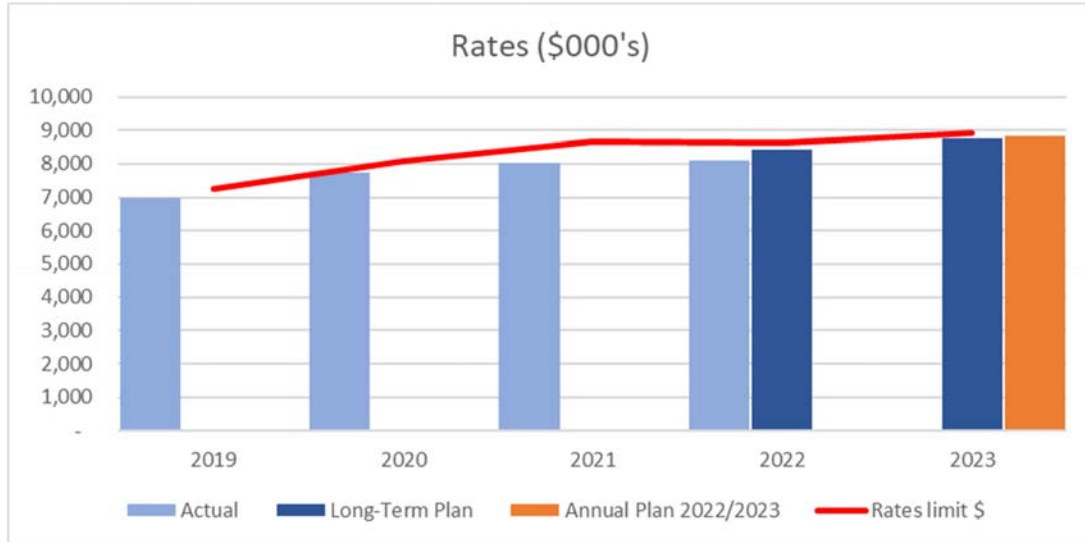
To address this, the Council has set aside a specific fund of up to \$100,000 per annum, which will be open for applications that provide direct benefits to the Kaikōura district. The fund criteria is relatively unrestrictive and decisions are entirely at the discretion of the Council in committee.

This fund builds on the existing circa \$50,000 in annual financial support currently allocated to the Museum, Kaikōura Information & Tourism, Sport Tasman, and others. Those organisations will not be impacted by the changes to the fund or its processes in year one. In this 2022/2023 year the fund has been increased by utilising \$50,000 from special funds, however future years will be fully funded by rates.

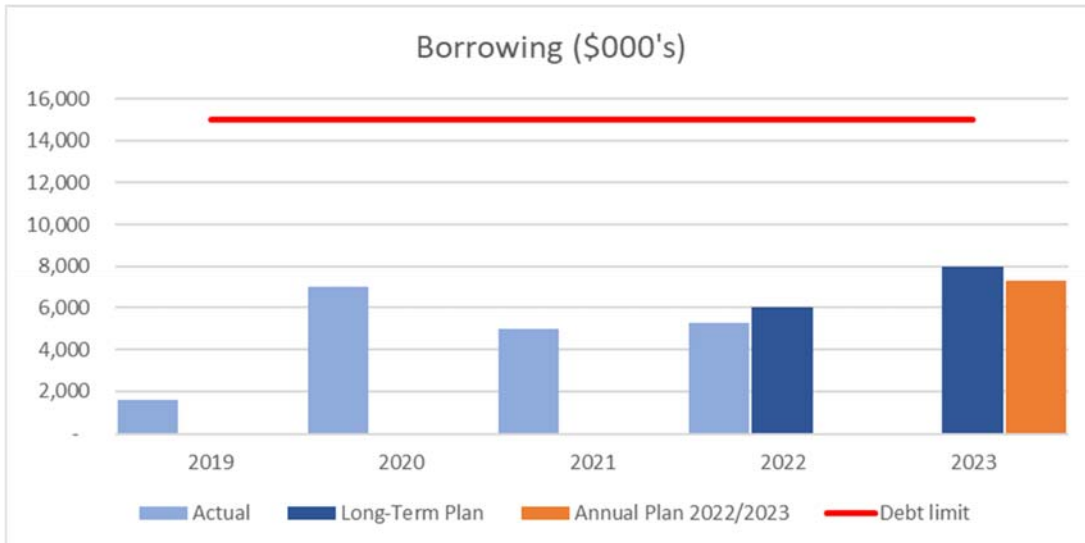
This new fund should provide a consistent approach to granting financial support to community organisations, as well as enabling this support to occur without making last-minute funding decisions which impact on rates.

## Financial Highlights

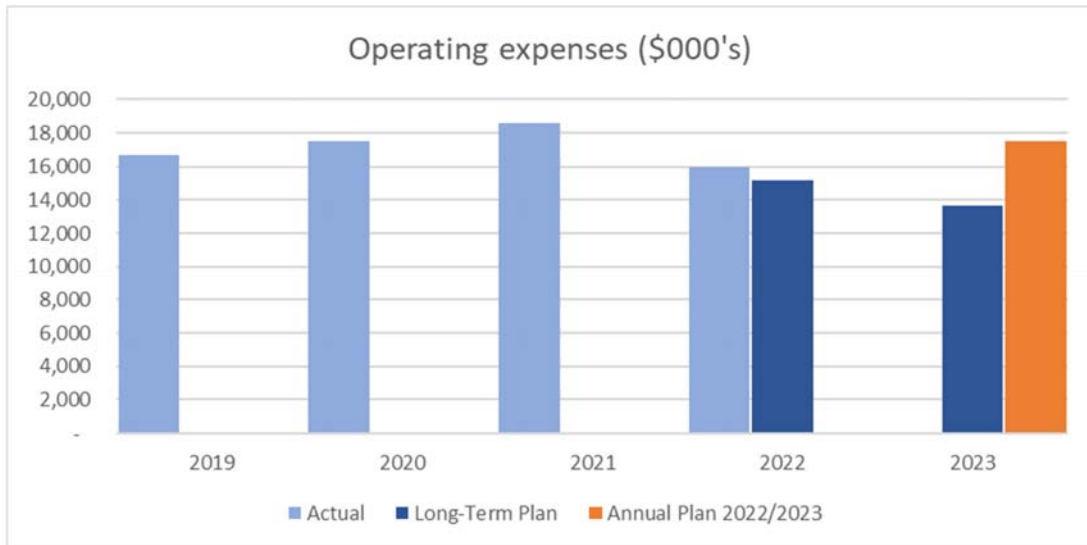
Since the Long-Term Plan (the LTP) was developed in July 2021, economies in New Zealand and across the world have been grappling with the ongoing impacts of COVID-19, and now the war in Ukraine (and other factors) are causing supply issues and high inflation. It is within this ongoing uncertainty that the Council presents an Annual Plan that shows a stable financial state and confirms that the Council is getting on with the job and delivering on the LTP programme.



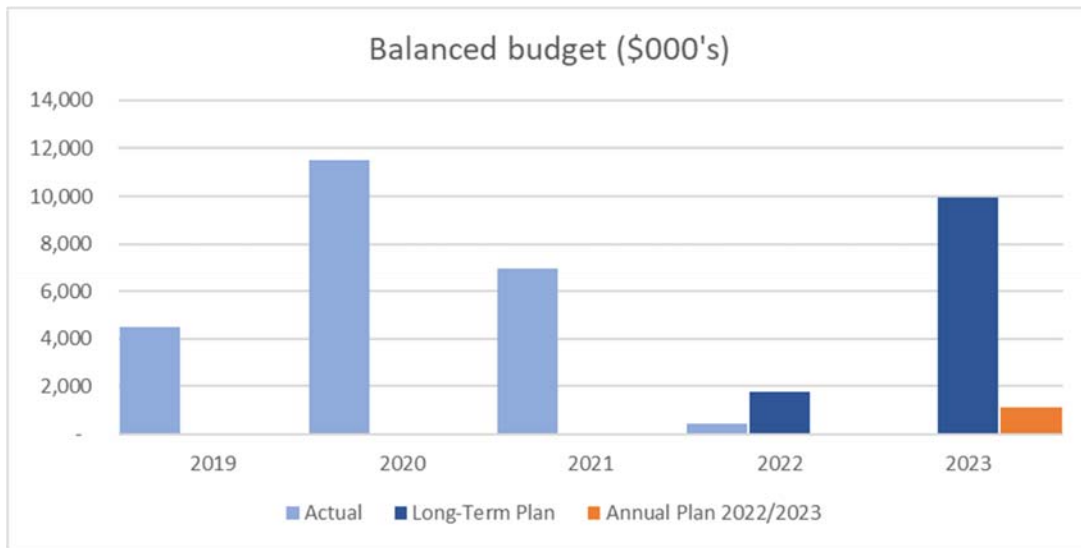
Rates have remained within our limit on rates increases for each of the last four years, and for the Annual Plan 2023 financial year we will keep our total rates increase to 4.63% less than our rates limit of 5%.



With the extent of grants and subsidies revenue paid to the Council over the last four years (and since the earthquake), the Council has not needed to borrow to the levels originally forecast. In this Annual Plan 2023 financial year, we predict our borrowings to reach no more than \$7.3 million (compared to a forecast \$8 million for the 2023 financial year in the Long-Term Plan). The Council has a self-imposed limit on borrowings of \$15 million.



Now that the earthquake rebuild is complete, the Council’s operating costs have decreased and are now close to our “business as usual” levels. The Annual Plan 2023 financial years budgets are, however, \$2.3 million higher than the 2023 year in the Long-Term Plan, because of the effects of inflation plus projects such as Wakatu Quay which have carried over from 2022 and with substantial changes to the associated operational budgets.



The significant grant revenue forecast to be received during the 2023 year for Waka Kotahi subsidies for the Glen Alton Bridge, plus PGF funding for the Link Pathway and Wakatu Quay projects, are now expected to be much less than the LTP forecast because each of these three major projects are now forecast to extend well into the 2023/2024 financial year (one year beyond this Annual Plan). The result is that the significant surplus in year two of the LTP, of \$9.96 million, is now expected to be \$1.07 million. Each of these projects include capital costs which are not included in the balanced budget equation (a balanced budget is where revenue is equal to, or more than, operating costs – which do not include capital costs).



## Compliance with Financial Strategy

### Rates limits

The Council's financial strategy set a limit on rates increases for the 2022/2023 financial year at 6%, and 5% for every year thereafter to 2031. This Annual Plan shows the total rates requirement is a 4.63% increase over last year; which is well within the limit set by the Council's financial strategy.

### Debt limits

The Council has set a self-imposed limit on the amount it can borrow, to no more than \$15 million. It has also set a limit on loan interest expenses to be no more than 10% of total revenue. Actual debt is expected to reach up to \$7.3 million, less than the \$8.0 million forecast in the LTP. Loan interest is forecast to only be around 1.02% of total revenue.

### Balanced budget

A balanced budget means that revenue is set at a level that is adequate to cover all operating expenses (including depreciation). This Annual Plan forecasts a surplus of \$1.07 million, and therefore meets the definition of having a balanced budget. Once again grants and subsidies are a large portion of our total revenue, with \$7.9 million forecast in grants and/or subsidies for 2022/2023.

### Financial assumptions

- Loan interest rates will be less than 3.0% with the Council borrowing from the Local Government Funding Agency (LGFA)
- Waka Kotahi (NZTA) subsidies for roading work is 51% for normal roading maintenance, and 95% to rebuild the Waiau-Toa (Clarence River) Bridge.
- Provincial Growth Fund (PGF) of up to \$4.42 million will be received during the 2022/2023 year, to progress with the Wakatu Quay development and South Bay marina feasibility study
- PGF funding of \$889k will be received to progress the Link Pathway project.
- The Waiau-Toa (Clarence River) Bridge replacement will take three years with final completion in the 2024/2025 financial year.
- The Wakatu Quay and the Link Pathway projects will each progress beyond this Annual Plan year, with expected completion for each by end of June 2024.

### Level of uncertainty and risks

The COVID-19 pandemic continues to turn our world on its head, and now the Russian invasion of Ukraine threatens to destabilise the supply of wheat, oil and other products to the world. The confluence of the number of shocks to societies and economies globally is unprecedented. This Annual Plan has been prepared during this uncertainty, and it is expected to be several years before things return to "normal" (whatever that is).

Not least amongst the uncertainty is the increasing cost of construction, and the delays in supply of goods and materials. We are also facing the risk that Council staff need to take sick leave for extended periods or at key times of the year, and that this could affect our levels of service. We have business continuity plans in place to help to mitigate this issue.

Readers are encouraged to consider the very high level of uncertainty in preparing these budgets. The Council has mitigated the financial uncertainty by ensuring we have some reserve funds in place and can raise short-term contingency loans at short notice if reserve funds are unavailable.

## Forecast Statement of Comprehensive Revenue & Expense

For the financial years ending 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Revenue</b>			
Rates (including water charges)	8,554	8,897	8,943
User fees & charges	1,528	1,590	1,527
Grants & subsidies	6,614	12,972	7,935
Development contributions	125	45	44
Interest revenue	7	4	3
Other revenue	78	91	88
<b>Total revenue</b>	<b>16,905</b>	<b>23,599</b>	<b>18,540</b>
<b>Expenses</b>			
Personnel costs	3,393	3,471	3,697
Depreciation & amortisation	3,206	3,356	4,399
Finance costs	118	134	189
Other expenses	8,451	6,678	9,182
Losses	-	-	-
<b>Total expenses</b>	<b>15,167</b>	<b>13,639</b>	<b>17,467</b>
<b>Net surplus / (deficit)</b>	<b>1,739</b>	<b>9,960</b>	<b>1,073</b>
<b>Other comprehensive income</b>			
Gains on asset revaluation	-	-	-
Financial assets at fair value through equity	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>1,739</b>	<b>9,960</b>	<b>1,073</b>

## Forecast Statement of Financial Performance by Activity

For the financial years ending 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Revenue</b>			
Roading	3,421	7,182	3,782
Water supplies	2,613	1,435	1,226
Wastewater	709	679	725
Stormwater	116	119	60
Refuse & recycling	348	377	413
Facilities	4,487	8,399	6,865
Leadership & governance	36	53	51
Building & regulatory	836	853	835
Community services	97	64	123
District development	490	501	574
General rates	3,744	3,932	3,883
Interest revenue	7	4	3
<b>Total revenue</b>	<b>16,905</b>	<b>23,599</b>	<b>18,540</b>
<b>Expenses</b>			
Roading	2,581	2,688	3,439
Water supplies	1,910	1,715	1,809
Wastewater	1,119	1,097	1,225
Stormwater	192	196	171
Refuse & recycling	793	771	746
Facilities	4,104	2,613	5,156
Leadership & governance	1,366	1,416	1,399
Building & regulatory	1,375	1,386	1,565
Community services	925	910	1,072
District development	802	847	885
<b>Total expenses</b>	<b>15,167</b>	<b>13,639</b>	<b>17,467</b>
<b>Net surplus / (deficit)</b>	<b>1,739</b>	<b>9,960</b>	<b>1,073</b>
Gains/(losses) on asset revaluation	-	-	-
<b>Total comprehensive revenue</b>	<b>1,739</b>	<b>9,960</b>	<b>1,073</b>

## Forecast Statement of Movements in Equity

For the financial years ending 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Equity opening balance</b>	209,084	210,823	221,592
<b>Comprehensive revenue &amp; expense</b>			
Net surplus/(deficit)	1,739	9,960	1,073
Gains/(losses) on asset revaluation	-	-	-
<b>Total comprehensive revenue &amp; expense</b>	<b>1,739</b>	<b>9,960</b>	<b>1,073</b>
<b>Equity closing balance</b>	<b>210,823</b>	<b>220,783</b>	<b>222,665</b>

## Forecast Statement of Financial Position

For the financial years ending 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Current assets</b>			
Cash & cash equivalents	742	1,330	3,978
Receivables	1,157	1,616	1,270
Prepayments	185	185	185
Other financial assets	-	-	20
<b>Total current assets</b>	<b>2,085</b>	<b>3,131</b>	<b>5,453</b>
<b>Non-current assets</b>			
Other financial assets	207	207	287
Forestry	2,956	2,956	2,350
Investment property	4,329	10,229	4,800
Property, plant & equipment	211,052	215,858	220,941
Intangible assets	-	-	-
<b>Total non-current assets</b>	<b>218,544</b>	<b>229,250</b>	<b>228,378</b>
<b>Total Assets</b>	<b>220,629</b>	<b>232,381</b>	<b>233,831</b>
<b>Current liabilities</b>			
Payables & deferred revenue	1,460	1,251	1,588
Employee entitlements	263	263	263
Borrowings	-	-	-
<b>Total current liabilities</b>	<b>1,723</b>	<b>1,514</b>	<b>1,851</b>
<b>Non-current liabilities</b>			
Borrowings	6,000	8,000	7,300
Provisions	1,616	1,616	1,548
Other term liabilities	468	468	468
<b>Total non-current liabilities</b>	<b>8,084</b>	<b>10,084</b>	<b>9,316</b>
<b>Equity</b>			
Accumulated public equity	118,436	128,620	117,714
Special reserves & funds	3,799	3,576	4,273
Asset revaluation reserves	88,587	88,587	100,677
<b>Total equity</b>	<b>210,822</b>	<b>220,783</b>	<b>222,664</b>
<b>Total Liabilities &amp; Equity</b>	<b>220,629</b>	<b>232,381</b>	<b>233,831</b>

## Forecast Statement of Cash Flows

For the financial years ending 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Operating activities</b>			
<i>Cash was provided from:</i>			
Rates (excluding water meter charges)	8,414	8,754	8,803
Interest received	7	4	3
Receipts from other revenue	8,884	14,382	9,482
<i>Cash was applied to:</i>			
Interest paid	(118)	(134)	(189)
Payments to suppliers & employees	(11,903)	(10,358)	(12,743)
<b>Net cash flow from operating</b>	<b>5,283</b>	<b>12,649</b>	<b>5,356</b>
<b>Investing activities</b>			
<i>Cash was provided from:</i>			
Sale of property, plant & equipment	250	-	325
<i>Cash was applied to:</i>			
Purchase of investment properties	(2,864)	(5,900)	(2,435)
Purchase of intangible assets	-	-	-
Purchase of property, plant & equipment	(8,369)	(8,162)	(5,449)
<b>Net cash flow from investing</b>	<b>(10,983)</b>	<b>(14,062)</b>	<b>(7,559)</b>
<b>Financing activities</b>			
<i>Cash was provided from:</i>			
Proceeds from borrowings	4,000	2,000	2,000
<i>Cash was applied to:</i>			
Repayment of borrowings	(3,000)	-	-
<b>Net cash flow from financing</b>	<b>1,000</b>	<b>2,000</b>	<b>2,000</b>
<b>Total net cash flows</b>	<b>(4,700)</b>	<b>587</b>	<b>(203)</b>
<b>Opening cash balance</b>	<b>5,442</b>	<b>742</b>	<b>4,181</b>
<b>Closing cash balance</b>	<b>742</b>	<b>1,330</b>	<b>3,978</b>

## Statement of Accounting Policies

### Reporting entity

Kaikōura District Council (the 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 Council has an 11.5% interest in the Marlborough Regional Forestry joint venture.

The Council's primary objective 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 2022 to 30 June 2023.

The prospective financial statements were authorised for issue by the Council on 29 June 2022.

## Basis of preparation

### Statement of Compliance

The Council and management of the Kaikōura District Council confirm that the financial statements of the Council have been prepared in accordance with all requirements of the Local Government Act 2002, including the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE Accounting Standards Reduced Disclosure Regime, on the basis that KDC has expenses of more than \$2 million and less than \$30 million and is not publicly accountable. The 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below will be applied consistently to all periods presented in the financial estimates.

The Council and management of the Kaikōura District Council are responsible for the preparation of the prospective financial statements.

### Functional and Presentation Currency

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.

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## Significant Accounting Policies

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

### Subsidiaries

The Council consolidates as subsidiaries in the Group financial statements, all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Council measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

### Basis of consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, revenue, and expenses on a line-by-line basis. All significant intra-group balances, transactions, revenue, and expenses are eliminated on consolidation.

The Council's investments in its subsidiaries are carried at cost in the Council's own "parent entity" 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 the 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.

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### 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

The 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.

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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:

- a) Fair value at fair value through surplus or deficit
- b) Loans and receivables
- c) Held to maturity investments
- d) 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.

The 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.

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### 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 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 using 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 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/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, except for 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, computer equipment, office furniture, vehicles and plant.

Land and buildings were valued effective as at 30 June 2019 by Cameron Ferguson, (B.Com, VPM) 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.

The Council does not revalue its harbour assets, library books, computer equipment, office furniture, vehicles and plant.

#### Infrastructure Assets

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. Roading, water, wastewater and stormwater infrastructure were valued internally as at 1 July 2020 and the valuation was independently reviewed by Rachel Wells and John Vessey of WSP.

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Each asset class includes all items required for the network to function, for example sewer reticulation includes reticulation pipes 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.

### 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, and the depreciation rates to apply to them, are as follows:

Operational Assets	Estimated Life (years)	Rate (Rounded)
Land		Not Depreciated
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%
Library books	12	8%
Library non-books	5	20%
Park Furniture & Other Assets	8 – 50	From 2% to 12.5%
Artwork		Not Depreciated
Infrastructural Assets	Estimated life (years)	Rate (Rounded)
<i>Roading</i>		
Road formation and 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%

Infrastructural Assets	Estimated life (years)	Rate (Rounded)
<i>Roading (continued from previous page)</i>		
Street Lighting	17	5.79%
<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%

In relation to infrastructural assets, depreciation has been calculated at a component level based on the estimated remaining useful lives as assessed by the 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.

##### Harbour assets

The South Bay harbour was fully remediated in 2018 by NZTA (NCTIR) following the November 2016 earthquake, which included dredging and deepening the sea floor. Harbour depth is the only asset of any considerable value, and it has a similar characteristic to land under roads (it does not depreciate, and revaluing serves no purpose). The Wakatu Quay (North) Wharf was fully impaired as the cost to repair far exceeded carrying value. The remainder of harbour assets have an immaterial carrying value.

#### 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 the Council's own forestry assets, are independently revalued annually at fair value less estimated point of sale costs. These valuations were performed at 30 June 2020, by Forme Consulting Group for the joint venture, and by Merrill & Ring Ltd for the South Bay plantation. 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 only classified as investment property if the property is held to earn net rental yields or for capital appreciation. Most of the Council's leased properties are held to meet service delivery objectives and therefore are not classified as investment property.

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, the Council owns forestry assets. However, the small forest at South Bay does not meet the minimum criteria to enter the scheme.

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

The Council's landfill entered the ETS from 1 January 2013. The Council does not hold carbon credits, instead purchasing carbon credits when required to meet its immediate obligations arising from landfill emissions.

### 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.

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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 reserves and special funds

Special reserves and funds 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 (special) 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 (special funds) are reserves which may be altered without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

### 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 based on the total operating costs of the activity proportionate to the total operating costs of the Council.

### 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 the 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.

### 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 Council estimates the current Scarborough Street landfill will reach the end of its useful life in 2024, and plans to reconfigure the space as a transfer station. The landfill will be capped in that same year, and all aftercare will be undertaken as part of the transfer station site operations.

#### 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 the 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.

Infrastructure valuations are prepared by suitably qualified Council staff, and experienced independent valuers perform an assurance review over those Council's infrastructural asset revaluations for reasonableness.

### Critical Judgments in Applying the Council's Accounting Policies

Kaikōura District Council management has exercised the following critical judgments in applying accounting policies for financial years 2021-2031:

#### Classification of property

The Council owns property which is maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives and to meet community outcomes. These properties are accounted for as property, plant and equipment.

#### 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 2021-2031 Long-Term Plan.

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## Notes to the Forecast Financial Statements

For the financial years ending 30 June

### Depreciation & amortisation expenses

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
Roading	1,270	1,326	1,921
Water supplies	474	500	564
Wastewater	422	426	506
Stormwater	77	77	86
Refuse & recycling	178	187	189
Facilities	684	720	1,011
Leadership & governance	93	109	101
Building & regulatory	-	-	-
Community services	8	11	21
District development	-	-	-
	<b>3,206</b>	<b>3,356</b>	<b>4,399</b>

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

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
Water meter charges	140	143	140

Water meter charges are included in rates income in the Statement of Comprehensive Revenue and Expense (page 9) and are included in targeted rates in the Forecast Funding Impact Statement (page 36), 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

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b><u>Roading</u></b>			
Waiau-Toa Clarence Bridge	1,400	5,140	1,500
NCTIR haul roads renewals	1,337	-	617
Sealed surface renewals	552	421	410
Unsealed road renewals	180	185	180
Drainage, kerb & channel	65	67	65
Sublayer rehabilitation	330	339	330
Traffic services	60	62	60
Minor safety improvements	287	154	150
Seal widening & extensions	30	-	-
Footpaths	-	103	100
Streetlights	-	-	-
	4,241	6,471	3,412
<b><u>Water supplies</u></b>			
Kaikōura Urban pipe renewals	88	-	-
Kaikōura Urban structure renewals	50	12	82
Urban peninsula reservoir	249	-	22
Urban treatment upgrade	312	-	85
Suburban treatment & intake	14	-	-
Ocean Ridge reservoir	-	-	25
Peketa structure renewals	28	9	9
Peketa pipe renewals	7	-	-
Fernleigh structure renewals	20	-	6
Fernleigh treatment upgrade	120	-	-
Oaro pipe renewals	23	-	-
Oaro structure renewal	13	-	-
East Coast structure	15	-	6
East Coast treatment upgrade	250	-	-
Kincaid structure renewal	16	-	-
Kincaid flow improvement	78	-	-
Kincaid treatment upgrade	59	-	-
	1,342	21	235
<b><u>Wastewater</u></b>			
Structure renewals	20	79	77
Screen replacement	12	-	-
Mobile generators	40	-	-
Odour control	11	-	-
Treatment pond desludging	239	-	-
	322	79	77

## Capital Works Programme continued

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b><u>Stormwater</u></b>			
Pipe renewals	9	-	-
Esplanade/coastal extensions	-	-	50
	9	-	50
<b><u>Refuse &amp; recycling</u></b>			
Transfer station construction	800	-	150
Street litter bins	-	-	-
Landfill closure	-	-	-
	800	-	150
<b><u>Facilities</u></b>			
Playgrounds	5	-	-
Public toilets	-	15	39
West End amphitheatre	50	-	75
Housing for the elderly	32	33	35
Walkways & cycleways	10	-	-
Airport projects	14	35	34
South Bay harbour projects	64	51	102
Wakatu Quay (PGF project)	2,864	5,900	2,435
Scout Hall	344	-	-
Dog pound	15	-	-
Link Pathway	1,000	1,327	1,100
Civic Centre	-	-	7
	4,398	7,361	3,827
<b><u>Leadership &amp; Governance</u></b>			
Office furniture & equipment	15	15	15
Computers & software	46	47	46
Vehicles & plant	28	34	40
	89	96	101
<b><u>Community Development</u></b>			
Library books	32	33	32
Equipment & other projects	-	-	-
	32	33	32
<b>Total Capital Expenditure</b>	<b>11,233</b>	<b>14,061</b>	<b>7,884</b>

## Special Reserves & Funds

Special reserves & funds are money set aside by the Council for a specific purpose. The Council defines its special reserves as those that are funded by a targeted rate – and therefore are required by legislation to only be used for the purpose of the targeted rate. Where an activity is funded by a targeted rate, the incoming and outgoing funds of the activity are recorded in special reserves to keep any surpluses or deficits separate from other activities.

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

Special reserves	Purpose	Opening Balance \$000's	Transfers In \$000's	Transfers Out \$000's	Closing Balance \$000's
Kaikōura water cohort	All costs for the Kaikōura, Ocean Ridge, Suburban, Oaro, and Peketa water supplies	477	-	(219)	258
Roading	Maintenance and upgrading of local roads and bridges	551	-	(617)	(66)
Roading emergency fund	Urgent repairs following flood or other events	163	-	-	163
East Coast water	Maintenance, administration, upgrading and loan costs	51	-	(10)	41
Kincaid water	Maintenance, administration, upgrading and loan costs	203	-	(6)	197
Ferneigh water	Maintenance, administration, upgrading and loan costs	47	-	(20)	27
Earthquake levy reserve	Repayment of earthquake related loans, and to build a resilience reserve for future events	52	-	-	52
Stormwater	Maintenance, administration, upgrading and loan costs	182	-	(75)	107
Wastewater	Maintenance, administration, upgrading and loan costs	247	-	(62)	185
Footpaths & streetlights	Maintenance, administration, upgrading and loan costs	56	-	(45)	11
Town centre	Maintenance, administration, upgrading and loan costs	-	-	-	-
Stock control	The net costs of stock control	20	-	(4)	16
Recycling	Net costs of recycling services	47	-	-	47
Tourism & Marketing	Support for the i-Site and Destination Kaikōura	(4)	-	-	(4)
Harbour	South Bay & North Wharf maintenance, administration, upgrading and loan costs	97	-	-	97
Civic centre	Maintenance, administration, upgrading and loan costs	(440)	-	-	(440)
<b>Total special reserves</b>		<b>1,749</b>	<b>-</b>	<b>(1,058)</b>	<b>691</b>



Special funds	Purpose	Opening Balance \$000's	Transfers In \$000's	Transfers Out \$000's	Closing Balance \$000's
Social services	Social services committee expenses plus social projects	5	-	-	5
George Low fund	Grants for recreational facilities for the youth of Kaikōura	55	-	-	55
Forestry	Net costs of forestry, and strategic purposes including purchase of assets and/or offsetting rates	1,023	1	(154)	870
Parks & reserves	Upgrading, improvement and purchase of parks & reserves	111	8	-	119
Community facilities	Upgrading, improvement and purchase of community facilities	970	1	(154)	817
Landfill aftercare	Capping and ongoing maintenance of the landfill site after closure	154	8	-	162
Mayoral fund	Respond to community hardship following an emergency event or other economic shock	33	-	-	33
Kaikōura Marine Development Project	Wakatu Quay & South Bay projects	1,128	-	-	1,128
Pensioner flats	Maintenance, administration, upgrading and loan costs	31	-	-	31
Library grants	Books and other resources	2	-	-	2
Building accreditation	Accreditation costs and offset rates	187	-	(120)	67
FCS corporate sustainability	Systems improvements including asset management, process improvements and document management	80	-	(60)	20
Airport	Maintenance, administration, upgrading and loan costs	64	-	(35)	29
Freedom camping	Responsible camping ambassadors, signage, site maintenance and other related expenses	124	-	(124)	-
Significant natural areas	Funding assistance for landowners to protect areas of biodiversity	22	-	-	22
Waste minimisation levy	Waste minimisation projects	71	-	-	71
Winter warmers	Funding assistance for homeowners to insulate their home, repair gaps and/or receive firewood supplies	30	-	-	30
Creative Communities	Funding available to creative arts projects	14	-	-	14
Legal Challenges	Legal and other expenses involved in defending any legal challenge or judicial review	100	-	(30)	70
Environmental projects	Projects that enhance or protect the environment	28	-	-	28
Economic development	Projects that promote or support economic activity	9	-	-	9
Esplanade office	Demolition of building, sale of land and repayment of loans	(33)	33	-	-
<b>Total special funds</b>		<b>4,208</b>	<b>51</b>	<b>(677)</b>	<b>3,582</b>
<b>Total special reserves and funds</b>		<b>5,957</b>	<b>51</b>	<b>(1,735)</b>	<b>4,273</b>

## Borrowing & Debt Servicing Programme

### New borrowing

Loan Name	Purpose	Amount \$000's
Waiau-Toa Bridge Loan (2023)	Construct a new bridge across the Waiau-Toa (Clarence River) including road protection work and ford crossings	75
Roading Backlog Loan (2023)	To fund the net cost (after subsidy) to complete road sublayer rehabilitation and surface reseals	558
Landfill Loan (2023)	Reconfigure landfill site to a transfer station	150
District Plan Loan (2023)	To fund the District Plan review	155
Link Pathway Loan (2023)	Develop the Link Pathway (net costs after PGF funding)	211
South Bay Harbour Loan (2023)	Safety improvements to the South Bay harbour facilities	52
		<b>1,201</b>

### Summary of forecast borrowing needs:

	Long-term Plan 2020/2021 \$000's	Long-term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
Opening balance of debt	6,233	7,447	6,741
<b><i>Movements through the financial year:</i></b>			
Loans maturing	(506)	(652)	(795)
New borrowings	1,720	1,174	1,201
<b>Net movement through the financial year:</b>	<b>1,214</b>	<b>522</b>	<b>406</b>
Closing balance of debt	7,447	7,969	7,147

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

<b><i>Measure</i></b>	<b><i>Limit</i></b>	<b><i>Actual</i></b>
Total debt	\$15 million	\$7.3 million
Loan interest as a percentage of total revenue	10%	1.02%

## 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 2.58%
- For existing loans we have applied the current actual weighted average interest cost of 2.58%
- Interest revenue on term deposits is forecast to be 0.25%

### Marlborough Regional Forestry revenues

The Council usually receives a capital distribution from the Marlborough Regional Forestry joint venture (MRF), of which we issue 13.37% to Environment Canterbury for their share of the joint venture held on behalf. 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. In recent years MRF signalled that all mature trees would be harvested, and that the joint venture partners will be required to contribute to MRF operating costs for around six years, until the next block of trees have sufficiently matured for logging to commence.

This means we are no longer forecasting cash inflows from the MRF capital distributions, and that there will be cash outflows (payments **to** MRF) to cover MRF operations for the next six years. The Council will draw on some of our forestry reserves in 2022/2023 so that there is no draw on rates to cover this cost, however this is a significant reduction on what had been a welcome source of revenue.

There is currently no intention to sell the Council's share of MRF, as future returns from the joint venture are forecast to be very strong.

### Grants and subsidies

- The earthquake rebuild projects for horizontal infrastructure have all been completed, and no further earthquake-related grants or subsidies will be received. The only exception is the Waiau-Toa Clarence River Bridge, assumed to be 95% subsidised by Waka Kotahi (NZTA).
- We are assuming that the three-waters projects funded by the government stimulus package, to upgrade three-waters services (such as to meet new drinking water standards), have been completed by 30 June 2022, but if not completed, we assume that the government will confirm its commitment to fund these projects to their completion.
- NZ Transport Agency subsidies are assumed to be 51% for all maintenance and capital works, including streetlight electricity. No subsidies are available for seal extensions or aesthetic improvements.
- The Sport NZ rural travel grants, Creative Communities, and family violence coordination are assumed to continue at the same level of funding as was received in 2021/2022.

### District valuation

The latest District valuation for rating purposes was undertaken in 2021, and those values are used to calculate the actual rates and charges in the Rating Funding Impact Statement, after having adjusted for new builds, demolitions, subdivisions, service connections and any other changes to the value of individual properties since that date, and which have an impact on the rating database.

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## Inflation

Inflation has been applied across expenditure budgets at a standard rate of 2.4% using the September 2021 BERL inflation forecasts. Special adjustments have been made as follows based on contractual changes and recent tenders:

Roading	8.0%
Water	7.0%
Wastewater	7.0%
Stormwater	7.0%
Solid waste	10.0%

Other line-by-line increases have been applied for specific reasons such as fuel.

## Taxation

The commercial nature of the South Bay Marina makes the harbour a taxable activity. The Council has unused tax losses at 31 March 2021 of \$947,316, with a tax effect of \$312,614 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.

## 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 provides for the landfill to have been reconfigured as a transfer station, for waste to be transferred outside the district (to Kate Valley and/or Blue Gums solid waste sites) and that the landfill will be capped and closed by the end of the 2022/2023 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 has greenhouse gas emissions. For this 2022/2023 financial year, the Council has not provided for the cost of carbon credits because the landfill will be closed, and the site reconfigured to operate as a transfer station. The cost of carbon credits will be borne via the fees paid to Kate Valley and/or Blue Gums landfills, and these costs have been included in our budget estimates.

## 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. While there are no short-term loans specifically provided for within this Annual Plan, the Council retains the right to raise unspecified loans for periods not exceeding 12 months, and for amounts not exceeding \$2 million, for cash management purposes.

## Uncertainty and risk of forecasting assumptions

This Annual Plan has been prepared with the risk of uncertainty, in part due to the impact of the global COVID -19 pandemic, but also the risk of severe weather events and the potential for another large earthquake. To mitigate the uncertainty, the Council has a loan facility in place that exceeds its borrowing forecasts (by at least \$2 million), and so if there were to be an unforeseen event or loss, the Council could borrow in the first instance, if deemed necessary.

The actual results are extremely likely to vary from the forecast information contained in this Annual Plan, and such variations are likely to be material.

## Forecast Funding Impact Statement (Whole of Council)

For the years ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	3,744	3,932	3,883
Targeted rates (incl. water meter charges)	4,809	4,964	5,061
Subsidies and grants - operating	1,638	645	2,771
Fees & charges	1,528	1,590	1,526
Interest & dividends from investments	7	4	3
Fuel tax, fines & other revenue	78	91	88
<b>Total operating funding (A)</b>	<b>11,805</b>	<b>11,226</b>	<b>13,332</b>
<b>Applications of operating funding</b>			
Payments to staff & suppliers	11,843	10,149	12,879
Finance costs	118	134	189
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>11,961</b>	<b>10,283</b>	<b>13,068</b>
<b>Surplus/(deficit) of operating funding (A - B)</b>	<b>(156)</b>	<b>944</b>	<b>264</b>
<b>Sources of capital funding</b>			
Subsidies and grants – capital	4,976	12,327	5,163
Development and financial contributions	125	45	44
Increase / (decrease) in debt	1,214	522	406
Gross proceeds from sale of assets	250	-	325
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>6,565</b>	<b>12,894</b>	<b>5,938</b>
<b>Applications of capital funding</b>			
Expenditure to meet additional demand	3,894	7,227	3,535
Expenditure to improve level of service	2,623	272	514
Expenditure to replace assets	4,716	6,562	3,835
Increase / (decrease) in reserves	(4,824)	(223)	(1,681)
Increase / (decrease) in investments	-	-	-
<b>Total application of capital funding (D)</b>	<b>6,409</b>	<b>13,838</b>	<b>6,203</b>
<b>Surplus/(deficit) of capital funding (C – D)</b>	<b>156</b>	<b>(944)</b>	<b>(264)</b>
Funding balance ((A – B) + (C – D))	-	-	-

## Annual plan disclosure statement for the year ending 30 June 2023

### 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			
<ul style="list-style-type: none"> <li>Income (quantified limit on rates)</li> </ul>	\$9,066,752	\$8,943,234 <sup>1</sup>	Yes
<ul style="list-style-type: none"> <li>Increases (quantified limit on rate increases)</li> </ul>	6.0%	4.63%	Yes
Debt affordability benchmark			
<ul style="list-style-type: none"> <li>Quantified limit on borrowing</li> </ul>	\$15 million	\$7.3 million	Yes
Balanced budget benchmark	100%	106.1%	Yes
Essential services benchmark	100%	179.2%	Yes
Debt servicing benchmark	10%	1.02%	Yes

### Notes

#### Rates affordability benchmark

For this benchmark —

- A. 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
- B. 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—

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

<sup>1</sup> Rates includes water meter charges for the purposes of this disclosure statement.

**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.

## Rating Funding Impact Statement

### For the financial year ending 30 June 2023

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. 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 wastewater 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 (UAGC)*

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

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## 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.

### Urban area for rating purposes

The pale blue area is the current urban area for rating purposes. It includes the Kaikōura peninsula, Beach Road to Mill Road, a length of Ludstone Road, and includes South Bay and Ocean Ridge. As the town grows, this area may be extended to incorporate new areas as appropriate to meet the intent of these rates – i.e., in areas where property is able to connect to the Urban water supply or wastewater systems, or where footpaths, streetlights or stormwater is developed. The rating boundaries shown in the above maps are approximate, and for indicative purposes only.

### Semi-rural area for rating purposes

The purple area on the map is the semi-rural area for rating purposes. It is an area defined for its proximity to urban services, and therefore has no relationship to the size, land use, or value of individual properties within, or outside of, this area. The semi-rural area extends to the Hapuku River in the north, and to the Kahutara River to the south (thereby including the villages of Hapuku and Peketa). This area also extends inland to the foothills of Mt Fyffe, abutting the Department of Conservation (DoC) land. DoC land is shown in pale green, and while it makes up a significant part of the district, this land is non-rateable.

### Rural area for rating purposes

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

### Utilities

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

## Rates for 2022/2023

### General Rates & Uniform Annual General Charges

General Rates and the Uniform Annual General Charge apply to all rateable land. The Council applies 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 the previous page indicates those rating areas.

<p><b><i>General Rate: to fund the general operations of Council, including general management, community services, communications, strategy &amp; policy, economic development, environmental planning, the net costs of statutory planning, building control, dog control, forestry, community facilities, general parks and reserves, the airport, and a portion of public toilets and traffic control.</i></b></p> <p><b><i>The general rate may also fund the same activities as the UAGC, because the UAGC lever provides for costs to be transferred to the general rate where necessary to remain under the 30% cap on rates set on a uniform basis, as required by the Local Government (Rating) Act 2002 (the Rating Act).</i></b></p>				
Category	Differential	Factor	Rate	Amount required (including GST)
All rateable properties within the urban area, and all rateable properties classified as utilities	1:1	per dollar of rateable capital value	\$0.00120434	\$1,363,060
All rateable properties outside the urban area, except for properties classified as utilities	0.9:1	per dollar of rateable capital value	\$0.00108390	\$1,160,302
<b>Total</b>				<b>\$2,523,362</b>
<p><b><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 emergency management.</i></b></p> <p><b><i>The Council uses a UAGC lever to transfer costs to or from the general rate where necessary to remain under the 30% cap required by the Rating Act.</i></b></p>				
Category	Differential	Factor	Rate	Amount required (including GST)
All rateable properties within the Kaikōura district	None	Fixed amount per separately used or inhabited part of a rating unit	\$632.65	\$1,941,596

## Targeted Rates

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

<b><i>Earthquake Levy: to fund the net costs of earthquake response and rebuilding, including loan servicing costs relating to earthquake work (most notably roading) and, once those costs are covered, to build resilience reserves which can be used for current and future emergency event response and rebuilding.</i></b>				
Category	Differential	Factor	Rate	Amount required (including GST)
All rateable properties within the Kaikōura district	None	Fixed amount per separately used or inhabited part of a rating unit	\$40.00	\$122,760
<b><i>Roading Rate: to fund the net costs of upgrading and maintenance of the district bridges and roading network</i></b>				
Category	Differential	Factor	Rate	Amount required (including GST)
All rateable properties within the Kaikōura district	None	per dollar of rateable capital value	\$0.00046924	\$1,033,392
<b><i>District Planning Rate: to fund the net costs of district planning, including development of the Kaikōura District Plan.</i></b>				
Category	Differential	Factor	Rate	Amount required (including GST)
All rateable properties within the Kaikōura district	None	per dollar of rateable capital value	\$0.00015760	\$347,084
<b><i>Civic Centre charge: to fund the net costs (after lease revenues) of the museum, library and Council office building.</i></b>				
Category	Differential	Factor	Rate	Amount required (including GST)
All rateable properties within the Kaikōura district	None	Fixed amount per separately used or inhabited part of a rating unit	\$151.80	\$465,883

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

<b><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, Fernleigh, Peketa and Oaro water supplies.</i></b>				
Category	Differential	Factor	Rate	Amount required (including GST)
All rateable properties connected to the Kaikōura water supply.	Full charge	Fixed amount per separately used or	\$437.74	\$823,392

		inhabited part of a rating unit		
All rateable properties situated within 100 metres of any part of the Kaikōura water supply, but not connected to the supply.	Half charge	Fixed amount per separately used or inhabited part of a rating unit	\$218.87	\$26,155
<b>Total</b>				<b>\$849,547</b>
<b><i>Suburban Water Charge: to contribute to the cost of the supply, treatment, upgrading and maintenance of the Kaikōura water supply.</i></b>				
<b>Category</b>	<b>Differential</b>	<b>Factor</b>	<b>Rate</b>	<b>Amount required (including GST)</b>
All rateable properties situated within the Suburban water area and connected to the Kaikōura water supply. The Suburban water area is from the Waimangarara water intake and the Kaikōura flats area including properties on Postmans Road, McInnes Road, Brunells Road, Schrodgers Road, Mt Fyffe Road, Schoolhouse Road and Red Swamp Road north of Postmans Road. Properties in this area have a different type of connection to the Kaikōura water supply in that Suburban water connections are supplied in water units regulated by a restrictor.	None	Fixed amount per water unit (1,000 litres)	\$437.74	\$18,385

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

<b><i>Ocean Ridge Water Annual Charge: to fund the costs of the supply, treatment, and maintenance of the Ocean Ridge water supply.</i></b>				
<b>Category</b>	<b>Differential</b>	<b>Factor</b>	<b>Rate</b>	<b>Amount required (including GST)</b>
All rateable properties connected to the Ocean Ridge water supply.	Full charge	Fixed amount per separately used or inhabited part of a rating unit	\$437.74	27,578
All rateable properties situated within 100 metres of any part of the Ocean Ridge water supply, but not connected to the supply.	Half charge	Fixed amount per separately used or inhabited part of a rating unit	\$218.87	\$19,261
<b>Total</b>				<b>\$46,839</b>

<b><i>East Coast Rural Water Charges to fund the supply, treatment, upgrading, and maintenance of the East Coast Rural Water supply.</i></b>				
<b>Category</b>	<b>Differential</b>	<b>Factor</b>	<b>Rate</b>	<b>Amount required (including GST)</b>
All rateable properties connected to the East Coast rural water supply and outside the Clarence Village area.	1:1	Fixed amount per water unit (1,800 litres)	\$690.00	\$74,520
All rateable properties situated within the Clarence Village area, being that area from the East Coast water intake near the Clarence River to where the main rail line runs adjacent to State Highway One and incorporating all properties to the South of Clarence Valley Road and State Highway One to the Clarence River or the main rail line as applicable.	0.64:1	Fixed amount per water unit (1,800 litres)	\$437.74	\$7,004
<b>Total</b>				<b>\$81,524</b>
<i>A differential applies as to whether a property is connected to the Clarence Village (treated) supply or not. The rural differential is 1:1 due to the large pipe network and booster pumps required to supply water over the rural area. The village differential is 0.64:1 because (for economic reasons<sup>2</sup>), these properties are part of the Kaikōura Water Cohort and are partially subsidised by the Kaikōura water supply.</i>				
<b><i>Other Rural Water Charges to fund the supply, treatment, upgrading, and maintenance of the following water supply areas.</i></b>				
<b>Rate and Category</b>	<b>Factor</b>	<b>Rate</b>	<b>Amount required (including GST)</b>	
<b><u>Kincaid Rural Water Charge:</u></b> all rateable properties connected to the Kincaid rural water supply.	per water unit (1,000 litres per day)	\$147.45	\$88,173	
<b><u>Oaro Rural Water Charge:</u></b> all rateable properties connected to the Oaro rural water supply.	per separately used or inhabited part of a rating unit	\$437.74	\$30,642	
<b><u>Peketa Rural Water Charge:</u></b> all rateable properties connected to the Peketa rural water supply.	per separately used or inhabited part of a rating unit	\$437.74	\$8,317	
<b><u>Fernleigh Rural Water Charge:</u></b> all rateable properties connected to the Fernleigh rural water supply	per water unit (1,000 litres per day)	\$342.25	\$105,755	

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.

<sup>2</sup> There are only 13 households within the Clarence Village area, with the water being primarily used for drinking, cooking and domestic purposes (as opposed to the rural area where the water is primarily used for stock and irrigation). The cost of treating water to ensure it meets drinking water standards would make the cost per unit inequitable – and likely unaffordable – for those households.

<b><i>Stormwater Rate: to fund the costs of stormwater disposal, loan servicing, upgrading and maintenance of the Kaikōura Stormwater scheme.</i></b>				
<b>Category</b>	<b>Differential</b>	<b>Factor</b>	<b>Rate</b>	<b>Amount required (including GST)</b>
All rateable properties within the Kaikōura urban area.	None	per dollar of rateable capital value	\$0.00005865	\$63,013
<b><i>Sewerage Charge: to fund the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage (wastewater) system.</i></b>				
<b>Category</b>	<b>Differential</b>	<b>Factor</b>	<b>Rate</b>	<b>Amount required (including GST)</b>
<u>Sewerage Charge:</u> All rateable properties within the area serviced by the Kaikōura sewerage system.	Full charge	Fixed amount for the first water closet per separately used or inhabited part of a rating unit (plus a targeted rate for each additional water closet or urinal if applicable <sup>3</sup> , please refer to the following pages).	\$350.51	\$628,462
<u>Sewerage Additional Pan Charge:</u> 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).	Half charge	One full charge for the first water closet or urinal applies, then a fixed amount for each water closet and urinal after the first, within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal	\$175.25	\$4,381
<u>Sewerage Half Charge (Available):</u> All rateable properties situated within 100 metres of any part of the Kaikōura sewerage system, but not connected to the system	Half charge	Fixed amount per separately used or inhabited part of a rating unit	\$175.25	\$41,184
<u>Sewerage Charge - Self-contained &amp; 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	None	One full charge for the first water closet or urinal applies, then a fixed amount for each water closet and urinal after the first within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.	\$123.55	\$44,849

<sup>3</sup> A rating unit used primarily as a residence for one household will not be treated as having more than one water closet or urinal.

of which contain a private or ensuite bathroom, with bedding, linen and cooking facilities provided, and which are serviced daily				
<b>Sewerage Charge - Commercial:</b> 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	None	One full charge for the first water closet or urinal applies, then a fixed amount for each water closet and urinal after the first within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal	\$213.40	\$57,191
<b>Total</b>				<b>\$776,068</b>

The Kerbside Recycling Charge pertains to whether a property has access to the kerbside recycling collection service. More properties may be charged the kerbside recycling charge if the service is extended over a wider area, or to more properties within the serviced area.

<b><i>Kerbside Recycling Charge: to fund the costs of the weekly kerbside recycling collection service.</i></b>				
<b>Category</b>	<b>Differential</b>	<b>Factor</b>	<b>Rate</b>	<b>Amount required (including GST)</b>
All rateable properties within the Kaikōura urban area, except for properties in the West End and properties defined as Commercial property.	None	Fixed amount per separately used or inhabited part of a rating unit	\$178.49	\$299,148

### Commercial Rates and Charges

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

<b><i>Commercial Rate: to fund the net costs of tourism and economic development, the annual grant paid to the visitor centre, and a portion of traffic control, harbour facilities and public toilets.</i></b>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties in the District; <ul style="list-style-type: none"> <li>Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or</li> <li>Used principally for visitor accommodation for commercial reward for <b>not less than five persons</b>, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, or camping ground; or</li> </ul>	\$0.00250973 per dollar of rateable capital value	\$486,590



<ul style="list-style-type: none"> <li>Used as licensed premises under the Sale of Liquor Act 1989.</li> </ul>		
<p><b><i>Accommodation Sector Charge: to fund the net costs of tourism and economic development, the annual grant paid to the visitor centre, and a portion of traffic control, harbour facilities and public toilets.</i></b></p>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties providing accommodation for commercial reward, but not meeting the criteria of a commercial property, and for the avoidance of doubt, including any property providing short-term accommodation such as small bed & breakfasts, 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	\$80,800
<p><b><i>Public Rubbish Bin Charge: to fund the costs of providing a public rubbish bin collection service at various locations around the District.</i></b></p>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties in the District; <ul style="list-style-type: none"> <li>Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or</li> <li>Used principally for visitor accommodation for commercial reward for <b><i>not less than five persons</i></b>, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, camping ground or “boarding house”; or</li> <li>Used as licensed premises under the Sale of Liquor Act 1989.</li> </ul>	\$157.52 per separately used or inhabited part of a rating unit	\$37,646
<p><b><i>Registered Premises Charge: to fund the net costs of liquor licensing, food and health safety inspections, and environmental health.</i></b></p>		
<b>Category</b>	<b>Calculation</b>	<b>Amount required (including GST)</b>
All rateable properties undertaking a licensed activity, such as premises where alcohol is sold or consumed, food premises, camping grounds, funeral directors or hairdressers.	\$322.92 per license (liquor licence or food premises licence)	\$38,266

Please refer to the sewerage charges on page 46 and 47 as they pertain to certain commercial properties, and also to the water meter charges on page 50 for commercial properties that are metered.

### Rating area differentials

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 41.

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. Utilities services are not subject to these rates because they cover a wide area and so it is impossible to determine which rating area they are situated in.

<b><i>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.</i></b>				
<b>Category</b>	<b>Differential</b>	<b>Factor</b>	<b>Rate</b>	<b>Amount required (including GST)</b>
All rateable properties within the urban area.	1:1	per dollar of rateable capital value	\$0.00007776	\$88,012
All rateable properties within the semi-rural area.	0.5:1	per dollar of rateable capital value	\$0.00003888	\$21,683
All rateable properties within the rural area.	0.25:1	per dollar of rateable capital value	\$0.00001944	\$9,970
<b>Total</b>				<b>\$119,665</b>
<b><i>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.</i></b>				
<b>Category</b>	<b>Differential</b>	<b>Factor</b>	<b>Rate</b>	<b>Amount required (including GST)</b>
All rateable properties within the urban area.	1:1	per dollar of rateable capital value	\$0.00006923	\$78,352
All rateable properties within the semi-rural area.	0.5:1	per dollar of rateable capital value	\$0.00003461	\$19,303
All rateable properties within the rural area.	0.25:1	per dollar of rateable capital value	\$0.00001731	\$8,875
<b>Total</b>				<b>\$106,530</b>
<b><i>Footpath &amp; Streetlight Rate: to fund the net costs of maintaining, upgrading and operating footpaths and streetlights, including electricity and loan servicing costs.</i></b>				
<b>Category</b>	<b>Differential</b>	<b>Factor</b>	<b>Rate</b>	<b>Amount required (including GST)</b>
All rateable properties within the urban area.	1:1	per dollar of rateable capital value	\$0.00029919	\$338,623
All rateable properties within the semi-rural area.	0.5:1	per dollar of rateable capital value	\$0.00014960	\$83,425
All rateable properties within the rural area.	0.2:1	per dollar of rateable capital value	\$0.00005984	\$30,686
<b>Total</b>				<b>\$452,734</b>

The previous pages identify each rate for the 2022/2023 financial year. Note that all amounts are GST inclusive, whereas those amounts within the Forecast Funding Impact Statement (on page 36) exclude GST.

## Other Rates & Charges

### Water Meter Charges

Extraordinary consumers, such as commercial properties and homes with swimming pools, and properties with more than one connection, have water meters attached to their property to measure water use. These water meters are read twice each year (in January and June), and the consumers are charged for the amount of water they use. Charges are in addition to the water rates on the previous pages.

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

<b>Meter read date:</b>	<b>For the period:</b>	<b>Due date for payment:</b>
1st week July	January to June	20 August 2022
1st/2nd week January	July to December	20 February 2023

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. A further additional charge of 10% will be added to any rates to which the additional penalty referred to in this paragraph is added and remains unpaid as at 20 January.

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

	<b>For the period:</b>	<b>Last date for payment:</b>
Instalment 1:	1 July 2022 to 30 September 2022	20 September 2022
Instalment 2:	1 October 2022 to 31 December 2022	20 December 2022
Instalment 3:	1 January 2023 to 31 March 2023	20 March 2023
Instalment 4:	1 April 2023 to 30 June 2023	20 June 2023

### 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 include the rates we collect from you on behalf of Environment Canterbury.

## Rates for 2022/2023

All rates are shown including GST	Rates 2021/2022 \$	Rates 2022/2023 \$	Increase / (Decrease) %
General Rate (Urban & Utilities)	0.00151656	0.00120434	(20.59%)
General Rate (Rural & Semi-rural)	0.00136490	0.00108390	(20.59%)
Uniform Annual General Charge	631.46	632.65	0.19%
Earthquake Levy	40.00	40.00	-
Roading Rate	0.00053626	0.00046924	(12.50%)
District Planning Rate	0.00015231	0.00015760	3.48%
Civic Centre Charge	129.27	151.80	17.43%
Kaikōura Water Annual Charge	594.30	437.74	(26.34%)
Kaikōura Water Annual Charge (Half)	297.15	218.87	(26.34%)
Ocean Ridge Water Annual Charge	594.30	437.74	(26.34%)
Ocean Ridge Water Annual Charge (Half)	297.15	218.87	(26.34%)
East Coast Rural Water Charge	690.00	690.00	-
East Coast Village Water Charge	-	437.74	NEW
Kincaid Water Charge	169.94	147.45	(13.24%)
Fernleigh Water Charge	330.31	342.25	3.61%
Oaro Water Charge	594.30	437.74	(26.34%)
Peketa Water Charge	594.30	437.74	(26.34%)
Suburban Water Charge	594.30	437.74	(26.34%)
Water Meter Charge (per m3)	1.00	1.00	-
Water Meter Maintenance Charge <sup>4</sup>	50.00	50.00	-
Sewerage Charge	312.06	350.51	
Sewerage Half Charge (Available)	156.03	175.25	
Sewerage Additional Pan Charge <sup>5</sup>	156.03	175.25	12.32%
Sewerage Charge – Commercial <sup>5</sup>	190.00	213.40	
Sewerage Charge - Self Contained & Serviced <sup>5</sup>	110.00	123.55	
Stormwater Rate	0.00016758	0.00005865	(65.00%)
Footpath & Streetlight Rate - Urban	0.00023341	0.00029919	
Footpath & Streetlight Rate - Semi-rural	0.00011670	0.00014960	28.19%
Footpath & Streetlight Rate - Rural	0.00004668	0.00005984	
Town Centre Rate - Urban	0.00008338	0.00006923	
Town Centre Rate - Semi-rural	0.00004169	0.00003461	(16.97%)
Town Centre Rate - Rural	0.00002085	0.00001731	
Harbour Rate - Urban	0.00009466	0.00007776	
Harbour Rate - Semi-rural	0.00004733	0.00003888	(17.85%)
Harbour Rate - Rural	0.00002367	0.00001944	
Commercial Rate	0.00265613	0.00250973	(5.51%)
Accommodation Sector Charge	400.00	400.00	-
Registered Premises Charge	312.38	322.92	3.38%
Public Rubbish Bin Charge	151.44	157.52	4.01%
Kerbside Recycling Charge	134.69	178.49	32.51%

<sup>4</sup> Invoiced twice a year \$25.00

<sup>5</sup> For each subsequent pan where there is more than one pan

## Impact of Rates on Benchmark Properties

The district rating valuation was completed as at 1 August 2021, which means that all property rates will be assessed on that valuation, plus the value of any construction work completed since that date. Changes in rating values have an impact on individual property rates beyond any changes to rates from this Annual Plan, and these changes in rating values are outside the Council's control.

Note CV stands for Capital Value; the total value of each property including land and buildings, for rating purposes. Please refer to the map on page 41 for the urban, semi-rural and rural areas, and the definitions on page 39 as to what is a commercial property.

		2020/2021	2021/2022	2022/2023
<b>Urban area – Kaikōura township including Ocean Ridge and South Bay</b>				
Residential	Change %		2.91%	4.87%
High Value	Total rates	4,170.58	4,291.84	4,500.96
CV was \$880,000 now \$1,160,000	Change \$		121.27	209.12
Residential	Change %		3.34%	2.05%
Medium Value	Total rates	3,344.92	3,456.60	3,566.56
CV was \$580,000 now \$760,000	Change \$		111.68	71.52
Residential	Change %		4.13%	4.98%
Low Value	Total rates	2,450.46	2,551.75	2,678.87
CV was \$255,000 now \$380,000	Change \$		101.29	127.13
Commercial	Change %		(0.25%)	(5.51%)
High value 30 room motel	Total rates	29,236.07	29,163.32	27,557.01
CV was \$4,355,000 now \$4,490,000	Change \$		(72.75)	(1,606.31)
Commercial	Change %		(0.09%)	3.88%
Medium value 12 room motel	Total rates	11,660.20	11,650.13	12,101.83
CV was \$1,520,000 now \$1,785,000	Change \$		(10.07)	451.70
Commercial	Change %		1.05%	(4.66%)
Medium Value Retail shop	Total rates	6,347.63	6,414.33	6,115.10
CV was \$780,000 now \$830,000	Change \$		66.70	(299.22)
Commercial	Change %		1.18%	9.63%
Low Value Retail shop	Total rates	4,027.62	4,075.01	4,467.55
CV was \$350,000 now \$490,000	Change \$		47.39	392.54
<b>Semi-rural area – including the Kaikōura flats, Peketa &amp; Hapuku</b>				
Farm	Change %		5.60%	(6.93%)
High Value	Total rates	9,850.86	10,402.29	9,681.42
CV was \$4,250,000 now \$4,580,000	Change \$		551.43	(720.87)
Lifestyle block	Change %		5.82%	9.00%
Medium Value	Total rates	2,357.90	2,495.13	2,719.61
CV was \$750,000 now \$980,000	Change \$		137.23	224.49
Residential	Change %		6.06%	23.09%
Low Value	Total rates	1,298.18	1,376.83	1,694.68
CV \$255,000 now \$450,000	Change \$		78.64	317.85

Rural area – all areas beyond the Semi-rural area				
Farm	Change %		4.69%	(5.08%)
High Value	Total rates	16,743.45	17,529.07	16,638.59
CV was \$7,800,000 now \$8,750,000	Change \$		785.62	(890.48)
Farm	Change %		4.79%	6.89%
Medium Value	Total rates	7,722.78	8,092.57	8,650.19
CV was \$3,400,000 now \$4,330,000	Change \$		369.79	557.62
Farm	Change %		4.95%	6.17%
Low Value	Total rates	4,032.51	4,232.19	4,493.33
CV was \$1,600,000 now \$2,030,000	Change \$		199.68	261.15

The above table highlights the extent to which the district valuation has impacted rates for the 2022/2023 rating year. These valuation changes are beyond Council control.

Rural water charges have been excluded from this table, because other properties in those areas may or may not have these charges, and the charges vary depending on which water supply the property is connected to, as well as the number of water units they may hold. All urban properties are subject to urban water charges, and these have been included in the above table where applicable.

Water meter charges are excluded in all instances, because these are charged per cubic meter of water consumed, and this will vary from property to property.



# Council Activities



# Roading

**Goal:** To provide a transport network for the safe and reliable movement of people and goods throughout the district, connecting communities and accessing property.

## Sub-Activities

- Roads & bridges
- Footpaths & cycleways
- Streetlights

## What we do and why we do it

The Council maintains 208km of local roads and 40 bridges in our district. Approximately half of our roads are sealed. Of the bridges, 32 are single lane and 6 apply weight restrictions. The New Zealand Transport Agency (NZTA) owns and maintains State Highway One, which includes Churchill Street and Beach Road (within the Kaikōura township).

The Glen Alton bridge in the Clarence Valley was destroyed during the November 2016 earthquake and is to be replaced. With rebuild costs estimated to be over \$12 million, support from Waka Kotahi (NZ Transport Agency) is essential, and that Agency has indicated it will fund 95% of the cost subject to it being to a design agreed with the Agency. The design phase of the project has commenced but actual construction will not be underway until this 2022/2023 financial year. The project has been delayed while the Council is working through issues raised by the Runanga.

In the Long-Term Plan 2021-2031 (the LTP), the Council has substantially increased its investment in local roading maintenance and renewal programmes to address a backlog of road remedial work and surface resealing. This will bring our roads back to a good, safe condition. Alongside the increased capital investment, we are also ensuring our maintenance budgets are at a level sufficient to keep the roads in good condition.

This increased investment in roading will not only address the risk of the roads deteriorating, but also our

roads and footpaths are maintained by local contractors, and so continuing with these programmes of work helps keep local people employed and our local economy functioning. This is vital to help sustain our community during the COVID-19 pandemic, and we will continue to support roading projects.

Having completed a township-wide conversion of streetlights to LED in the last couple of years (except for the state highway which is owned and controlled by Waka Kotahi), there are no significant projects required for streetlighting. The Council will continue to work alongside the Kaikōura Dark Sky Working Group towards the long-term goal of making the Kaikōura district an internationally recognised Dark Sky Reserve.

## What we're planning for 2022/2023

Roading renewals will be a key focus for this year, and for at least the next six years, as the Council works to address the accumulated backlog of underinvestment in road rehabilitation.

Footpaths have consistently scored very poorly in our resident satisfaction survey, and the Council signalled in the LTP that an accelerated programme of renewals would commence in 2023, including constructing footpaths of asphalt or concrete to provide safer access for elderly and others that rely on a smooth footpath.

## Major assumptions

- Waka Kotahi will continue to fund eligible roading activities at 51% or better
- The Waiau-Toa Clarence River bridge is constructed by 30 June 2025 and is 95% funded by Waka Kotahi
- There are no significant flooding events during the year

## Funding Impact Statement: Roading

For the year ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,104	1,315	1,399
Subsidies & grants for operating purposes	508	514	500
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	38	39	38
<b>Total operating funding (A)</b>	<b>1,650</b>	<b>1,867</b>	<b>1,937</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,152	1,186	1,272
Finance costs	32	44	63
Internal charges and overheads applied	129	132	182
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,312</b>	<b>1,362</b>	<b>1,517</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>338</b>	<b>505</b>	<b>419</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	1,752	5,308	1,839
Development and financial contributions	19	6	6
Increase/(decrease) in debt	658	651	486
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,429</b>	<b>5,966</b>	<b>2,331</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	30	-	-
- To improve the level of service	287	257	250
- To replace existing assets	3,924	6,214	3,162
Increase/(decrease) in reserves	(1,473)	-	(663)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2,767</b>	<b>6,471</b>	<b>2,750</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(338)</b>	<b>(505)</b>	<b>(419)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Water supplies

**Goal:** To provide clean potable water for our communities in the Kaikōura district

## Sub-Activities

- Kaikōura Urban water supply (now includes the former Suburban water supply),
- Ocean Ridge water supply,
- East Coast rural & village water supply,
- Kincaid rural water supply,
- Fernleigh rural water supply,
- Oaro rural water supply,
- Peketa rural water supply.

## What we do and why we do it

Treating, storing and distributing water is a major part of the Council's core business because human health and disease prevention, tourism and other industries rely on having a safe and reliable water supply.

The Council aims to supply water reliably and efficiently to residents and businesses, while also ensuring ecological, recreational and cultural values are recognised and enhanced.

The Government is currently undertaking a review of the way water services are delivered across the country. It is likely that new levels of service for drinking water, and changes to the ownership structure of these water supplies, will be introduced as part of these reforms and that these changes will be outside the control of local government.

## What we're planning for 2022/2023

Having integrated the Suburban water supply with the Kaikōura Urban supply (which involved connecting to the Urban ground water source and treatment station) early in 2021/2022, residents in the Kaikōura flats area now have cleaner water that is safer to drink. The former Suburban supply had been vulnerable to contamination in periods of heavy rain and was on a permanent boil water notice.

The Kaikōura Urban supply has a new water reservoir and a treatment upgrade, Kincaid now benefits from flow improvements and better treatment systems, and

the Council has taken over the day-to-day management and operations of the Fernleigh water supply, including a treatment upgrade.

The Peketa and Oaro water supplies are small supplies with minimal issues, and both have also benefitted from upgrades to their storage and treatment systems.

The East Coast water supply services a very large area, most of which is for stock water and irrigation, as well as supplying households in the Clarence village. The water supplied to the village has now been separated from the rural network and is treated so it is safe to drink. It would have been uneconomic to treat the entire water supply, especially when the bulk of the water would only be pumped over paddocks or into troughs.

With so much being achieved in 2021/2022 in terms of water supply and treatment improvements across all of the Council-owned water supplies, via Government support to stimulate the economy during the Covid-19 pandemic, there are only relatively minor capital projects required for the 2022/2023 financial year. Capital budgets remain for the Urban water supply to progressively replace aging asbestos cement (AC) pipes in the Kaikōura township. This work is not urgent, but it makes sense to replace it before it becomes a problem.

New roofs will be installed on both the Peninsula and Ocean Ridge reservoirs.

## Major assumptions

- The Government's Three-Waters Reform does not significantly affect service delivery or the structure of water ownership during this 2022/2023 year
- The Three-waters stimulus funding is spent in line with the approved delivery program and no unforeseen issues arise
- Water assets perform to their expected remaining useful lives as identified in the Council's asset management plans

## Funding Impact Statement: Water Supplies

For the year ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	1,522	1,417	1,209
Subsidies & grants for operating purposes	233	-	-
Fees and charges	7	8	7
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>1,763</b>	<b>1,425</b>	<b>1,216</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,027	794	831
Finance costs	-	-	-
Internal charges and overheads applied	408	421	415
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,435</b>	<b>1,215</b>	<b>1,246</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>328</b>	<b>210</b>	<b>(30)</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	820	-	-
Development and financial contributions	30	10	10
Increase/(decrease) in debt	(2)	(2)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>848</b>	<b>8</b>	<b>10</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	840	-	-
- To replace existing assets	503	21	235
Increase/(decrease) in reserves	(167)	196	(255)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,176</b>	<b>218</b>	<b>(20)</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(328)</b>	<b>(210)</b>	<b>30</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Wastewater

**Goal:** To provide a reticulated sewerage network and treatment facilities which meet environmental standards.

## Sub-Activities

- Kaikōura wastewater network
- Koura Bay wastewater network (pending)
- Stock effluent

Note the terms “wastewater” and “sewerage” are used interchangeably throughout this Annual Plan and other Council documents.

## What we do and why we do it

The wastewater (sewer) network comprises of 63km of reticulation, and 10 major pump stations, and services the Kaikōura township including South Bay, as well as Ocean Ridge.

The system can cope with a peak demand of 10,000 people, so has ample capacity to serve our community for the foreseeable future. Key components of the system including the Lyell Creek sewer subsystem and the aerated lagoon at the treatment plant, have been replaced as part of the rebuild following the November 2016 earthquake.

## What we’re planning for 2022/2023

As for water supplies, the Council has received financial support from the Government to complete substantial

three-waters improvement project as part of a stimulus package to keep the economy moving.

One of the key projects for 2021/2022 was desludging of the wastewater treatment ponds. Other work included purchase of standby generators (to enable critical sewer pumps to operate during power outages), plus odour control mechanisms.

With this work now complete, the only capital work of note is ongoing sewer pipe replacements to be done according to known age and condition, and for sewer pumps to be replaced from time to time. For the 2022/2023 financial year, our asset management plans have identified only around \$77k needs to be spent.

## Major assumptions

- The Government’s Three-Waters Reform does not significantly affect service delivery or the structure of wastewater ownership during this 2022/2023 year
- The Three-waters stimulus funding is spent in line with the approved delivery program and no unforeseen issues arise
- Wastewater assets perform to their expected remaining useful lives as identified in the Council’s asset management plans.

## Funding Impact Statement: Wastewater

For the year ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	8	8	9
Targeted rates	592	627	675
Subsidies & grants for operating purposes	51	15	15
Fees and charges	20	21	20
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>671</b>	<b>671</b>	<b>719</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	445	412	417
Finance costs	-	-	-
Internal charges and overheads applied	252	259	302
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>697</b>	<b>671</b>	<b>719</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(26)</b>	<b>-</b>	<b>-</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	46	16	16
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>46</b>	<b>16</b>	<b>16</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	302	-	-
- To replace existing assets	20	79	77
Increase/(decrease) in reserves	(302)	(63)	(61)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>20</b>	<b>16</b>	<b>16</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>26</b>	<b>-</b>	<b>-</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Stormwater

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**Goal:** To provide a reticulated urban stormwater network to prevent surface flooding causing harm to residents and their property.

## Sub-Activities

- Stormwater collection
- Stormwater disposal

## What we do and why we do it

The stormwater network includes pipes, open channels, overland flow paths, swale drains and wetland systems, within the Kaikōura township including South Bay and Ocean Ridge.

Stormwater is part of the Council's core activities because it prevents water from accumulating in low lying areas and potentially causing harm to people or damage to buildings, properties, or the environment.

## What we're planning for 2022/2023

Certain portions of the Link Pathway, along the coastal sections of the Esplanade, Wakatu Quay, and out to Point Kean, would benefit from having the stormwater outlets extended and debris nets installed. This work

will be funded using stormwater reserve funds, thereby having no impact on rates.

Our service provider, IWK, undertakes a planned programme of work to ensure the stormwater system is functioning well and kept clear of debris ready for heavy rain events.

## Major Assumptions

- The Government's Three-Waters Reform does not significantly affect service delivery or the structure of stormwater ownership during this 2022/2023 year
- The Three-waters stimulus funding is spent in line with the approved delivery program and no unforeseen issues arise
- Wastewater assets perform to their expected remaining useful lives as identified in the Council's asset management plans

## Funding Impact Statement: Stormwater

For the year ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	-	-	-
Targeted rates	115	114	54
Subsidies & grants for operating purposes	-	-	-
Fees and charges	1	1	1
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>116</b>	<b>114</b>	<b>55</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	34	34	43
Finance costs	-	-	-
Internal charges and overheads applied	82	85	42
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>116</b>	<b>119</b>	<b>85</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>-</b>	<b>(5)</b>	<b>(30)</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	5	5
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>5</b>	<b>5</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	9	-	50
Increase/(decrease) in reserves	(9)	-	(75)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>-</b>	<b>-</b>	<b>(25)</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>-</b>	<b>5</b>	<b>30</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Refuse & Recycling

**Goal:** Our community has effective, efficient, and affordable means of managing solid waste.

## Sub-Activities

- Refuse disposal
- Recycling & waste diversion

## What we do and why we do it

The Council, through our contracted service provider Innovative Waste Kaikōura Ltd (IWK), operates a landfill and associated refuse disposal services, including provision of street litter bins and short-term facilities for hazardous waste. Through IWK we also provide collection services in the urban area for domestic rubbish, household and commercial recycling, and organic food waste.

The number of recycling collection points in the rural areas was reduced in 2021, with only three collection points remaining – one on the Inland Road, one at the Kekerengu Community Hall, and one just north of the Clarence Bridge.

The resource recovery centre and landfill are to be reconfigured to operate as a transfer station, with work currently well underway. All solid waste material that cannot be diverted from landfill will be transported to Kate Valley (Canterbury) or Blue Gums (Marlborough). Once reconfiguration of the site is complete and the transfer operations are fully functional, the landfill will be capped and closed.

## What we're planning for 2022/2023

The focus will be on finishing the remaining touches on the transfer station site reconfiguration and the transition of solid waste services to that of transporting waste rather than landfilling on site.

The cost of carbon credits increased substantially in 2021/2022 through the Emissions Trading Scheme, and the Council continues to investigate ways to minimise this cost. It is hoped that by transferring waste to the likes of Kate Valley and Blue Gums, both of which have facilities for methane burning and other means to reduce greenhouse gas emissions, the cost of carbon credits will be offset to a higher degree than could be achieved by landfilling waste locally.

The substantial changes to kerbside collection services in 2021, including the introduction of fortnightly rubbish bag collection within the urban area, are working well. A new contract in place with IWK has clarified the kerbside recycling collection service is available to households in the urban area (which includes managers residences within a commercial property).

## Major assumptions

- Upon closure of the landfill, the full cost to transport waste is met from user pays

## Funding Impact Statement: Refuse &amp; Recycling

For the year ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	326	241	229
Targeted rates	248	255	293
Subsidies & grants for operating purposes	-	-	-
Fees and charges	80	92	90
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	20	31	30
<b>Total operating funding (A)</b>	<b>674</b>	<b>618</b>	<b>642</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	422	388	363
Finance costs	6	13	9
Internal charges and overheads applied	187	183	185
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>615</b>	<b>584</b>	<b>557</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>59</b>	<b>34</b>	<b>85</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	719	(77)	73
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>719</b>	<b>(77)</b>	<b>73</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	800	-	150
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	(22)	(43)	8
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>778</b>	<b>(43)</b>	<b>158</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(59)</b>	<b>(34)</b>	<b>(85)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Facilities

**Goal:** to provide fit for purpose facilities which meet a broad range of community social and recreational needs, and which are not provided by central government and cannot be readily provided by the private sector.

### Sub-Activities

- Parks & reserves
  - Cemetery
  - Playgrounds
  - Public toilets
  - Recreational & coastal reserves
  - Sports fields
  - Town centre
  - Walkways
- Property
  - Civic centre
  - Community halls
  - Housing for the elderly
  - Wakatu Quay development
- Airport
- Harbour & wharves

### What we do and why we do it

Our community amenities help to define how we live, work and play. In many ways, the condition of community facilities reflects our quality of life. Clean and well-maintained buildings, peaceful open spaces and aesthetically pleasing parks and playgrounds enable us to come together, keep fit, relax or play sports.

We want to provide facilities that are safe, welcoming, attractive and culturally appropriate. These facilities should be accessible for all abilities, socio-economic circumstances, ages and cultures, and serve the future as well as current generations. Equally important is

ensuring facilities are affordable to operate and access on an ongoing basis.

### What we're planning for 2022/2023

Two significant and exciting projects, the Wakatu Quay development and the Link Pathway, both funded by the Provincial Growth Fund (PGF), will transform the way we enjoy the peninsula coastline. The Wakatu Quay development includes a new dining, arts, and cultural areas, and the Link Pathway will provide walking and cycling access from the West End to the Point Kean seal colony, up to the peninsula lookout. Both projects have already commenced, and due to the complexities of both, we aim to have them completed by June 2024.

Other than these two major projects, we will continue to update the housing for the elderly on Torquay St, upgrade the West End public toilets, complete repairs to the amphitheatre, refurbishments at the airport, and make safety improvements to the South Bay harbour facilities.

### Major assumptions

- There are no new legal requirements that impose greater obligations on the Council in respect of these activities
- All of the major buildings associated with this activity remain under the control and ownership of the Council and do not require very major renewal or repair works during the year.

## Funding Impact Statement: Facilities

For the year ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	684	860	812
Targeted rates	661	657	751
Subsidies & grants for operating purposes	787	86	2,167
Fees and charges	607	629	127
Internal charges and overheads recovered	127	127	615
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>2,864</b>	<b>2,359</b>	<b>4,473</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,853	1,309	3,414
Finance costs	67	64	97
Internal charges and overheads applied	626	646	762
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,547</b>	<b>2,019</b>	<b>4,273</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(683)</b>	<b>340</b>	<b>199</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	2,404	7,019	3,324
Development and financial contributions	29	8	8
Increase/(decrease) in debt	(142)	(186)	(291)
Gross proceeds from sale of assets	250	-	325
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,541</b>	<b>6,841</b>	<b>3,367</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	3,864	7,227	3,535
- To improve the level of service	394	15	114
- To replace existing assets	140	119	178
Increase/(decrease) in reserves	(2,540)	(180)	(261)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,858</b>	<b>7,181</b>	<b>3,566</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>683</b>	<b>(340)</b>	<b>(199)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Leadership & governance

**Goal:** to provide leadership to the community and have in place a system of representation which is open and transparent. We engage with, and inform our community, and give opportunities for participation in the democratic process and decision making. We provide accountable stewardship of the Council's assets and resources.

## Sub-Activities

- Mayor & Councillors
- Office of the Chief Executive
- Support Services
- Communications & engagement

## What we do and why we do it

The Kaikōura district is governed by the Council consisting of one Mayor and seven councillors, each elected at large (which means each of these elected members represent the entire district, there are no separate wards based on geographic area).

The Council's aim is to provide an effective and fit for purpose system of governance and democratic local decision making that facilitates the involvement of the community, residents and ratepayers and mana whenua.

The CEO and Council staff provide advice to the elected members, provide support and corporate functions (such as Finance, IT, and Communications), manage Council assets and meet our health and safety obligations and legal responsibilities.

The Council recognises Te Rūnanga O Kaikōura as our iwi partner.

## What we're planning for 2022/2023

Voting opens for the Local Government elections on 16 September 2022, the results of which will confirm the Mayor and Councillors for the next three years. The election will be a major focus for the Council, not just for the electoral process itself, but also induction and training for any new elected members.

The district's ability to get through the COVID-19 pandemic will require strong and strategic leadership, to keep the local economy moving, and also to support social wellbeing.

## Major assumptions

- There are no significant changes to the form, functions, or funding of local government as a result of reforms currently being considered by central government
- The election does not result in a significant change in representation that takes the Council in a new, unforeseen policy direction
- The Council can attract and retain suitably qualified staff
- The relationship with Te Rūnanga o Kaikōura continues to flourish

## Funding Impact Statement: Leadership &amp; Governance

For the year ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	1,266	1,291	1,288
Targeted rates	-	-	-
Subsidies & grants for operating purposes	-	-	-
Fees and charges	36	53	52
Internal charges and overheads recovered	2,287	2,381	2,692
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>3,590</b>	<b>3,724</b>	<b>4,031</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,199	3,317	3,592
Finance costs	-	-	-
Internal charges and overheads applied	362	371	398
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>3,561</b>	<b>3,688</b>	<b>3,990</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>29</b>	<b>36</b>	<b>41</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	89	96	101
Increase/(decrease) in reserves	(60)	(60)	(60)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>29</b>	<b>36</b>	<b>41</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(29)</b>	<b>(36)</b>	<b>(41)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Building & regulatory

**Goal:** 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 the Council and ratepayers.

## Sub-Activities

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

## What we do and why we do it

Building and regulatory services ensure that rules and regulations are adhered to, especially in the areas affecting public health and safety. It involves assessing and processing building and resource consent applications, inspecting buildings under construction, ensuring compliance with legislation relating to food premises, sale of liquor, and animal control. We also provide a responsive and efficient resource consent service that observes planning rules.

## What we're planning for 2022/2023

As a NZ Territorial Authority (TA) the Kaikōura District Council has legislative obligations to ensure that:

- Building Act requirements are met
- Land use and subdivision consents are assessed against applicable standards
- 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 appropriately
- Advice and guidance on building and regulatory matters is available to members of the public
- Responsible Camping is monitored and controlled throughout the district
- Commercial premises are audited for Building Warrant of Fitness
- Earthquake Prone Buildings are identified
- Resource Consent conditions are checked
- Illegal building work is investigated, and action taken as necessary
- Swimming pools are inspected

## Major assumptions

- The legislation relating to natural and built environments, strategic planning and climate change adaptation remain under review and do not take effect during the 2022/2023 year
- The Council can attract and retain suitably qualified staff
- Building activity remains at similar levels to that of 2021/2022
- Subdivision activity remains at similar levels to that of 2021/2022.

## Funding Impact Statement: Building &amp; regulatory

For the year ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	430	480	452
Targeted rates	67	68	95
Subsidies & grants for operating purposes	-	-	-
Fees and charges	749	765	749
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	20	21	20
<b>Total operating funding (A)</b>	<b>1,267</b>	<b>1,334</b>	<b>1,286</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,063	1,064	1,177
Finance costs	-	-	-
Internal charges and overheads applied	311	321	387
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,374</b>	<b>1,385</b>	<b>1,564</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(107)</b>	<b>(52)</b>	<b>(278)</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	(107)	(52)	(278)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(107)</b>	<b>(52)</b>	<b>(278)</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>107</b>	<b>52</b>	<b>278</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Community & customer services

**Goal:** we are committed to putting our community first and will consolidate processes where residents come together to take collective action generating solutions to common problems.

### Sub-Activities

- Customer services
- Community development
- Emergency management
- Community grants, events & fundraising
- Youth development
- Kaikōura District Library

### What we do and why we do it

Community and customer service activities support a welcoming and proactive face of Council. It also supports the health, wellbeing, growth and development of the Kaikōura community. These services prepare the community for disasters, access information and funding on behalf of groups and individuals, provide library services and connect community groups, NGO's and national agencies with each other and those they support.

### What we're planning for 2022/2023

COVID-19 is having a massive impact on our community and will be a major focus for our community and customer services team. We are working closely with Kaikōura Health and Ministry of Social Development (MSD) and other agencies to provide administration and communications support, and to assist in whatever way we can to alleviate stress on the health system and to ensure people affected by COVID-19 receive essential services such as food and prescriptions.

We aim to provide professional effective and efficient customer services, with capacity to respond to increasing COVID-19 related issues. The reality of the virus, particularly Omicron, which is spreading rapidly, may mean that our own team experiences capacity issues that impact our ability to support the community, and

that we may be setting community expectations to deliver services that we cannot reasonably provide.

We are also migrating our current records (both paper and electronic) to a new records management system, which involves a great deal of scanning, updating files to a new naming protocol, and establishing a logical system that complies with the Public Records Act.

We continue to work towards having a modern library as the heart of the community - not just a place for self-improvement from childhood to old age, but also a space with equal consideration to a proactive, constantly evolving participatory space and traditional library services.

Emergency management is a key function of the Council, and we are continually training and participating in mock exercises alongside local emergency services (Police, Fire & Emergency, St Johns, and Red Cross, etc), to keep ourselves up to date with emergency management systems and in a state of preparedness for any event.

### Major assumptions

- No major natural hazard events will occur in the next three years. Statistically, the odds of a major natural hazard event are very low while the consequences of a major event are high
- The Council's services are not adversely impacted by COVID-19 and our team is able to support the community and Kaikōura Health as planned
- Community grants, events and fundraising activities continue at 2021/2022 levels. Any delay or cancellation of Council events has only a very minimal impact on Council services.

## Funding Impact Statement: Community &amp; customer services

For the year ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	869	887	936
Targeted rates	10	10	10
Subsidies & grants for operating purposes	59	30	90
Fees and charges	28	23	23
Internal charges and overheads recovered	247	222	234
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>1,213</b>	<b>1,172</b>	<b>1,292</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	968	922	1,049
Finance costs	12	12	18
Internal charges and overheads applied	183	187	217
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>1,163</b>	<b>1,121</b>	<b>1,284</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>50</b>	<b>51</b>	<b>8</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(18)	(19)	(16)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	32	33	32
Increase/(decrease) in reserves	-	-	(40)
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>32</b>	<b>33</b>	<b>(8)</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>(50)</b>	<b>(51)</b>	<b>8</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# District development

**Goal:** to enable the District to progress, while ensuring that the natural and physical environment is sustainably managed. This includes attracting investment, enhancing economic diversification, creating awareness of natural hazards, and providing for sustainable tourism opportunities.

## Sub-Activities:

- District planning
- Environmental planning
- Economic development
- Tourism & marketing

## What we do and why we do it

The Kaikōura District Plan sets strategic direction for how and where development should occur, provides standards for development, and identifies where resource consents are required, whilst seeking to manage the environment, in accordance with the Resource Management Act (the RMA).

The Council plays a role in supporting and promoting economic development for the district. Whilst tourism, directly and indirectly, is the major contributor to Kaikōura's GDP, all businesses and activities contribute to the district's economy and employment.

## What we're planning for 2022/2023

We will be undertaking a rolling review of the Kaikōura District Plan that results in a progressive plan that more reflects the expectations of our community, while protecting and enhancing our unique biodiversity. A Road Map has been developed to prioritise the work required to complete the review, which provides for the review to take up to 15 years in total. The most critical chapters (being where residential, rural and commercial developments can occur, and the standards for each), will be completed within the first four years of the review. In 2022/2023 we have completed the urgent work on Natural Hazards and will now focus on rural zoning.

We will also continue to keep abreast of pending changes to planning legislation and will ensure that

planning standards and guidelines set down in regulations are met, through our friendly and helpful service.

The Council provides ecological support to landowners and works in partnership with landowners, our community, and Environment Canterbury, to achieve the best environmental outcomes for the district.

In the post-quake and pandemic environment, we strive for 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.

Kaikōura is a unique community that values a vital, resilient, well-structured district economy, based on best practice and innovative environmental management that attracts values-based investment.

## Major assumptions

- The District Plan review progresses as per the review Road Map
- The significant changes that have been signalled for Resource Management legislation do not result in significant costs or direction for the Council or the district;
- The Council continues to work in partnership with Environment Canterbury for planning services;
- The Council does not move to a full E-plan format for the District Plan;
- COVID-19 will dramatically affect the economy, with overseas visitors returning (albeit in smaller numbers than before 2020), progressively from year two, and in line with predictions from the Ministry of Tourism.

## Funding Impact Statement: District development

For the year ended 30 June

	Long-Term Plan 2021/2022 \$000's	Long-Term Plan 2022/2023 \$000's	Annual Plan 2022/2023 \$000's
<b>Sources of operating funding</b>			
General rates, UAGCs, rates penalties	161	166	156
Targeted rates	490	501	574
Subsidies & grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees & other	-	-	-
<b>Total operating funding (A)</b>	<b>651</b>	<b>337</b>	<b>730</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	680	721	720
Finance costs	-	1	2
Internal charges and overheads applied	121	125	163
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>802</b>	<b>847</b>	<b>885</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(151)</b>	<b>(180)</b>	<b>(155)</b>
<b>Sources of capital funding</b>			
Subsidies & grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	155	155
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>155</b>	<b>155</b>
<b>Application of capital funding</b>			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	(151)	(25)	-
Increase/(decrease) in investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(151)</b>	<b>(25)</b>	<b>-</b>
<b>Surplus/(deficit) of capital funding (C-D)</b>	<b>151</b>	<b>180</b>	<b>155</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

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