

**VOLUME THREE**



# **Kaikōura District Council**

**Ko te kaunihera ā rohe o Kaikōura**

**LONG TERM PLAN 2021 - 2031**

**Moving Kaikōura Forward**



## Part Four: Financial information & rates

## Financial Overview

A fortunate consequence of the November 2016 earthquake is that the Council's oldest and/or most vulnerable infrastructure has almost all been replaced. Only very low levels of renewal work remain for the 10 years of this Long-Term Plan, with the exception of a backlog of road renewals.

Close to \$40 million has been spent replacing damaged roads and bridges, water pipes and reservoirs, wastewater pipes, pump stations and the wastewater treatment plant. The bulk of this work has been funded by the government either through the Department of Prime Minister and Cabinet (DPMC), or Waka Kotahi (NZTA). The Council's insurers settled the material damage and LAPP claims promptly, which ensured that the rebuild could get underway quickly and efficiently. Under the Council's earthquake rebuild project team, the rebuild programme has been delivered on time and on budget.

Thanks to the significant investigative work to assess earthquake damage, which included closed-circuit television footage of many kilometres of underground pipes, the Council now has up-to-date knowledge about our infrastructure and the condition of our assets.

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

- Up to \$10.88 million to develop a new retail/hospitality/community facility at Wakatu Quay (from the Provincial Growth Fund PGF),
- Up to \$1 million to complete a feasibility study into redevelopment of the harbour in South Bay (PGF funded),
- A further \$1 million from PGF enabling the swimming pool construction to proceed with confidence,
- \$1.88 million to upgrade water and wastewater systems across the district as a stimulus/three-water reform package from DIA,
- \$2.27 million from Waka Kotahi enabling the Council to remediate the roads that were used by heavy trucks and machinery to complete the rail and state highway rebuild (the NCTIR haul routes),
- Funding from NZ Lotteries and the PGF jointly totalling \$608k to bring the Scout Hall up to a good standard,
- Residual funds from the Financial and Corporate Sustainability project to use towards a new financial modelling tool, a new records management system, and other internal capability improvements,

- Additional support from the Tourism Infrastructure Fund (TIF) of \$174k to establish freedom camping sites and provide responsible camping ambassadors,
- A 95% subsidy from Waka Kotahi (NZTA) enabling the construction of the Waiau-Toa (Clarence River) Bridge, plus fords and protection works,
- \$1.9 million to develop the Link Pathway.

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

Debt is at \$5 million as we enter the term of this Long-Term Plan and is not expected to exceed \$11 million within the next 10 years. The Council plans to borrow to fund the roading backlog of work for the first six years and will also borrow for the District Plan rolling review for years 3 to 10. This is a conscious decision from the Council to optimise its use of debt, especially while interest rates are very low, and to address the backlog of road surface renewals before any roads deteriorate further.

The proposed rates increase for 2021/2022 is 5.46%, and the average rates increase across the 10-year period is 3.32%.

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

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>											
Revenue from rates	7,978	8,414	8,754	8,920	9,243	9,561	10,159	10,594	10,675	10,936	11,044
Water meter charges	87	140	143	146	149	153	156	159	163	167	170
User fees & charges	1,390	1,528	1,590	1,817	1,869	1,931	1,947	1,983	2,038	2,058	2,095
Grants & subsidies	17,176	6,614	12,972	6,115	1,084	1,109	1,139	1,638	1,666	1,722	1,741
Development contributions	-	125	45	46	47	48	49	50	51	53	54
Finance income	14	7	4	4	3	3	2	2	1	-	-
Other revenue	369	78	91	114	127	130	133	342	480	532	535
<b>Total revenue</b>	<b>27,014</b>	<b>16,905</b>	<b>23,599</b>	<b>17,162</b>	<b>12,522</b>	<b>12,935</b>	<b>13,584</b>	<b>14,768</b>	<b>15,074</b>	<b>15,467</b>	<b>15,639</b>
<b>Operating expense</b>											
Personnel	3,395	3,393	3,471	3,565	3,723	3,805	3,885	3,970	4,058	4,147	4,234
Depreciation & amortisation	2,885	3,206	3,356	3,498	3,350	3,383	3,441	3,377	3,437	3,487	3,560
Finance expense	133	118	134	225	260	275	276	323	309	292	297
Other expenses	9,919	8,451	6,678	6,902	7,097	7,088	7,259	7,770	8,071	8,417	8,428
<b>Total operating expenses</b>	<b>16,332</b>	<b>15,167</b>	<b>13,639</b>	<b>14,190</b>	<b>14,430</b>	<b>14,552</b>	<b>14,861</b>	<b>15,441</b>	<b>15,875</b>	<b>16,343</b>	<b>16,519</b>
<b>Net surplus/(deficit)</b>	<b>10,682</b>	<b>1,739</b>	<b>9,960</b>	<b>2,978</b>	<b>(1,902)</b>	<b>(1,611)</b>	<b>(1,271)</b>	<b>(668)</b>	<b>(796)</b>	<b>(870)</b>	<b>(874)</b>
<b>Other comprehensive income</b>											
Gains on asset revaluation	-	-	-	10,159	-	-	16,546	-	-	19,273	-
Movement in provisions	-	-	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,159</b>	<b>-</b>	<b>-</b>	<b>16,546</b>	<b>-</b>	<b>-</b>	<b>19,273</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>10,682</b>	<b>1,739</b>	<b>9,960</b>	<b>13,131</b>	<b>(1,908)</b>	<b>(1,617)</b>	<b>15,269</b>	<b>(673)</b>	<b>(801)</b>	<b>18,398</b>	<b>(880)</b>

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

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>											
Roading	2,419	3,421	7,182	7,419	2,502	2,623	2,884	3,676	3,719	3,853	3,885
Water supplies	1,350	2,613	1,435	1,472	1,504	1,511	1,558	1,570	1,604	1,652	1,662
Wastewater	792	709	679	699	704	774	928	993	877	831	864
Stormwater	104	116	119	123	123	125	131	131	133	140	139
Refuse & recycling	266	348	377	408	424	434	445	452	462	476	482
Facilities <sup>1</sup>	13,030	4,487	8,399	1,581	1,512	1,540	1,640	1,788	2,017	2,038	2,055
Leadership & governance	194	36	53	38	40	57	42	43	61	45	46
Building & regulatory	610	836	853	854	869	896	914	933	954	966	984
Community services	332	97	64	56	60	58	60	58	62	61	65
District development	563	490	501	516	545	594	618	679	732	752	769
Earthquake rebuild	3,955	-	-	-	-	-	-	-	-	-	-
General rates	3,385	3,744	3,932	3,991	4,236	4,320	4,362	4,444	4,450	4,653	4,689
Finance revenue	14	7	4	4	3	3	2	2	1	-	-
<b>Total revenue</b>	<b>27,014</b>	<b>16,905</b>	<b>23,599</b>	<b>17,162</b>	<b>12,522</b>	<b>12,935</b>	<b>13,584</b>	<b>14,768</b>	<b>15,074</b>	<b>15,467</b>	<b>15,639</b>
<b>Operating expense</b>											
Roading	2,508	2,581	2,688	2,836	2,981	3,052	3,119	3,515	3,572	3,637	3,762
Water supplies	1,555	1,910	1,715	1,765	1,757	1,799	1,853	1,870	1,912	1,969	1,984
Wastewater	1,104	1,119	1,097	1,118	1,104	1,123	1,151	1,161	1,181	1,212	1,253
Stormwater	148	192	196	200	198	200	206	207	210	217	218
Refuse & recycling	508	793	771	775	653	663	680	688	700	741	743
Facilities	5,511	4,104	2,613	2,836	2,810	2,833	2,892	3,026	3,164	3,310	3,320
Leadership & governance	1,419	1,366	1,416	1,428	1,446	1,484	1,499	1,402	1,487	1,505	1,509
Building & regulatory	1,087	1,375	1,386	1,433	1,506	1,564	1,581	1,622	1,632	1,702	1,699
Community services	1,039	925	910	929	941	963	989	1,006	1,028	1,058	1,071
District development	1,235	802	847	870	1,033	870	890	943	988	992	960
Earthquake rebuild	218	-	-	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>16,332</b>	<b>15,167</b>	<b>13,639</b>	<b>14,190</b>	<b>14,430</b>	<b>14,552</b>	<b>14,861</b>	<b>15,441</b>	<b>15,875</b>	<b>16,343</b>	<b>16,519</b>
<b>Net surplus/(deficit)</b>	<b>10,682</b>	<b>1,739</b>	<b>9,960</b>	<b>2,972</b>	<b>(1,908)</b>	<b>(1,617)</b>	<b>(1,277)</b>	<b>(673)</b>	<b>(801)</b>	<b>(875)</b>	<b>(880)</b>

<sup>1</sup> The Annual Plan 2020/2021 separately disclosed Community Facilities and Commercial Activities. These two activities are now combined and stated as Facilities.

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

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
	<b>An-Plan</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Equity at start of year (1 July)	201,563	<b>209,084</b>	210,823	220,783	233,914	232,006	230,390	245,659	244,986	244,185	262,582
Comprehensive revenue and expense											
Net surplus/(deficit)	10,682	<b>1,739</b>	9,960	2,972	(1,908)	(1,617)	(1,277)	(673)	(801)	(875)	(880)
Gains on asset revaluation	-	-	-	10,159	-	-	16,546	-	-	19,273	-
<b>Total comprehensive income</b>	<b>10,682</b>	<b>1,739</b>	9,960	13,131	(1,908)	(1,617)	15,269	(673)	(801)	18,398	(880)
<b>Equity at end of year (30 June)</b>	<b>212,245</b>	<b>210,823</b>	220,783	233,914	232,006	230,390	245,659	244,986	244,185	262,582	261,703

## Prospective Statement of Financial Position for financial years ended 30 June

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Current assets</b>											
Cash & cash equivalents	7,183	742	1,330	1,004	702	650	652	807	554	883	725
Receivables	1,849	1,157	1,616	1,175	857	886	930	1,011	1,032	1,059	1,071
Prepayments	98	185	185	185	185	185	185	185	185	185	185
Other financial assets	-	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>9,130</b>	<b>2,085</b>	<b>3,131</b>	<b>2,364</b>	<b>1,744</b>	<b>1,721</b>	<b>1,767</b>	<b>2,004</b>	<b>1,771</b>	<b>2,127</b>	<b>1,982</b>
<b>Non-current assets</b>											
Other financial assets	-	207	207	207	207	207	207	207	207	207	207
Forestry	2,583	2,956	2,956	2,956	2,956	2,956	2,956	2,956	2,956	2,956	2,956
Investment property	2,513	4,329	10,229	10,229	10,229	10,229	10,229	10,229	10,229	10,229	10,229
Property, plant & equipment	211,376	211,052	215,858	230,437	229,193	228,608	243,862	243,026	241,506	259,601	258,879
Intangible assets	-	-	-	-	-	-	-	-	-	-	-
<b>Total non-current assets</b>	<b>216,472</b>	<b>218,544</b>	<b>229,250</b>	<b>243,829</b>	<b>242,585</b>	<b>242,000</b>	<b>257,254</b>	<b>256,418</b>	<b>254,898</b>	<b>272,993</b>	<b>272,271</b>
<b>TOTAL ASSETS</b>	<b>225,602</b>	<b>220,629</b>	<b>232,381</b>	<b>246,193</b>	<b>244,329</b>	<b>243,721</b>	<b>259,022</b>	<b>258,422</b>	<b>256,669</b>	<b>275,120</b>	<b>274,253</b>
<b>Current liabilities</b>											
Payables & deferred revenue	1,871	1,460	1,251	1,290	1,334	1,343	1,374	1,447	1,495	1,549	1,561
Employee entitlements	150	263	263	263	263	263	263	263	263	263	263
Borrowings	602	-	-	-	2,000	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>2,623</b>	<b>1,723</b>	<b>1,514</b>	<b>1,553</b>	<b>3,597</b>	<b>1,606</b>	<b>1,637</b>	<b>1,710</b>	<b>1,758</b>	<b>1,812</b>	<b>1,824</b>
<b>Non-current liabilities</b>											
Borrowings	10,170	6,000	8,000	10,000	8,000	11,000	11,000	11,000	10,000	10,000	10,000
Provisions	-	1,616	1,616	258	258	258	258	258	258	258	258
Other term liabilities	564	468	468	468	468	468	468	468	468	468	468
<b>Total non-current liabilities</b>	<b>10,734</b>	<b>8,084</b>	<b>10,084</b>	<b>10,726</b>	<b>8,726</b>	<b>11,726</b>	<b>11,726</b>	<b>11,726</b>	<b>10,726</b>	<b>10,726</b>	<b>10,726</b>
<b>Equity</b>											
Accumulated equity	130,292	118,436	128,620	132,227	130,494	129,494	128,363	127,987	127,040	126,478	125,613
Special reserves & funds	7,457	3,799	3,576	2,941	2,766	2,149	2,003	1,706	1,852	1,539	1,525
Asset revaluation reserves	74,496	88,587	88,587	98,746	98,746	98,746	115,293	115,293	115,293	134,565	134,565
<b>Total equity</b>	<b>212,245</b>	<b>210,822</b>	<b>220,783</b>	<b>233,914</b>	<b>232,009</b>	<b>230,389</b>	<b>245,659</b>	<b>244,986</b>	<b>244,185</b>	<b>262,582</b>	<b>261,703</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>225,602</b>	<b>220,629</b>	<b>232,381</b>	<b>246,193</b>	<b>244,329</b>	<b>243,721</b>	<b>259,022</b>	<b>258,422</b>	<b>256,669</b>	<b>275,120</b>	<b>274,253</b>

## Prospective Statement of Cashflows for financial years ended 30 June

	2021 An-Plan \$000	2022 Forecast \$000	2023 Forecast \$000	2024 Forecast \$000	2025 Forecast \$000	2026 Forecast \$000	2027 Forecast \$000	2028 Forecast \$000	2029 Forecast \$000	2030 Forecast \$000	2031 Forecast \$000
<b>Cashflow from operating activities</b>											
Receipts from rates	7,978	8,414	8,754	8,920	9,243	9,561	10,159	10,594	10,675	10,936	11,044
Interest income	14	7	4	4	3	3	2	2	1	-	-
Receipts from other revenue	19,233	8,884	14,382	8,679	3,594	3,342	3,379	4,092	4,377	4,504	4,583
Interest paid	(133)	(118)	(134)	(225)	(260)	(275)	(276)	(323)	(309)	(292)	(297)
Payments to staff & suppliers	(13,130)	(11,903)	(10,358)	(10,428)	(10,776)	(10,884)	(11,113)	(11,667)	(12,081)	(12,511)	(12,650)
<b>Net cash from operating activities</b>	<b>13,962</b>	<b>5,283</b>	<b>12,649</b>	<b>6,950</b>	<b>1,803</b>	<b>1,747</b>	<b>2,151</b>	<b>2,697</b>	<b>2,663</b>	<b>2,638</b>	<b>2,681</b>
<b>Cashflow from investing activities</b>											
Purchase of property, plant & equipment	(15,051)	(8,369)	(8,162)	(7,918)	(2,106)	(2,798)	(2,149)	(2,541)	(1,917)	(2,308)	(2,838)
Purchase of investments	-	(2,864)	(5,900)	-	-	-	-	-	-	-	-
Proceeds from sale of assets	143	250	-	-	-	-	-	-	-	-	-
Reduction in provisions	-	-	-	(1,358)	-	-	-	-	-	-	-
<b>Net cash from investing activities</b>	<b>(14,908)</b>	<b>(10,983)</b>	<b>(14,062)</b>	<b>(9,276)</b>	<b>(2,106)</b>	<b>(2,798)</b>	<b>(2,149)</b>	<b>(2,541)</b>	<b>(1,917)</b>	<b>(2,308)</b>	<b>(2,838)</b>
<b>Cashflow from financing activities</b>											
Proceeds from borrowings	4,147	4,000	2,000	2,000	-	3,000	-	-	(1,000)	-	-
Repayment of borrowings	(375)	(3,000)	-	-	-	(2,000)	-	-	-	-	-
<b>Net cash from financing activities</b>	<b>3,772</b>	<b>1,000</b>	<b>2,000</b>	<b>2,000</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>(1,000)</b>	<b>-</b>	<b>-</b>
Total net cashflows	2,826	(4,700)	587	(325)	(303)	(51)	2	155	(254)	329	(158)
Opening cash	4,357	5,442	742	1,330	1,004	702	650	652	807	554	883
<b>Closing cash</b>	<b>7,183</b>	<b>742</b>	<b>1,330</b>	<b>1,004</b>	<b>702</b>	<b>650</b>	<b>652</b>	<b>807</b>	<b>554</b>	<b>883</b>	<b>725</b>
Represented by:											
<b>Cash &amp; cash equivalents</b>	<b>7,183</b>	<b>742</b>	<b>1,330</b>	<b>1,004</b>	<b>702</b>	<b>650</b>	<b>652</b>	<b>807</b>	<b>554</b>	<b>883</b>	<b>725</b>



## Forecast Funding Impact Statement for financial years ended 30 June

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Sources of operating funding</b>											
General rates, UAGC, rates penalties	3,385	<b>3,744</b>	3,932	3,991	4,236	4,320	4,362	4,444	4,450	4,653	4,689
Targeted rates	4,680	<b>4,809</b>	4,964	5,075	5,156	5,394	5,952	6,309	6,388	6,449	6,525
Subsidies & grants for operating purposes	2,985	<b>1,638</b>	645	658	676	690	708	998	1,027	1,050	1,080
Fees and charges	1,371	<b>1,528</b>	1,590	1,817	1,869	1,931	1,947	1,983	2,038	2,058	2,095
Interest & dividends from investments	14	<b>7</b>	4	4	3	3	2	2	1	-	-
Fuel tax, fines & other revenue	389	<b>78</b>	91	114	127	130	133	342	480	532	535
<b>Total sources of operating funding (A)</b>	<b>12,824</b>	<b>11,805</b>	11,226	11,659	12,067	12,467	13,105	14,077	14,383	14,742	14,924
<b>Application of operating funding</b>											
Payments to staff and suppliers	13,391	<b>11,843</b>	10,149	10,467	10,820	10,893	11,144	11,741	12,129	12,564	12,662
Finance costs	134	<b>118</b>	134	225	260	275	276	323	309	292	297
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of operating funding (B)</b>	<b>13,525</b>	<b>11,961</b>	10,283	10,692	11,080	11,169	11,420	12,064	12,438	12,856	12,959
<b>Surplus (deficit) operating funding (A – B)</b>	<b>(701)</b>	<b>(156)</b>	944	967	987	1,299	1,684	2,013	1,946	1,886	1,966
<b>Sources of capital funding</b>											
Subsidies & grants for capital expenditure	14,191	<b>4,976</b>	12,327	5,457	408	419	431	640	639	672	661
Development contributions	-	<b>125</b>	45	46	47	48	49	50	51	53	54
Increase (decrease) in debt	3,772	<b>1,214</b>	522	2,171	489	415	(161)	(460)	(574)	(616)	144
Gross proceeds from sale of assets	143	<b>250</b>	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>18,106</b>	<b>6,565</b>	12,894	7,674	944	882	318	231	117	109	859
<b>Application of capital funding</b>											
Capital expenditure											
- To meet additional demand	4,793	3,894	7,227	-	-	-	-	-	-	-	-
- To improve level of service	1,307	2,623	272	264	270	195	260	254	250	262	269
- To replace existing assets	6,367	<b>4,716</b>	6,562	9,011	1,836	2,603	1,889	2,287	1,666	2,046	2,569
Increase (decrease) in reserves	4,938	<b>(4,824)</b>	(223)	(635)	(175)	(617)	(146)	(297)	146	(313)	(14)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>17,405</b>	<b>6,409</b>	13,838	8,641	1,931	2,181	2,003	2,244	2,062	1,995	2,825
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>701</b>	<b>156</b>	(944)	(967)	(987)	(1,299)	(1,684)	(2,013)	(1,946)	(1,886)	(1,966)
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	-	-	-	-	-	-	-	-	-

## Depreciation & amortisation expense by group of activities

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

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

	2021 An-Plan \$000	2022 Forecast \$000	2023 Forecast \$000	2024 Forecast \$000	2025 Forecast \$000	2026 Forecast \$000	2027 Forecast \$000	2028 Forecast \$000	2029 Forecast \$000	2030 Forecast \$000	2031 Forecast \$000
Roading	1,184	1,270	1,326	1,396	1,444	1,460	1,475	1,546	1,561	1,576	1,663
Water supplies	453	474	500	508	488	501	512	516	526	533	538
Wastewater	372	422	426	427	408	412	415	420	424	426	438
Stormwater	54	77	77	77	75	75	75	77	77	77	79
Refuse & recycling	13	178	187	188	37	38	34	35	35	35	35
Facilities	733	684	720	741	695	702	708	694	697	700	693
Leadership & governance	66	93	109	148	188	180	197	70	94	113	87
Building & regulatory	-	-	-	-	-	-	-	-	-	-	-
Community services	10	8	11	14	14	17	20	20	23	26	25
District development	-	-	-	-	-	-	-	-	-	-	-
<b>Total depreciation &amp; amortisation</b>	<b>2,885</b>	<b>3,206</b>	<b>3,356</b>	<b>3,498</b>	<b>3,350</b>	<b>3,383</b>	<b>3,441</b>	<b>3,377</b>	<b>3,437</b>	<b>3,486</b>	<b>3,560</b>

Those same Financial Reporting and Prudence Regulations require the Council to specify the amount to be received from targeted rates for metered water supply (commonly referred to as water meter charges. Note that, for the 2020/21 year, the Council estimated that COVID-19 would have a significant impact on water consumption (and therefore water meter charges) due to visitor accommodation

providers suffering a low level of occupancy. That scenario did not eventuate, and water meter charges are presumed to continue at pre-COVID levels.

	2021 An-Plan \$000	2022 Forecast \$000	2023 Forecast \$000	2024 Forecast \$000	2025 Forecast \$000	2026 Forecast \$000	2027 Forecast \$000	2028 Forecast \$000	2029 Forecast \$000	2030 Forecast \$000	2031 Forecast \$000
Water meter charges	87	140	143	146	149	153	156	159	163	167	170

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

	2022 Forecast \$000	2023 Forecast \$000	2024 Forecast \$000	2025 Forecast \$000	2026 Forecast \$000	2027 Forecast \$000	2028 Forecast \$000	2029 Forecast \$000	2030 Forecast \$000	2031 Forecast \$000
<b>Roading</b>										
Waiau-Toa (Clarence) Bridge	1,400	5,140	5,284	-	-	-	-	-	-	-
NCTIR haul roads renewal	1,337	-	-	-	-	-	-	-	-	-
Bridges	-	-	-	22	-	23	-	24	-	26
Sealed road resurfacing	552	421	531	554	604	591	613	569	640	574
Unsealed road metalling	180	185	190	187	192	197	203	208	214	219
Drainage kerb & channel	65	67	69	71	73	75	77	79	81	83
Sublayer rehabilitation	330	339	349	359	369	204	210	215	221	227
Traffic services	60	62	63	61	63	64	66	68	70	71
Minor safety improvements	287	154	159	81	84	86	88	91	93	96
Seal widening & extensions	30	-	-	-	-	60	48	39	45	46
Footpaths	-	103	106	109	112	115	118	121	124	128
<b>Total roading</b>	<b>4,241</b>	<b>6,471</b>	<b>6,750</b>	<b>1,443</b>	<b>1,494</b>	<b>1,414</b>	<b>1,422</b>	<b>1,413</b>	<b>1,487</b>	<b>1,470</b>
<b>Water supplies</b>										
Urban reticulation renewals	88	-	344	-	359	-	391	-	392	-
Urban structure renewals	50	12	73	-	202	94	86	65	117	188
Urban peninsula reservoir	249	-	-	-	-	-	-	-	-	-
Urban treatment upgrades	312	-	-	-	-	-	-	-	-	-
Suburban treatment upgrade	14	-	-	-	-	-	-	-	-	-
Ocean Ridge reticulation	-	-	-	-	-	8	-	-	-	-
Ocean Ridge structures	-	-	-	22	2	-	114	-	-	-
Peketa reticulation renewals	-	-	-	-	-	1	-	-	-	-
Peketa structure renewals	28	9	-	3	-	-	16	-	1	-
Peketa treatment upgrade	7	-	-	-	-	-	-	-	-	-
Fernleigh reticulation renewal	-	-	-	-	-	8	-	-	-	-
Fernleigh structure renewal	20	-	-	26	-	-	-	-	-	25
Fernleigh treatment upgrade	120	-	-	-	-	-	-	-	-	-

## Capital projects (inflated)

	2022 Forecast \$000	2023 Forecast \$000	2024 Forecast \$000	2025 Forecast \$000	2026 Forecast \$000	2027 Forecast \$000	2028 Forecast \$000	2029 Forecast \$000	2030 Forecast \$000	2031 Forecast \$000
<b>Water supplies (continued)</b>										
Oaro reticulation renewal	23	-	-	-	-	1	-	-	-	-
Oaro structure renewal	13	-	-	4	-	23	5	-	15	-
East Coast reticulation	-	-	104	-	-	-	-	-	-	-
East Coast structure	15	-	-	50	64	-	-	-	-	-
East Coast treatment upgrade	250	-	-	-	-	-	-	-	-	-
Kincaid reticulation renewal	-	-	-	-	-	11	-	-	-	-
Kincaid structure renewal	16	-	-	52	49	-	10	3	-	18
Kincaid flow improvement	78	-	-	-	-	-	-	-	-	-
Kincaid treatment upgrade	59	-	-	-	-	-	-	-	-	-
<b>Total water supplies</b>	<b>1,342</b>	<b>21</b>	<b>521</b>	<b>158</b>	<b>676</b>	<b>148</b>	<b>621</b>	<b>69</b>	<b>525</b>	<b>232</b>
<b>Wastewater supplies</b>										
Reticulation renewals	-	-	-	-	-	56	-	-	-	-
Structure renewals	20	79	25	197	144	147	261	129	55	859
Screen replacement	12	-	-	-	-	-	-	-	-	-
Network Mobile Generators	40	-	-	-	-	-	-	-	-	-
Network odour control	11	-	-	-	-	-	-	-	-	-
Treatment Pond Desludging	239	-	-	-	-	-	-	-	-	-
<b>Total wastewater</b>	<b>322</b>	<b>79</b>	<b>25</b>	<b>197</b>	<b>144</b>	<b>202</b>	<b>261</b>	<b>129</b>	<b>55</b>	<b>859</b>
<b>Stormwater</b>										
Reticulation renewals	9	-	-	-	-	11	-	-	-	-
Structure renewals	-	-	-	-	-	6	-	-	-	-
<b>Total stormwater</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Refuse &amp; recycling</b>										
Transfer station construction	800	-	-	-	-	-	-	-	-	-
Street litter bins renewal	-	-	-	-	-	-	6	-	-	-
Landfill closure	-	-	1,358	-	-	-	-	-	-	-
<b>Total refuse &amp; recycling</b>	<b>800</b>	<b>-</b>	<b>1,358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Capital projects (inflated)

	2022 Forecast \$000	2023 Forecast \$000	2024 Forecast \$000	2025 Forecast \$000	2026 Forecast \$000	2027 Forecast \$000	2028 Forecast \$000	2029 Forecast \$000	2030 Forecast \$000	2031 Forecast \$000
<b>Facilities</b>										
Playgrounds	5	-	-	-	55	-	-	-	-	-
Public toilets	-	15	-	80	-	-	-	-	-	-
West End amphitheatre	50	-	-	-	-	-	-	-	-	-
West End car park	-	-	-	-	-	47	-	-	-	-
Pensioner flats	32	33	75	34	35	36	37	37	38	39
Walkways & cycleways	10	-	-	-	-	39	-	-	-	-
Airport	14	35	-	-	-	56	-	-	-	30
South Bay harbour	64	51	131	53	55	56	57	128	60	61
Wakatu Quay (PGF project)	2,864	5,900	-	-	-	-	-	-	-	-
Scout Hall	344	-	-	-	-	-	-	-	-	-
Point Kean & Jimmy Armers	-	-	33	-	-	-	-	-	-	-
Dog pound	15	-	-	11	-	-	-	-	-	-
25 Beach Rd (Op Shop)	-	-	5	-	-	-	-	-	-	-
New Link Pathway	1,000	1,327	-	-	-	-	-	-	-	-
Civic Centre	-	-	21	-	207	-	-	-	-	-
<b>Total facilities</b>	<b>4,398</b>	<b>7,361</b>	<b>266</b>	<b>178</b>	<b>352</b>	<b>233</b>	<b>93</b>	<b>165</b>	<b>98</b>	<b>130</b>
<b>Leadership &amp; governance</b>										
Office furniture & computers	15	15	16	16	16	17	17	17	18	18
Computers & software	46	47	278	49	50	51	52	54	55	56
Vehicles & plant	28	34	29	30	31	31	32	33	33	34
<b>Total leadership &amp; governance</b>	<b>89</b>	<b>96</b>	<b>323</b>	<b>95</b>	<b>97</b>	<b>99</b>	<b>101</b>	<b>104</b>	<b>106</b>	<b>108</b>
<b>Community services</b>										
Library books	32	33	33	34	35	36	37	37	38	39
<b>Total community services</b>	<b>32</b>	<b>33</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>36</b>	<b>37</b>	<b>37</b>	<b>38</b>	<b>39</b>

<b>Total capital projects (inflated)</b>	<b>2022 Forecast \$000</b>	<b>2023 Forecast \$000</b>	<b>2024 Forecast \$000</b>	<b>2025 Forecast \$000</b>	<b>2026 Forecast \$000</b>	<b>2027 Forecast \$000</b>	<b>2028 Forecast \$000</b>	<b>2029 Forecast \$000</b>	<b>2030 Forecast \$000</b>	<b>2031 Forecast \$000</b>
Roading	4,241	6,471	6,750	1,443	1,494	1,414	1,422	1,413	1,487	1,470
Water supplies	1,342	21	521	158	676	148	621	69	525	232
Wastewater	322	79	25	197	144	202	261	129	55	859
Stormwater	9	-	-	-	-	17	-	-	-	-
Refuse & recycling	800	-	1,358	-	-	-	6	-	-	-
Facilities	4,398	7,361	266	178	352	233	93	165	98	130
Leadership & governance	89	96	323	95	97	99	101	104	106	108
Community services	32	33	33	34	35	36	36	37	38	39
	<b>11,233</b>	14,061	9,276	2,105	2,798	2,149	2,540	1,917	2,309	2,838

## Special reserves & funds

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

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

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2021 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2031 \$000
<b>Special reserves</b>						
Kaikōura water cohort	This reserve is funded by targeted rates that have been equalised across the water supplies listed, and this reserve separates all funding and expenditure for these water supply activities. By funding as a cohort, smaller supplies such as Peketa and Oaro benefit from being part of a larger funding pool.	Kaikōura urban water Suburban water Ocean Ridge water Peketa water Oaro water	447	693	(1,173)	(34)
Footpaths & streetlights	This reserve is funded by targeted rates and separates any surpluses or deficits from the footpaths and streetlighting activities separate from other activities.	Footpaths Streetlights	(220)	-	-	(220)
Roading	This reserve is funded by targeted rates and separates any surpluses or deficits from the roads and bridges activity separate from other activities. From 2021 onwards this reserve includes deficits from the earthquake rebuild programme.	Roads & bridges	1,500	2	(1,473)	29

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2021 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2031 \$000
<b>Special reserves</b>						
Harbour	This reserve is funded by targeted rates and separates any surpluses or deficits from harbour activities separate from other activities.	Harbour	(120)	-	-	(120)
East Coast water	This reserve is funded by targeted rates and separates any surpluses or deficits from the East Coast water activity separate from other activities.	East Coast water	(3)	37	(62)	(28)
Kincaid water	This reserve is funded by targeted rates and separates any surpluses or deficits from the Kincaid water activity separate from other activities.	Kincaid water	188	-	(184)	4
Fernleigh water	This reserve is funded by targeted rates and separates any surpluses or deficits from the Fernleigh water activity separate from other activities.	Fernleigh water	49	-	(40)	9
District Plan	This reserve is funded by targeted rates and separates any surpluses or deficits from district planning activities separate from other activities.	District planning	86	-	(85)	1
Civic Centre	This reserve is funded by targeted rates and separates any surpluses or deficits from the Civic Centre separate from other activities.	Civic Centre	(378)	-	-	(378)
Stormwater	This reserve is funded by targeted rates and separates any surpluses or deficits from stormwater activities separate from other activities.	Stormwater	234	2	(27)	209



Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2021 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2031 \$000
<b>Special reserves</b>						
Wastewater	This reserve is funded by targeted rates and separates any surpluses or deficits from wastewater (sewerage) activities separate from other activities.	Wastewater	206	1	(326)	(118)
Stock control	This reserve is funded by targeted rates and separates any surpluses or deficits from stock control activities separate from other activities.	Stock control	32	-	(32)	-
Roading emergency	This reserve is funded by targeted rates and sets aside approximately \$200,000 as a balance to be used if roads and bridges are damaged in an event, to commence urgent repairs.	Roads & bridges	194	-	-	194
Recycling	This reserve is funded by targeted rates and separates any surpluses or deficits from recycling activities separate from other activities.	Recycling	47	-	-	(47)
Tourism & marketing	This reserve is funded by targeted rates and separates any surpluses or deficits from tourism and marketing activities separate from other activities.	Tourism	(36)	-	-	(36)
<b>Other (Council-created) funds</b>						
Social services	Funded by donations, this fund is used for social wellbeing initiatives	District grants & events	5	-	-	5
Tourism strategy	To hold funds set aside for district tourism activities	Tourism	35	-	-	35
George Low	A bequest set aside for recreational facilities for the youth of Kaikōura.	District grants & events	61	-	-	61

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2021 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2031 \$000
<b>Other (Council-created) funds</b>						
Forestry	Funded by capital distributions from the Marlborough Regional Forestry and logging sales, this fund is set aside for strategic purposes at the discretion of the Council.	Forestry	1,117	5	(773)	349
Reserve development	Funded by the parks & reserves development contribution, this fund is to upgrade existing, or develop new parks & reserve assets.	Parks & reserves	65	77	(26)	115
Community facilities	Funded by grants, loans, and other revenues, this fund is used to upgrade existing, or develop new community facilities.	Community facilities	1,226	8	(165)	1,069
Landfill site aftercare	Funds are set aside annually to accumulate a fund to rehabilitate the landfill site once the landfill is closed.	Solid waste	146	17	(163)	-
Landfill development	Funds have been set aside to help fund the cost of capping the landfill and reconfiguring the site.	Solid waste	81	-	(81)	-
Mayoral fund	Funded by donations, the Mayoral fund may provide assistance to those suffering severe financial hardship, subject to certain criteria.	District grants & events	33	-	-	33
South Bay feasibility study	Funded by the Provincial Growth Fund (PGF), this fund has been established to track the South Bay feasibility study project.	Community facilities	226	-	(226)	-
Pensioner flats	Funded by rent reviews and loans, this fund separates housing for the elderly activities from other activities.	Housing for the elderly	47	-	(20)	27

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2021 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2031 \$000
<b>Other (Council-created) funds</b>						
Library grants	Funded by grants, this fund tracks the spend of those grants received.	Library	4	-	-	4
Building accreditation	Funded from building accreditation levies (a specific user fee charged to building con) this fund will cover the cost of the two-yearly Building Control accreditation process.	Building control	180	1	-	181
Three Water Stimulus funding	Funded from the Government, this package of \$1.88 million in total over two years is to fund improvements to water and wastewater infrastructure per an approved schedule of work.	Water supplies Sewerage Stormwater	471	-	(471)	-
Financial sustainability (FCS)	Funded from the Department of Internal Affairs (DIA), this fund tracks the spend on the Financial & Corporate Sustainability project.	Corporate & financial services	181	-	(190)	(9)
Wakatu Quay (PGF project)	Funded by the PGF, this fund has been established to track the Wakatu Quay development project.	Community facilities	2,024	-	(2,024)	-
Airport	Funded by airport revenues and loans, this fund sets aside airport activities from any other activity.	Airport	78	-	(118)	(40)
Freedom Camping (TIF)	Partially funded by the Tourism Infrastructure Fund (TIF), this fund sets aside freedom camping activities until such time as funds are depleted	Responsible (freedom) camping	156	-	(156)	-

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2021 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2031 \$000
<b>Other (Council-created) funds</b>						
Significant Natural Areas	Established by a grant from the Department of Conservation, this fund is distributed to landowners (by application) to help them protect areas of significant biodiversity.	Environmental planning	22	-	(22)	-
Waste minimisation	Funded from Ministry for the Environment waste levies, this fund is set aside for projects identified in the Council's Waste Minimisation Plan.	Recycling	56	-	-	56
Winter warmer project	Carried over from the DIA grant for residents who have earthquake damaged homes, to help ensure their home is weather-proof and insulated and well-heated for winter.	Community services EQ recovery	47	-	-	47
Creative communities	Funded from Creative NZ, this fund is available to community groups and individuals (by application) for their creative art projects	District grants & events	18	-	-	18
Legal challenges	This fund sets aside up to \$100,000 on unspent legal budgets from District Planning, as a balance that is available to be used if/when there is a legal challenge to any Council decision.	District planning	100	-	-	100
Family Violence	Funded by grants from the Ministry of Social Development, this fund pays for a Family Violence coordinator and/or related projects.	Family Violence	32	-	-	32

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2021 \$000	Deposits into fund (10 years) \$000	Withdrawals from fund (10 years) \$000	Closing balance 30 Jun 2031 \$000
<b>Other (Council-created) funds</b>						
Environmental Planning	A carry-over from unspent funds in 2021, this fund is for grants to organisations that meet environmental objectives, and/or related projects.	Environmental Planning	29	-	(29)	-
Economic Development	A carry-over from unspent funds in 2021, this fund is for grants to organisations that provide economic benefit to the community, and/or related projects.	Economic Development	40	-	(40)	-

## Long-term Plan Disclosure Statement for the period commencing 1 July 2021

### What is the purpose of this statement?

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

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

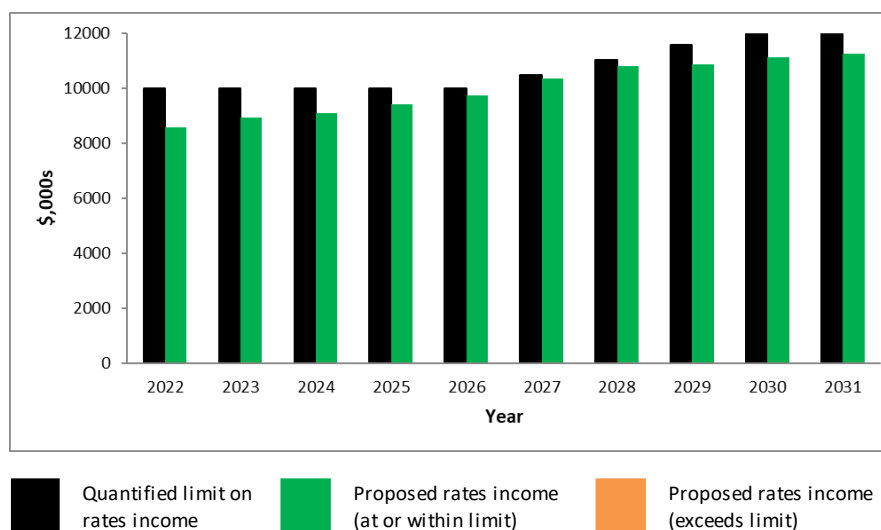
### Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

### Rates (income) affordability

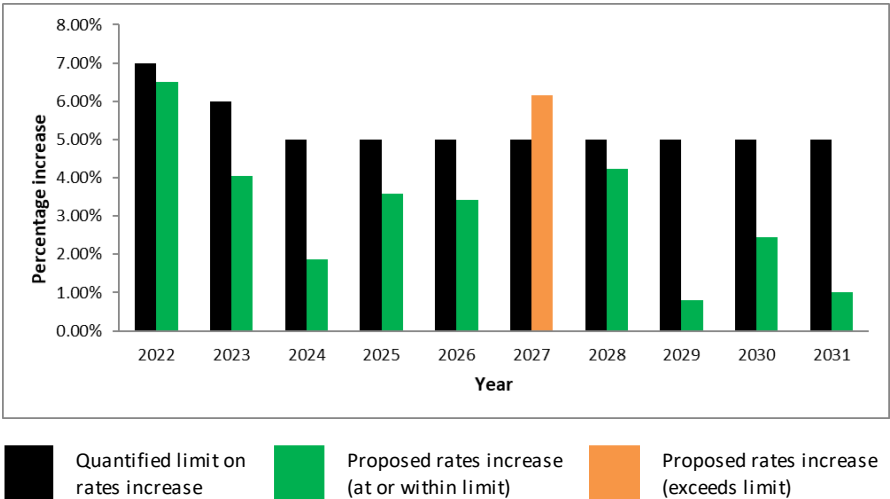
The following graph compares the Council’s planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is that rates do not exceed \$10 million in the first five years (2022 to 2026) and thereafter total rates are controlled by the limit on rates increases (below).



The Council will remain within it’s self-imposed limit on rates income.

Rates (increases) affordability

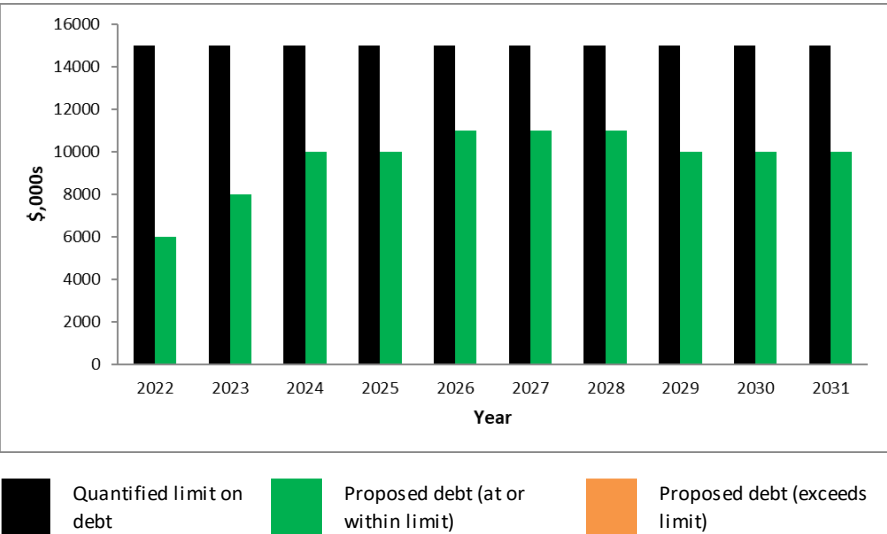
The following graph compares the Council’s planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is 7% for 2022, 6% for 2023, and 5% in the years thereafter.



The Council acknowledges that it will breach the cap in the 2027 year, due to the conscious decision not to fund the ongoing roading backlog of renewal work, and instead to fund that work from rates, from the 2027 year onward. The Council considers that this is the prudent approach, rather than to rely on borrowings to fund ongoing work.

Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares the Council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is that total debt does not exceed \$15 million.

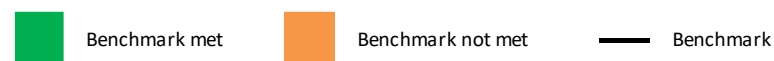
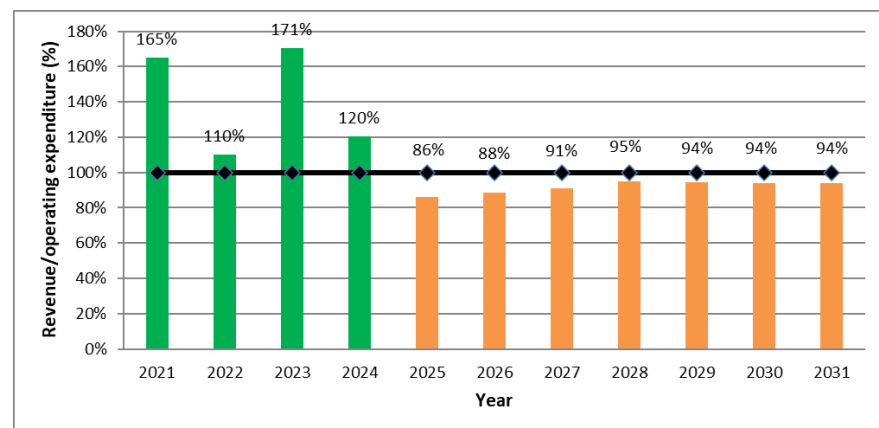


The Council does not expect external borrowing to exceed \$10 million in the ten-year period, which is well within the self-imposed limit of \$15 million.

### Balanced budget benchmark

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

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



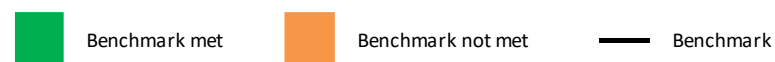
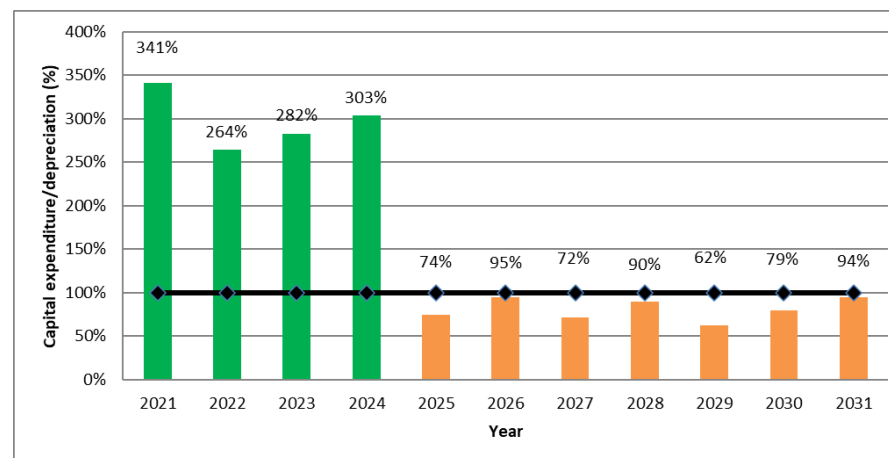
The Council does not meet the balanced budget benchmark from 2025 onwards, due to the conscious decision not to fund depreciation. The Council takes the view that, when assets do need to be replaced, we will seek alternative sources of funding such as grants or subsidies in the first instance or raise loans if no other funds are available. The result of this strategy is that it is possible – and even likely – that the Council will not cover all operating expenses in every year of the Long-Term Plan due to our conscious decision not to fully fund depreciation.

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

### Essential services benchmark

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

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



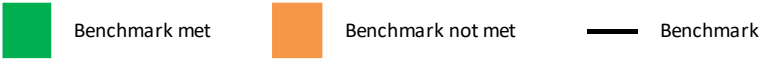
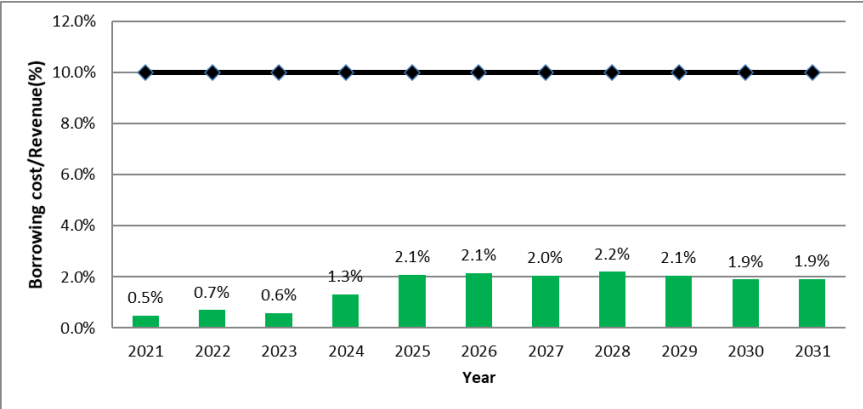
An important feature of this Long-Term Plan is the fact that, because of the extent to which the Council’s infrastructure has been rebuilt following the 2016 earthquake, there is very little renewal expenditure required for at least the next 10 (if not 30) years. The only capital work of significance is the replacement of the Glen Alton Bridge which spanned the Waiau-Toa (Clarence) River and was destroyed during the earthquake. That work is planned to be completed by June 2024.



### Debt servicing benchmark

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

Because Statistics New Zealand projects the Council’s population will grow slower than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



As the graph shows, the Council is well within this benchmark.

## Significant Forecasting Assumptions

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

The assumptions include an assessment of certain factors that might impact on the Council and the community, including consideration of how the population might change over the next 30 years, funding of Council services, and financial environment, and external factors such as the status of the COVID-19 pandemic and its effects on visitor numbers, as well as climate change and government legislation.

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

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

Assumption	Risk	Level of uncertainty	Impact
<b>Population growth and demographic changes</b>			
The resident population of the Kaikōura district is around 4,200 people and average permanent population growth will not exceed 1.0% per annum. The most significant demographic change will be an increase in the proportion of over 65 residents, forecast to increase by around 40% over 10 years (an extra 300 people in this age group). Approximately two-thirds of dwellings in the district will be permanently occupied, with the large majority of the remainder being holiday homes. This assumption is slightly above the Statistics NZ medium population growth projections, which suggest a decrease of 0.4% per annum.	<p>If population growth is higher than assumed, there may be insufficient land serviced by Council infrastructure (water, wastewater, etc), and for housing affordability to be reduced.</p> <p>If population growth decreases, revenue from development contributions, user fees, and other revenue may be less than forecast.</p>	Low	<p>Current residential subdivisions still have a large number of available properties, and current zoning allows for more subdivisions. The Kaikōura township has spare capacity in its water and wastewater systems to cope with a population of up to 10,000 people.</p> <p>If population decreases, the Council can lower the financial impacts by slowing its capital spend, and/or revising its annual budgets.</p>

			<p>The increase in the proportion of over 65 residents can be accommodated within available properties, although the current challenge for the District that there is currently no specialist private aged care provider will likely continue – due to the complexities and costs for a provider within a small population. Unless this changes high needs elderly will need to use facilities in surrounding districts.</p>
<p><b>Land use &amp; development</b></p>			
<p>We assume the Kaikōura economy will remain relatively unchanged with agriculture and tourism-related activities continuing to be dominant elements. We consider that at least 75% of population growth will be within the existing Kaikōura urban area or within two kilometres of it. Growth within the next ten years will not necessitate any works to increase the capacity of core Council infrastructural assets.</p>	<p>There is always the possibility that new economic activity will establish itself in the district. The environmental, social, cultural or economic effect of any new activity on the Council and/or community will depend entirely on the nature of the activity, is difficult to predict.</p>	<p>Low</p>	<p>There are no obvious economic drivers that suggest any unforeseen activities would establish themselves in the district, and certainly none that would not be able to be accommodated within existing infrastructure or services. The proposed new light industrial area south of Kaikōura may attract some new industrial activities as well as accommodating some of the operators from the Beach Road area or the Kaikōura flats.</p>

Assumption	Risk	Level of uncertainty	Impact
<b>COVID-19</b>			
<p>We assume that there is not a resurgence of COVID-19 or other pandemic that substantially extends or deepens restrictions beyond the scenarios currently forecast by the government. Associated with this is the assumption that the effects of the pandemic do not require the Council to reduce its levels of service in response to the effects on the local economy, or to increase its community support.</p>	<p>If the country were required to enter Level 3 or 4 restrictions, this could severely impact Kaikōura’s retail, tourism and hospitality sectors.</p> <p>It would also delay the completion of the Council’s capital projects and effect the Council’s ability to deliver its services.</p>	<p>High</p>	<p>A resurgence of COVID-19 would have a significant impact on the Kaikōura economy, and this in turn would reduce some revenue to the Council and also increase the likelihood that the Council would be called upon to provide support to the community. This could result in increased use of borrowing, offset somewhat by the delay in capital projects.</p>

Assumption	Risk	Level of uncertainty	Impact
<b>Legislative reform</b>			
<p>All territorial authorities in NZ may be significantly affected by changes in legislation that have been signalled by the Government. It is likely that a major reform programme will commence, especially in the areas of Three Waters, COVID-19 recovery, and environmental requirements. However, there are high levels of uncertainty on the exact path government will take and the implementation requirements and impacts on the Council. As a result of this uncertainty, the consequential financial impacts on Council cannot be quantified with certainty yet. It is assumed that legislative and Government Policy changes will not significantly impact upon Council’s current responsibilities and activities for the purposes of this LTP as suggested in guidance from Government and the Society of Local Government Managers (SOLGM), especially in regard to the Three Waters.</p>	<p>It is highly likely that the Government will want to advance its agenda of significant reform. As a result of local government having a very broad range of activities it is also very probable the cumulative effect on the Council will be significant.</p>	<p>High</p>	<p>To date Government’s reforms have not reduced legislative obligations, costs, or the impact on ratepayers. It is too early to assess the financial impact of the Government’s signalled policy announcements. However, it is expected that there will be specific requirements resulting from National Policy Statements and legislative change to establish a possible new means of delivering “three waters” services.</p>
<p>We assume that the technical requirement for compliance with the NZ Drinking Water Standards (DWS) are not further increased, but that compliance with those standards will be more vigorously pursued (potentially by a new drinking water regulator).</p>	<p>If the technical requirements were to increase, such as to include a mandatory requirement for fluoridation of drinking water for example, the cost of those requirements would need to be added to the Council’s LTP budgets and funded by loans and/or targeted rates.</p>	<p>Low</p>	<p>The Council has already moved to address many recommendations of the Havelock North Inquiry in the projects undertaken in 2021, and in its infrastructure planning.</p>

Assumption	Risk	Level of uncertainty	Impact
<b>Grants &amp; Subsidies</b>			
<p><b>Waiau-Toa (Clarence River) Bridge</b></p> <p>The Council plans to construct a new bridge, including river fords and protection works, effectively replacing the bridge destroyed by the 2016 earthquake. The new bridge is expected to cost up to \$12 million and is needed to provide access for 15 residents.</p> <p>Waka Kotahi (NZTA) has agreed to fund 95% of the project, subject to the project meeting their design requirements.</p> <p>We assume that the project will go ahead, with final design commencing in 2021 and the bridge complete by end of June 2024, funded at 95% by Waka Kotahi. The planned solution is being worked through with the Rūnanga to address their concerns.</p>	<p>The concerns raised about the bridge location, fords and protection works may not be adequately resolved to the satisfaction of all parties. Given that Waka Kotahi has signalled funding restrictions, the 95% subsidy originally agreed may be withdrawn, either partially or entirely, leaving the Council to decide whether to fund the shortfall or find an alternative access solution (a solution that could potentially be more costly to the Council).</p>	<p>Medium/High</p>	<p>The consequence of the bridge and road protection not proceeding in the current form as agreed with Waka Kotahi (NZTA), is that the Council is likely to have to bear a far greater portion of the cost of any alternative solution, and potentially a much greater cost overall. That cost would need to be covered by extra borrowing and rates, and these costs would be significant to ratepayers.</p>
<p><b>Waka Kotahi (NZTA) funding</b></p> <p>Every three-years, Waka Kotahi (NZTA) funds most of the Council’s roading expenditure currently at a rate of 52%, dropping to 51% for the remaining nine years of this LTP. Waka Kotahi is experiencing funding restrictions and has advised all local authorities of their funding capacity, which falls short of the amount KDC submitted for its roading programme. We have taken a prudent approach and applied an assumption that the reduced subsidy will apply for not just three, but six years in total (to the 2027 financial year).</p>	<p>The Council has planned for a significant programme of roading renewal works, including a backlog of reseals and road sublayer rehabilitation. The subsidy rate is less than assumed, and therefore the Council has opted to fund the capital shortfall from loans, and to reduce its operating expenditure to 90% of the originally submitted programme, with a residual operating shortfall funded from rates for the first six years.</p>	<p>Medium</p>	<p>The Council has the ability to slow the planned programme of work to suit financial constraints, to reduce its operating (maintenance) budget, and/or to fund shortfalls from loans or reserves.</p>

Assumption	Risk	Level of uncertainty	Impact
<b>Climate Change</b>			
<p>We assume that climate change will have significant effects on the district (such as temperature or rainfall) during the term of this Long term Plan; although not as extreme as other areas within Canterbury based on the technical reports to date. We assume that any significant effects on the district could not realistically be mitigated by actions taken by the Council. We assume that climate change predictions do not differ materially from current expert reports. **</p> <p>The 2016 earthquake caused uplift of the coastal areas of the district that might otherwise have been vulnerable to rises in sea-level. The topography of the district can cause significant issues in wet weather events. It is not realistic, however, to predict where these events might occur or any potential resilience issues. The Council will consider climate change impacts in planning for infrastructure assets.</p> <p>Additional funding for major costs to remedy damage to Council infrastructure will, where necessary, be debt funded.</p>	<p>If a severe climate change event were to occur, the Council may not have adequate asset or hazard planning in place. Council has taken account of current climate change predictions in its District Plan natural hazards chapter plan change proposals.</p>	<p>Medium</p>	<p>The Council will consider climate change impacts in planning for infrastructure assets. The Council always has in place a minimum of \$2 million buffer in its borrowing capacity, to facilitate the Council’s response to a natural disaster, including a severe weather event. Waka Kotahi (NZTA) would likely provide funding assistance at a higher subsidy rate than the usual 51%, for emergency repairs to district roads and bridges.</p>
<p><b>** Sea Level rise Impact:</b></p> <p><i>MfE (2017) presents current sea level rise projections. For Canterbury, the projected increases in sea level from a 1986-2005 baseline out to 2120 range from 0.55 – 1.06 m (under the same RCP scenarios used for the temperature increase projections). Most of the Kaikōura rivers have relatively steep gradients, thus any increases in sea level, due to climate change, should not have a significant impact on flood levels upstream of river mouths. By comparison, Lyell Creek has a relatively gentle gradient making it more susceptible to sea level increases. However, during the November 2016 Kaikōura Earthquake Sequence, ground levels at the Lyell Creek mouth uplifted by around 0.8 m relative to sea level. Therefore, any impacts on flooding due to sea level rise are likely to be minimal – especially since the SH1 bridge over Lyell Creek acts as a constriction to flood flows, limiting the flow able to be conveyed along Lyell Creek to the sea</i></p>			

*Most of the Kaikōura rivers have relatively steep gradients, thus any increases in sea level, due to climate change, should not have a significant impact on flood levels upstream of river mouths. By comparison, Lyell Creek has a relatively gentle gradient making it more susceptible to sea level increases. However, during the November 2016 Kaikōura Earthquake Sequence, ground levels at the Lyell Creek mouth uplifted by around 0.8 m relative to sea level. Therefore, any impacts on flooding due to sea level rise are likely to be minimal – especially since the SH1 bridge over Lyell Creek acts as a constriction to flood flows, limiting the flow able to be conveyed along Lyell Creek to the sea*

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

#### **Air temperature**

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

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

#### **Rainfall**

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

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



Assumption	Risk	Level of uncertainty	Impact
<b>Capital projects</b>			
<p>This Long-Term Plan provides for a total of \$45.3 million in capital work in the next ten years, including the Waiau-Toa bridge (\$11.4M)* and the Wakatu Quay development (\$8.8M)*. The Plan is to complete an average of \$10.3 million per year in the first three years (2021-2024) and an average of just under \$2 million per year thereafter. The Council assumes that it has the capacity to deal with a capital programme of this magnitude, and that it has contractors, materials, and other resources to complete these projects. In addition, the Wakatu Quay project assumes that a further \$800k of Co-funding will be secured for the project (or alternative arrangements suitable to the PGF/MBIE are entered into) to allow the project to be completed. The Long Term Plan also assumes (\$75k) net income from the Wakatu Quay project from year 4 – the assumption is believed to be very conservative (i.e. low) but as the project is in its early stages, a conservative assumption is considered appropriate.</p> <p><i>* both projects have commenced design phases in 2020/2021 with some costs already spent to date.</i></p>	<p>If the Council were unable to secure the contractors and resources it needs, or is unable to obtain tenders at the prices it has considered applicable for the project, then it is likely that the project will be delayed until either the resources, or the additional funding, are sourced as appropriate.</p> <p>If more Co-funding for Wakatu Quay is not obtained it will require approval from PGF/MBIE</p>	<p>Medium/Low</p>	<p>The Council has experienced staff and access to external resources that have successfully delivered \$40 million worth of earthquake rebuild projects on time and on budget. The largest planned projects, the roading renewals and the Wakatu Quay development, are both well underway and there are high levels of confidence that both projects will be completed successfully (including co-funding). Risk remains in the price of tenders we receive.</p>

Assumption	Risk	Level of uncertainty	Impact
<b>Significant assets, useful lives, capital expenditure, and funding future asset/renewals</b>			
<p>The Council revalued its roading and three-waters infrastructure at 1 July 2020. That revaluation included assessments about the age and condition of those assets, remaining useful lives of assets, and unit rates and replacement costs. The detail for each asset category regarding depreciation rates are shown in the Statement of Accounting Policies. The Council is confident that its knowledge about its assets, their condition and when they are likely to need renewing, is vastly improved due to the extensive rebuild programme of work that has been completed over the last five years.</p>	<p>If the Council has under-estimated how soon it will need to renew or replace its roads or three-waters infrastructure, this will result in significant costs being brought forward into the 2021-2031 period. These costs would be funded in accordance with the Revenue &amp; Financing policy - likely needing to be loan funded.</p>	<p>Low</p>	<p>The Council’s asset valuations have been independently reviewed and given a confidence rating of “B”. This rating means the source data, unit cost rates and other asset information is reliable and within 10-15% accuracy. Loan funding in accordance with the Revenue &amp; Financing Policy, should be able to be sourced based on the borrowing levels and ratios – see financing Strategy</p>
<b>Emissions Trading Scheme (ETS)</b>			
<p>The Council has a legal obligation to surrender carbon credits under the ETS due to its landfill operations and the resulting greenhouse gas emissions from disposal of solid waste. The forest at South Bay is not large enough to use as a carbon offset. The price of carbon credits has increased substantially and is forecast to cost around \$80,000 per annum. This cost will be recovered from IWK, who will need to pass that cost on to consumers by way of waste disposal charges.</p>	<p>The Council will recover the cost of carbon credits directly, during the year, from IWK based on the volume of waste disposed of to landfill. The risk is that the price of carbon credits at the time the Council surrenders its units is more than the price it has recovered from IWK.</p>	<p>Low</p>	<p>The Council can recover any pricing losses through its contract with IWK. Ultimately the cost of the ETS is borne by those who use the landfill, based on the volume of waste they dispose of, which is an appropriate mechanism to incentivise waste reduction.</p>

Assumption	Risk	Level of uncertainty	Impact
<b>Landfill</b>			
<p>The Council assumes that the landfill will reach full capacity during the life of this LTP. The resource consent it holds to operate the landfill expires in 2031. The Council proposes to reconfigure the site as a transfer station, commencing in 2022/2023, and to close the landfill itself in 2024.</p> <p>The Council further assumes that it will be able to use the Kate Valley landfill facility in North Canterbury, or the Blue Gums landfill in the Marlborough District.</p>	<p>There is a risk that the landfill approaches full capacity at a faster rate than is currently envisaged. If this were to occur the Council would need to escalate its site reconfiguration project, and start transporting waste out of the district sooner. The cost of disposing of waste to landfill is likely to increase to cover the cost of transportation, although this could be offset by savings in the cost of landfill site maintenance, compacting, capping, etc.</p>	Medium/Low	<p>There is a high level of uncertainty as to exactly when the landfill will be full. The Council is mitigating that risk by planning to reconfigure the site commencing in 2022/2023, which should be several years before capacity is reached, based on current waste disposal volumes. The Council has written confirmation from both the Kate Valley and the Blue Gums operations, that Kaikōura's waste will be accommodated by these facilities when required.</p>
<b>Interest rates</b>			
<p>The Council borrows from the Local Government Funding Agency (LGFA) and is therefore able to borrow at interest rates much lower than retail. We assume the following average rates of interest on borrowing:</p> <p>July 2021 to June 2023 1.75%  July 2023 to June 2027 2.50%  July 2027 to June 2031 3.00%</p> <p>We assume interest rates on deposits will be 0.25%</p>	<p>If interest rates increase to levels higher than forecast, the cost of borrowing would increase. The Council reviews its budgets annually and so any increase in borrowing costs would be reflected in the subsequent year's increase to rates for ratepayers. It is considered unlikely that interest rates would ever increase significantly without strong signals in the economy triggering the Council's ability to adjust its budgets.</p>	Low	<p>The Council's planned level of debt is not expected to exceed \$10 million in the next ten years. A one percent increase in the loan interest rate is a \$10,000 annual cost for every \$1 million the Council borrows, or up to \$100,000 per year. If there were to be much higher interest rate than predicted, the Council has the option to delay some loan-funded projects.</p>

Assumption	Risk	Level of uncertainty	Impact
Revaluation			
<p>Council-owned land and buildings, roading, and three-water assets are subject to a revaluation of their carrying value every three years. These revaluations are assumed to be adjusted per the rates of inflation specified below.</p>	<p>If these assets were to be revalued higher or lower than forecast, or the assets remaining useful life were to be different to the current useful life predictions, then the depreciation expense is likely to be higher (or lower) than forecast.</p>	<p>Low</p>	<p>The Council does not fund depreciation, so there would be no impact on the rates requirement. Instead, there would only be an impact on asset values and depreciation expense. If depreciation were to be higher than currently forecast, this would increase the operating deficits of the Council (or reduce its surpluses if applicable), but would have no cash impact.</p>
Inflation			
<p>The financial information is based on the adjustments for inflation detailed in the following pages. The Council has used the Business &amp; Economic Research (BERL) forecasts of price level changes to adjust future year's variable costs and revenues, relative to the type of activity (operational or capital). Further details about the specific assumptions for inflation are stated below.</p>	<p>If inflation were to be higher than the BERL economic forecasts, then all the following items will be underestimated in dollar terms:</p> <ul style="list-style-type: none"> <li>• User fees &amp; charges</li> <li>• Operating expenses (excluding loan interest and depreciation)</li> <li>• Capital expenses</li> </ul> <p>If these items were to be underestimated then this has a flow on effect to the rates requirement, the level of borrowing required, and all the financial statements in this document.</p>	<p>Medium/Low</p>	<p>Dependent upon the extent of the variation from actual costs to budget, an increase inflation beyond the BERL forecast could result in an increase in rates and debt servicing, and/or a slowing of the capital work programme.</p>

## Inflation

For this 2021-2031 Long-Term Plan period, BERL has produced three scenarios for local authorities to use dependent upon the economic drivers within their respective districts, to acknowledge the impact of COVID-19 differs in areas with high reliance upon tourism compared to areas with more diverse economies or those with a higher proportion of public sector employment and agricultural activities.

The Council has opted to use the “Stalled rebuild scenario”, which BERL describes as follows:

*The Stalled rebuild scenario is a scenario that assumes that the economic recovery is somewhat stalled due to a combination of structural inertia, and other microeconomic drivers.*

*The forecast itself is built off historic growth rates and a path consistent with RBNZ and the Treasury forecasts with a significant “skewing” of the recovery to the negative side. Under this scenario unemployment remains higher and GDP grows more slowly out to 2031.*

*This forecast is applicable to Councils in areas that:*

- a) Have an economy with greater reliance on industries hardest hit by the response to COVID-19 such as tourism and retail,*
- b) Have relatively sound infrastructure and do not expect to engage in significant infrastructure upgrades in the next decade<sup>2</sup>. Alternatively, they have unsound infrastructure in need of upgrading but no appetite to do so,*
- c) Have a slowly growing, or shrinking, more aged population,*
- d) Have a low proportion of employment in local and central government,*
- e) Have a low proportion of employment in agriculture.*

The Council considers that the Kaikōura district may not fit all the above criteria at once, but that the district might overall be reasonably described by that criteria. Having come to that conclusion, the inflation adjustors have been applied per the following tables.

<sup>2</sup> Projects such as Transmission Gully or a new light rail system are examples of “significant” upgrades.

Local government cost adjustors, stalled rebuild scenario, % change on year earlier

<b>Stalled rebuild scenario</b>				
	Planning & regulation	Roading	Community	Water & environment
2022	0.0	0.0	0.0	0.0
2023	2.1	2.8	2.3	2.3
2024	2.0	2.8	2.2	2.1
2025	2.0	2.8	2.2	2.2
2026	2.0	2.8	2.2	2.2
2027	2.0	2.7	2.1	1.9
2028	2.0	2.7	2.2	2.2
2029	2.0	2.7	2.2	2.3
2030	2.0	2.7	2.3	2.4
2031	2.0	2.7	2.1	2.0
20-year average % per annum	1.9	2.4	2.0	2.0

Local government cost adjustors, stalled rebuild scenario, cumulative % change

<b>Stalled rebuild scenario</b>				
	Planning & regulation	Roading	Community	Water & environment
2022	0.0	0.0	0.0	0.0
2023	2.10	2.80	2.30	2.30
2024	4.14	5.68	4.55	4.45
2025	6.22	8.64	6.85	6.75
2026	8.35	11.68	9.20	9.09
2027	10.50	14.69	11.49	11.17
2028	12.73	17.79	13.95	13.61
2029	14.98	20.97	16.45	16.23
2030	17.38	24.24	19.13	19.02
2031	19.63	27.59	21.63	21.40

Local government cost index LGCI:  
Stalled rebuild scenario

<b>Stalled rebuild scenario</b>		
<b>Operating expenses</b>		
	% change on year earlier	cumulative % change
2022	0.0	0.0
2023	2.3	2.3
2024	2.1	4.45
2025	2.2	6.75
2026	2.2	9.09
2027	2.1	11.39
2028	2.2	13.84
2029	2.2	16.34
2030	2.2	18.90
2031	2.1	21.40
<b>Revaluation movements</b>		
	% change on year earlier	cumulative % change
2022	0.0	0.0
2023	2.4	2.4
2024	2.2	4.65
2025	2.3	7.06
2026	2.3	9.52
2027	2.2	11.93
2028	2.3	14.51
2029	2.3	17.14
2030	2.4	19.95
2031	2.2	22.59

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

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

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

## Rating Funding Impact Statement

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

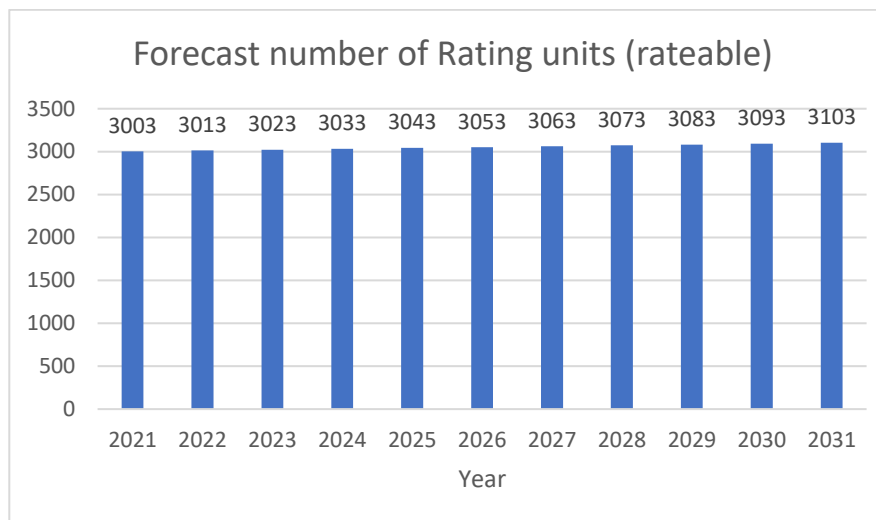
Rates are set under the Local Government (Rating) Act 2002 (the Act) as at 1 July each year, and are for the financial year 1 July to 30 June.

### Rating database information

The Council estimates its rating database will hold the following values as at 1 July 2021.

Rating database estimate at 1 July 2021				
	Count	Capital value \$000	Land value \$000s	Area (Ha)
Rateable	3,003	1,653,327	965,682	91,020
Non-rateable	253	88,322	41,541	105,566
Part non-rateable	8	3,251	2,338	447
<b>Total rating units</b>	<b>3,264</b>	<b>1,744,900</b>	<b>1,009,561</b>	<b>197,033</b>
Separately used or inhabited parts of a rating unit				3,056

The Council estimates the number of rating units will increase at the nominal rate of 10 housing units per year.





## The rating system

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

### Definitions

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

### Commercial property

All rateable properties in the District:

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

### General rate

The general rate is a rate set for all rateable properties within the District and is based on the property's capital value. The Council has set a rating 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 sewerage system, and used principally for short term accommodation, but limited to those properties with motel-type units, including motels, motor lodges,

motor inns, motel apartments, serviced apartments and serviced holiday cottages, each of which contain a private or ensuite bathroom, with bedding, linen and cooking facilities provided, and which are serviced daily.

### Separately used or inhabited part of a rating unit

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

- a) 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
- b) 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;

- a) not used principally and exclusively for commercial or industrial purposes (other than for visitor accommodation). Examples may include a residential dwelling where the principal use is residential, but visitor accommodation is also provided on the property (whether within the dwelling or in separate units); or a residential dwelling

- b) 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.

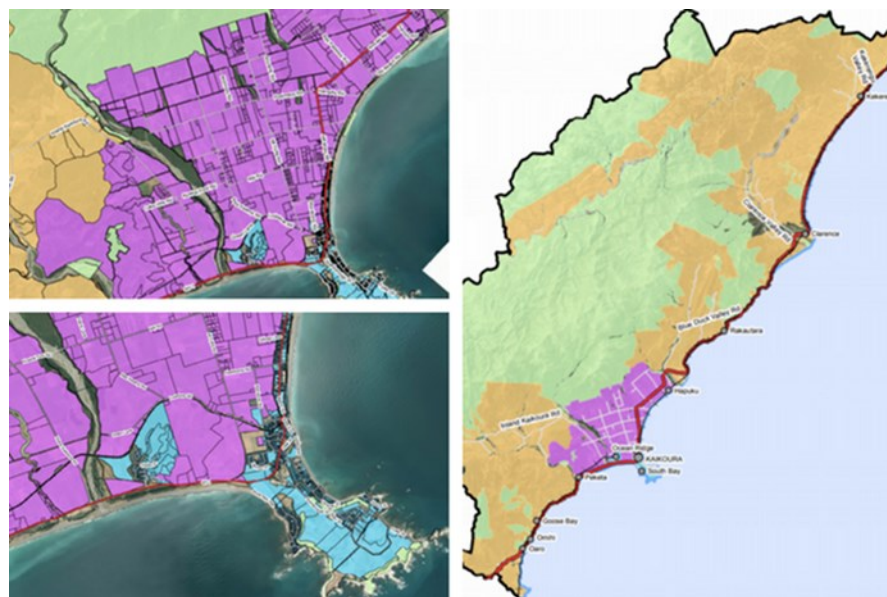
The Council will not be inviting lump sum contributions in respect of any targeted rates.

#### 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.

#### 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 rating area

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 the financial year ended 30 June 2022

General rates

General rates	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>General rate</b>					
<p>The general rate funds the general operations of the 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, and a portion of public toilets and traffic control.</p> <p>The general rate may also fund the same activities as the UAGC, because the UAGC lever provides for costs to be transferred to the general rate where necessary to remain under the 30% cap on rates set on a uniform basis, as required by the Local Government (Rating) Act 2002 (the Rating Act).</p>	Urban & Utilities 1:1	All rateable property within the Urban area, and all rateable property within the district defined as utilities	Rate in the \$ of capital value	0.00151656	1,266,589
	Semi-Rural and Rural 0.9:1	All rateable property outside the Urban area except for property identified as Utilities	Rate in the \$ of capital value	0.00136490	1,109,559
<b>Uniform annual general charge (UAGC)</b>					
<p>The UAGC also funds the general operations of Council, including landfill and recycling operations, governance, library services, sports fields, playgrounds, cemetery, walkways, public halls, swimming pool, general environmental health and emergency management.</p> <p>The Council uses a UAGC lever to transfer costs to or from the general rate where necessary to remain under the 30% cap required by the Rating Act.</p>	None	All rateable property within the district	Fixed \$ amount per separately used or inhabited part of a rating unit	631.46	1,929,755

### Targeted rates applied across the whole district

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

Targeted rates	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Earthquake levy</b>					
The levy funds the net costs of earthquake response and rebuilding, including loan servicing costs relating to earthquake work (most notably roading) and, once those costs are covered, to build resilience reserves which can be used for current and future emergency event response and rebuilding.	None	All rateable property within the district	Fixed \$ amount per separately used or inhabited part of a rating unit	40.00	122,240
<b>Roading rate</b>					
This rate funds the net costs of upgrading and maintenance of the district bridges and roading network	None	All rateable property within the district	Rate in the \$ of capital value	0.00053626	883,807
<b>District planning rate</b>					
This rate funds the net costs of district planning, including development of the Kaikōura District Plan.	None	All rateable property within the district	Rate in the \$ of capital value	0.00015231	251,019
<b>Civic Centre charge</b>					
The Civic Centre charge funds the net costs (after lease revenues) of the museum, library and civic office building	None	All rateable property within the district	Fixed \$ amount per separately used or inhabited part of a rating unit	129.27	395,044

### Targeted rates for specific categories of land or services

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

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

WATER	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Kaikōura Water Annual Charge<sup>3</sup></b>					
This water rate funds the net costs of the supply, treatment, upgrading and maintenance of the Kaikōura water supply, including the Suburban water scheme, as well as to partially subsidise the net costs of the Ocean Ridge, East Coast, Peketa and Oaro water supplies.	Full charge	All rateable properties connected to the Kaikōura water supply	Fixed \$ amount per separately used or inhabited part of a rating unit	594.30	1,101,239
	Half charge	All rateable properties situated within 100 metres of any part of the Kaikōura water supply, but not connected to the supply	Fixed \$ amount per separately used or inhabited part of a rating unit	297.15	37,738
<b>Kaikōura Water Loan Charge</b>					
This water rate funds the loan servicing costs of the Kaikōura water supply.	None	All rateable properties situated within 100 metres of any part of the Kaikōura water supply.	Fixed \$ amount per separately used or inhabited part of a rating unit	-	-
<b>Suburban Water Charge</b>					
This water rate contributes to the cost of the supply, treatment, upgrading and maintenance of the Kaikōura water supply.	None	All rateable properties within the Suburban water area.	Fixed \$ amount per water unit (1,000 litres per day)	594.30	29,715

<sup>3</sup> Note that, for the Kaikōura water supply, certain properties are “extraordinary consumers”, such as agricultural/pastoral properties in the Suburban area, plus commercial and accommodation premises, or properties with a swimming pool, for example. These properties are metered and water meter charges apply in addition to the applicable rates above.

WATER	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Ocean Ridge Water Charge</b>					
This water rate contributes to the costs of supply, treatment, upgrading and maintenance of the Ocean Ridge water supply.	Full charge	All rateable properties connected to the Ocean Ridge water supply	Fixed \$ amount per separately used or inhabited part of a rating unit	594.30	33,281
	Half charge	All rateable properties situated within 100 metres of any part of the Ocean Ridge water supply, but not connected to the supply	Fixed \$ amount per separately used or inhabited part of a rating unit	297.15	28,229
<b>East Coast Water Charge</b>					
This water rates funds the supply, treatment, upgrading, and maintenance of the East Coast water supply.	None	All rateable properties connected to the East Coast rural water supply.	Fixed \$ amount per water unit (1,800 litres per day)	690.00	99,360
<b>Kincaid Water Charge</b>					
This water rates funds the supply, treatment, upgrading, and maintenance of the Kincaid water supply.	None	All rateable properties connected to the Kincaid rural water supply.	Fixed \$ amount per water unit (1,000 litres per day)	169.94	104,515
<b>Oaro Water Charge</b>					
This water rates contributes to the costs of supply, treatment, upgrading, and maintenance of the Oaro water supply.	None	All rateable properties connected to the Oaro water supply.	Fixed \$ amount per separately used or inhabited part of a rating unit	594.30	41,007

WATER	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Peketa Water Charge</b>					
This water rates contributes to the costs of supply, treatment, upgrading, and maintenance of the Peketa water supply.	None	All rateable properties connected to the Peketa rural water supply.	Fixed \$ amount per separately used or inhabited part of a rating unit	594.30	11,292
<b>Fernleigh Water Charge</b>					
This water rates funds the supply, treatment, upgrading, and maintenance of the Fernleigh water supply.	None	All rateable properties connected to the Fernleigh rural water supply.	Fixed \$ amount per water unit (1,000 litres per day)	330.31	103,387
<b>Water Meter Charges</b>					
<i>The following two water rates will be billed separately from the rates invoice, twice annually.</i>					
<b>Volumetric charges:</b> This water rate contributes to the cost of the supply, treatment, upgrading and maintenance of the Kaikōura water supply.	None	All rateable properties connected to any water supply and with a metered connection to that supply.	Fixed \$ amount per cubic meter of water usage which exceeds 365m <sup>3</sup> per annum (or 183m <sup>3</sup> per six months as read)	\$1.00	121,000
<b>Meter Maintenance Charge:</b> This water rate contributes to the cost of reading, maintaining and renewing water meters, and contributes to the general costs of the Kaikōura water supply.	None	All rateable properties connected to any water supply and with a metered connection to that supply.	Fixed \$ amount per water meter	\$50.00  (\$25.00 invoiced twice a year)	19,000



WASTEWATER	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Sewerage Loan Rate</b>					
This rate funds the loan servicing costs of the Kaikōura Sewerage scheme.	None	All rateable properties within the area serviced by the Kaikōura sewerage system, or within 100 metres of any part of that system.	Rate in the \$ of capital value	-	-
<b>Sewerage Charge</b>					
This wastewater targeted rate contributes to the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.	Full charge	All rateable properties within the area serviced by the Kaikōura sewerage system.	Fixed \$ amount for the first water closet per separately used or inhabited part of a rating unit (plus a targeted rate for each additional water closet or urinal if applicable, please refer to the following pages).	312.06	545,488
	Half charge	All rateable properties within the area serviced by the Kaikōura sewerage system, not being either commercial or self-contained and serviced (see definitions on the following page).	Fixed \$ amount for each water closet and urinal after the first, within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal. <sup>4</sup>	156.03	3,901

<sup>4</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.

WASTEWATER	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Sewerage Charge – Self-contained &amp; serviced</b>					
This wastewater targeted rate contributes to the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.	None	All rateable properties within the area serviced by the Kaikōura sewerage system, and used principally for short term accommodation, but limited to those properties with motel-type units, including motels, motor lodges, motor inns, motel apartments, serviced apartments and serviced holiday cottages, each of which contain a private or ensuite bathroom, with bedding, linen and cooking facilities provided, and which are serviced daily.	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.	110.00	40,480
<b>Sewerage Charge – Commercial (additional)</b>					
This wastewater targeted rate contributes to the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.	None	All rateable properties within the Kaikōura urban area used principally for commercial and/or industrial purposes; or used as a licensed premise under the Sale 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.	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.	190.00	51,300

WASTEWATER	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Sewerage Charge</b>					
This wastewater targeted rate contributes to the costs of sewage disposal, treatment, upgrading and maintenance of the Kaikōura sewerage scheme.	Half charge	All rateable properties situated within 100 metres of any part of the Kaikōura sewerage system, but not connected to the system.	Fixed \$ amount per separately used or inhabited part of a rating unit	156.03	39,320
<b>Koura Bay sewerage charge</b>					
This wastewater targeted rate contributes to the costs of sewage disposal, treatment, upgrading and maintenance of the Koura Bay sewerage scheme.	Full charge	All rateable properties within the area serviced by the Koura Bay sewerage system.	Fixed \$ amount per separately used or inhabited part of a rating unit	Not applicable in 2021/2022	-
	Half charge	All rateable properties situated within 100 metres of any part of the Koura Bay sewerage system, but not connected to the system.	Fixed \$ amount per separately used or inhabited part of a rating unit	Not applicable in 2021/2022	-

STORMWATER	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Stormwater rate</b>					
This rate funds the costs of stormwater disposal, loan servicing, upgrading and maintenance of the Kaikōura Stormwater scheme.	None	All rateable properties within the Kaikōura urban area.	Rate in the \$ of capital value	0.00016758	132,420

	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Kerbside Recycling Charge</b>					
The kerbside recycling charge covers the costs of the fortnightly kerbside recycling collection service as well as contributing to the cost of operating the Resource Recovery Centre where recyclable materials are sorted, compacted and transported to markets outside the district.	None	All rateable properties that have access to the kerbside recycling collection service (currently assumed to be all rateable properties within the Kaikōura urban area).	Fixed \$ amount per separately used or inhabited part of a rating unit	134.69	248,781

The rates on the following pages, namely the Footpath & Streetlight Rate, the Harbour Rate, and the Town Centre Rate, use the rating areas on page 37 to apply rating differentials. It is the purpose of the differential to acknowledge that properties within the urban area benefit most from urban-type services, properties on the outskirts of the township benefit to a lesser extent, and properties further away from the town benefit least of all.

	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Footpath &amp; Streetlight Rate</b>					
The Footpath & Streetlight Rate funds the net costs of maintaining, upgrading and operating footpaths and streetlights, including electricity and loan servicing costs.	Urban 1:1	All rateable property within the Urban area	Rate in the \$ of capital value	0.00023341	194,813
	Semi-rural 0.5:1	All rateable property within the Semi-rural area	Rate in the \$ of capital value	0.00011670	51,126
	Rural 0.2:1	All rateable property within the Rural area	Rate in the \$ of capital value	0.00004668	17,498
<b>Harbour Rate</b>					
The Harbour Rate funds the net costs of operating the harbour facilities, including South Bay and the North and Old Wharves, including loan servicing costs.	Urban 1:1	All rateable property within the Urban area	Rate in the \$ of capital value	0.00009466	79,008
	Semi-rural 0.5:1	All rateable property within the Semi-rural area	Rate in the \$ of capital value	0.00004733	20,735
	Rural 0.25:1	All rateable property within the Rural area	Rate in the \$ of capital value	0.00002367	8,871

	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Town Centre Rate</b>					
The Town Centre Rate funds the net costs of town centre maintenance and upgrading of the West End, including cleaning and servicing the West End toilets, maintenance of the town paving, village green, carpark and all associated loan servicing costs.	Urban 1:1	All rateable property within the Urban area	Rate in the \$ of capital value	0.00008338	69,595
	Semi-rural 0.5:1	All rateable property within the Semi-rural area	Rate in the \$ of capital value	0.00004169	18,264
	Rural 0.2:1	All rateable property within the Rural area	Rate in the \$ of capital value	0.00002085	7,814

## Targeted rates for Commercial and/or Visitor Accommodation properties

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

	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Commercial Rate</b>					
The commercial rate funds the net costs of tourism and economic development, the annual grant paid to the visitor centre, and a portion of territorial authority regulatory functions, traffic control, harbour facilities and public toilets.	None	All rateable properties in the district: <ul style="list-style-type: none"> <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> <li>Used as licensed premises under the Sale of Liquor Act 1989.</li> </ul>	Rate in the \$ of capital value	0.00265613	440,116
<b>Accommodation Sector Charge</b>					
The accommodation sector charge funds the same activities as the commercial rate.	None	All rateable properties providing accommodation for commercial reward, but not meeting the criteria of a commercial property, and for the avoidance of doubt, including any property providing short-term accommodation for <b>up to four persons</b> , such as small bed & breakfasts, baches rented out as holiday homes, and other visitor accommodation such as Air B&B-style, but not including long-term rental accommodation.	Fixed \$ amount per separately used or inhabited part of a rating unit	400.00	83,200

	Differential	Category	Factor	2021/2022 Rate (incl. GST) \$	2021/2022 Total Amount (incl. GST) \$
<b>Public Rubbish Bin Charge</b>					
This targeted rate funds the costs of providing a public rubbish bin collection service at various locations around the District.	None	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> <li>• Used as licensed premises under the Sale of Liquor Act 1989.</li> </ul>	Fixed \$ amount per separately used or inhabited part of a rating unit	151.44	36,800
<b>Registered Premises Charge</b>					
The registered premises charge funds the net costs of liquor licensing, food and health safety inspections, and environmental health.	None	All rateable properties undertaking a licensed activity, such as premises where alcohol is sold or consumed, food premises, camping grounds, funeral directors or hairdressers	Fixed \$ amount per license (liquor or food premises)	312.38	38,266

Please refer to the sewerage charges on page 48-49 as they pertain to certain commercial properties, and also to the water meter charges on page 47 for commercial properties that are metered.



### Rate assessments, invoicing and penalties

Rates are set as at 1 July each year, and are due and payable to the Kaikōura District Council. The previous pages identify each proposed rate for the 2021/2022 financial year. Note that all amounts are GST inclusive, whereas those amounts within the Forecast Funding Impact Statement (on page 8) exclude GST.

These rates, and their differentials, categories and factors, are assumed to apply for each of the ten years of this Long-Term Plan. Notwithstanding this, the Council may review and publicly consult on its rating mechanisms within that period. The Council is signalling that it proposes to commence a review of its rating system in 2022, with the intention that any changes as a result of that review take effect 1 July 2023.

For rates other than volumetric water meter charges, rates are invoiced quarterly by instalment. Those instalment dates, the period they cover, and their due dates for the 2021/2022 financial year are as follows:

	For the period:	Last date for payment:
Instalment 1:	1 Jul 2021 to 30 Sep 2021	20 September 2021
Instalment 2:	1 Oct 2022 to 31 Dec 2021	20 December 2021
Instalment 3:	1 Jan 2022 to 31 Mar 2022	20 March 2022
Instalment 4:	1 Apr 2022 to 30 Jun 2022	20 June 2022

A 10% penalty will be added to any portion of the instalment remaining unpaid after the relevant last date for payment. However, a penalty on the first instalment will be waived if the total years rates are paid on or before 20 December (the last day for payment of instalment 2).

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

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

### Water Meter Charges

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

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

Meter read date:	For the period:	Due date for payment:
1st week July	January to June	20 August 2021
1st/2nd week January	July to December	20 February 2022

Meter reading dates and the period they cover are approximate.

Final readings (such as when a property has been sold) are arranged as required and invoiced separately. A one-off \$60.00 final reading fee applies.

### Environment Canterbury rates

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

## Impact of proposed rates on benchmark properties

The benchmark properties used in the tables below are a theoretical set of properties, designed to give indicative rates impacts for high, medium, and low value properties across the district. The capital values in these tables have been updated in this Long-Term Plan to give better indicative trends, for example the high values are taken from within the top 10% of capital values, the low values are taken from the lowest 10% of capital values, and the medium value is taken from the approximate average of properties, within each land use category and/or area. For that reason, these properties should not be compared directly to similarly described benchmark properties from previous Annual Plans.

Type of property	Capital value <sup>5</sup>	2020/2021 Rates	2021/2022 Rates	2021/2022 Increase in dollar \$ terms	2021/2022 Increase in percent % terms	Rates 2030/2031 incl. inflation	Average rates increase (ten years)
Residential – Urban – High value	880,000	\$4,170.58	<b>\$4,291.84</b>	<b>\$121.27</b>	<b>2.91%</b>	\$5,355.82	2.84%
Residential – Urban – Medium value	580,000	\$3,344.92	<b>\$3,456.60</b>	<b>\$111.68</b>	<b>3.34%</b>	\$4,279.44	2.79%
Residential – Urban – Low value	255,000	\$2,450.46	<b>\$2,551.75</b>	<b>\$101.29</b>	<b>4.13%</b>	\$3,113.36	2.71%
Farm – Semi-rural – High value	4,250,000	\$9,850.86	<b>\$10,402.29</b>	<b>\$551.43</b>	<b>5.60%</b>	\$13,911.04	4.12%
Lifestyle block – Semi-rural – Medium value	750,000	\$2,357.90	<b>\$2,495.13</b>	<b>\$137.23</b>	<b>5.82%</b>	\$3,312.31	4.05%
Residential – Semi-rural – Low value	255,000	\$1,298.18	<b>\$1,376.83</b>	<b>\$78.64</b>	<b>6.06%</b>	\$1,813.35	3.97%
Commercial – Urban – High value (30-room motel)	4,355,000	\$29,236.07	<b>\$29,163.32</b>	<b>\$(72.75)</b>	<b>(0.25%)</b>	\$31,591.31	0.81%
Commercial – Urban – Medium value (12-room motel)	1,520,000	\$11,660.20	<b>\$11,650.13</b>	<b>\$(10.07)</b>	<b>(0.09%)</b>	\$12,737.48	0.92%
Commercial – Urban – Medium value (Retail)	780,000	\$6,347.63	<b>\$6,414.33</b>	<b>\$66.70</b>	<b>1.05%</b>	\$7,151.73	1.27%
Commercial – Urban – Low value (Retail)	350,000	\$4,027.62	<b>\$4,075.01</b>	<b>\$47.39</b>	<b>1.18%</b>	\$4,609.07	1.44%
Farm – Rural – High value	7,800,000	\$16,743.45	<b>\$17,529.07</b>	<b>\$785.62</b>	<b>4.69%</b>	\$23,745.16	4.18%
Farm – Rural – Medium value	3,400,000	\$7,722.78	<b>\$8,092.57</b>	<b>\$369.79</b>	<b>4.79%</b>	\$10,937.77	4.16%
Farm – Rural – Low value	1,600,000	\$4,032.51	<b>\$4,232.19</b>	<b>\$199.68</b>	<b>4.95%</b>	\$5,698.38	4.13%

<sup>5</sup> The latest district valuation was conducted by Quotable Values Ltd as at 1 September 2018 and is the value used by the Council for rating purposes (plus or minus any property additions, improvements, or demolitions since that date).



## Part Five: Appendices & Other



## Council Controlled Organisations

### Kaikōura Enhancement Trust

The Council owns the Kaikōura Enhancement Trust (KET), a charitable trust which was established in 2000 to carry out environmental and/or beautification projects which enhance the Kaikōura district, and to protect and sustain the district’s natural and physical resources. Fundamental to the objectives and purposes of the Trust are to provide for the collection and disposal of waste in an ecologically sound manner and to establish programmes to reduce waste.

#### Ownership and control of KET

The Council has the power to appoint (and remove) the Trustees, which are limited to no more than five, who then manage and control KET’s property and affairs. KET must also meet all its legal and financial reporting obligations as a Council Controlled Organisation and a Tier 3 Public Benefit Entity.

This includes providing a Statement of Intent subject to Council approval every year, plus annual report and half-yearly reporting obligations. To retain status as a charitable trust, KET is also required to submit an annual return to the Charities Commission.

It is intended that KET does not generate an operating profit, and therefore no dividends or other amounts are to be distributed to the Council as shareholder.

#### Nature and scope of activities

Following the 2016 earthquake, KET has been responsible for carrying out the Kaikōura Plains Recovery Project; a project initiated with funding from the Ministry of Primary Industries’ Earthquake Recovery Fund. A governance group was established to take all responsibility of the project, and (due to delays related to the Covid-19 alert level restrictions) that project is due to be completed by end of December 2021.

Other than the Kaikōura Plains Recovery Project, KET fulfils its objectives through ownership of Innovative Waste Kaikōura Ltd.

### Key performance targets

Activity	Measure	Target
Fundraising for, and application of funding to, environmental issues	Supported projects meet the objectives of the Trust	100%
Kaikōura Plains Recovery Project is completed during the 2021/2022 year	Project complete	100%
Kaikōura Stream Walk Project is completed during 2021/2022	Project complete	100%

### Innovative Waste Kaikōura Ltd

The Kaikōura Enhancement Trust (KET) owns Innovative Waste Kaikōura Ltd (IWK). In conjunction with KET, the financial results of IWK are included in the Council’s annual report for the Group on a consolidated basis. These Annual Reports are published annually for the year ended 30 June.

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

#### Ownership and control of IWK

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

#### Nature and scope of activities

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

## Key performance targets

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

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

In addition to those mandatory performance measures, IWK has the following key performance targets in its Statement of Intent 2021/2022.

Activity	Measure	Target
Client satisfaction	The percentage of urgent or non-urgent callouts applicable to the contract are responded to within one hour or two hours respectively from the time of the notification to the time that service personnel depart to the site.	98%
	The percentage of all non-urgent callouts, applicable to the contract are responded to within 48 hours from the time the notification to the time that service personnel attend site.	98%

Activity	Measure	Target
Client satisfaction	The number of service requests received about recycling collections.	< 20
	Compliance with and provision of all KPI information as per contracts.	100%
	Obtaining an unqualified audit opinion	Yes
Service performance	The number of abatement notices or infringements issued to KDC for non-compliance with resource consent conditions.	Zero
	The number of complaints received per year being due to a service request not being actioned appropriately.	< 10
Health & Safety	A reduction in TRIF (Total Recordable Incident Frequency) accident rates	5% reduction
	LTIFR (LTI per 200,000 hours worked)	< 6
Staff engagement	Staff engagement score	4.0 or better
Waste diversion	Diversion of waste from landfill per Ministry for the Environment methodology	55% or more

## Fostering Māori participation in Council decision-making

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

### Te Rūnanga o Kaikōura

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

### Te Rūnanga o Ngāi Tahu

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

### Working together

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

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

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

The relationship between the Council and Iwi has in the past been described as a flagship for Ngāi Tahu<sup>6</sup> in how they would see governing bodies working together. Over the last few years that partnership has continued to grow and develop. There is currently no memorandum of understanding between the two organisations because to date an MOU has been seen as unnecessary.

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

We do this by;

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

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<sup>6</sup> As described by R Solomon on behalf of Te Rūnanga o Kaikōura, September 2009, and published with permission in the Council's Annual Reports from 2009 to 2016.



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## Variation from Water and Sanitary Services Assessments

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

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

In the case of the East Coast supply this lack of perceived health issues was due to raw water being drawn from a groundwater source which was at that time classified as being 'secure', and therefore not requiring treatment. This situation changed in 2015 when that secure status was revoked by the Canterbury District Health Board, and hence the need for arrangements to treat potable water taken from this supply is signalled in the 2021/31 LTP.

That the Fernleigh supply was not assessed to have significant health risks in 2012 probably reflects the lack of understanding at that time of the quality (and variability) of the supply's water source, that potentially results in fluctuations of residual chlorine levels which in turn may compromise the infection barriers being provided. With a better understanding of these issues, a project to introduce filtration and UV treatment of water on the Fernleigh scheme is now included in the LTP.

Because of these deficiencies the East Coast and Fernleigh water supplies do not have approved Water Safety Plans (the successors to the Public Health Risk Management Plans referenced in the 2012 assessment) but it is expected that such plans will be approved once the works proposed in the LTP have been completed.

### Variation from Waste Management and Minimisation Plan

The Council's 2021 Waste Management and Minimisation Plan has been developed and adopted in parallel with the preparation of the 2021/31 Long Term Plan, and as such there is very close alignment between the content of those two plans.

## Glossary

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

### Activity

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

### Activity Management Plans (AMPs)

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

### Annual Plan

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

### Annual Report

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

### Capital expenditure (or Capex)

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

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

### Capital projects to meet demand

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

### Capital projects to improve the level of service

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

### Capital projects to replace existing assets

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

### Capital value (CV)

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

### Community Outcomes

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

### Council-Controlled Organisation (CCO)

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

### Debt

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

### Depreciation

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

### Development Contributions

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

### District Plan

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

### Exacerbator

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

### Financial year

The Council's financial year runs from 1 July to 30 June and refers to the year in which the period ends. For example, the 2022 financial year is from 1 July 2021 to 30 June 2022.

### General rate

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

### Group of Activities

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

### Infrastructure

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

### Land value (LV)

The rateable value of land, but not including improvements or buildings on the land. The Council currently does not apply any of its rates based on land value, however Environment Canterbury (ECan) does have some of its rates set based on land value (the Council collects ECan rates on behalf).

### Long Term Plan (LTP)

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

### Local Government Act 2002 (the LGA)

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

### NAASRA count

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

### Operating expenditure (or Opex)

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

### PGF

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

### Private Benefit

A term used in the Revenue & Financing Policy, a private benefit occurs when individuals who benefit from a service can be clearly identified and therefore charged for that service. It applies to user charges, application fees, purchase price and water by meter, though there are exceptions to the rule (such as people who use the library enjoy the private benefit of that use, but there is no fair or economic mechanism to charge the full cost of the library service to those individuals).

### Public Benefit

A term used in the Revenue & Financing Policy, this relates to spending which benefits the community in general and for which no individual beneficiaries can

be clearly identified, examples are spending on community development, district planning and some broad aspects of economic development.

### Refuse or Solid Waste

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

### Reticulation

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

### Sewerage and Wastewater

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

### Smooth Travel Exposure

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

### Targeted rate

Unlike the general rate and the UAGC, which applies to every rateable property in the district and funds the general operations, a targeted rate applies to a specific category of properties, and/or funds a specific activity. Examples are rates for water supply, which apply only to those properties that are connected to (or can be connected to) the water supply, and the rates collected can only be used to fund costs associated with the water supply. A targeted rate can be either a rate based on the property value, or a set dollar amount based on the number of factors applying to that property.

### TIF

The Tourism Infrastructure Fund (TIF) is a fund administered by the Ministry for Business, Innovation & Employment. The Link Pathway will receive a grant of \$1.9 million from the TIF.

### Uniform Annual General Charge (UAGC)

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

### Useful life (and remaining useful life)

Useful life is an estimate how long an asset (or class of assets) would reasonably be expected to be able to be used. The useful life estimate is then used to calculate the rate of depreciation to apply to the asset(s). For example, a PVC

(plastic) pipe is expected to last 90 years, and so the depreciation rate for those pipes is 1.11% per year. Remaining useful life is an estimate of how many years are left for an asset to be usable, so if the pipe from this example is already 55 years old, it has a remaining useful life of 35 years, and the depreciation rate should be 2.86%.

### Water Cohort

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