LONG- TERM PLAN
2024 - 2034

"Moving Kaikōura Forward"

96 West End Kaikōura 7300

KAIKŌURA DISTRICT COUNCIL

Contents

Other volumes:

Volume Two:
Part Two: Council Activities

Volume Three:
Part Three: Strategies & Policies

Volume Four:
Part Four: Financial Information & Rates
Part Five: Appendices & Other

Introduction

Welcome to the Long-Term Plan 2024-2034

The Long-Term Plan (the LTP) is our most important planning document, guiding what the Council plans to do over the next ten years – and how we intend to pay for it.

Our LTP 2024-34 is our chance to look up and look forward in terms of Council planning. It is refreshed every three years. It provides the roadmap that shapes our priorities and how they are funded.

Our plan for the next ten years and beyond hasn't changed much since 2021 (the last Long-Term Plan was 2021-2031) with several major projects and programmes continuing on course. We continue to strive towards "Moving Kaikōura Forward" as we come out the other side of the significant challenges from the last few years and look to the future. Our plan is shaped by several strategic priorities, issues and opportunities that impact us locally, regional, nationally and globally. We need to understand these strategic priorities and build in consideration of them into all that we do.

We are in a similar situation to all Council's around the country in terms of financial costs and pressures, operating in an environment where the funding system for local government is fundamentally broken. Nationally it is recognised that simply relying on rates and debt will not be enough for a sustainable long term funding model. However, right now, we need to continue to work within the framework we have and lobby for change. Our work programmes and supporting budgets have been developed from base principles on a "no frills" basis to ensure we continue to focus on our core infrastructure assets as well as prioritise investment in catching up with our roading and footpath programmes. We need to finish what we started.

Our Infrastructure strategy shows that we are in a very good space with our core infrastructure assets compared with many other Council's around the country. We are effectively delivering an "enhanced business as usual" programme to ensure we are staying on top of the maintenance of our assets going forward to avoid kicking the can down the road.

Our Financial Strategy shows that, for the second smallest Council in New Zealand, we are in a relatively strong and stable financial position as we look to the future. Our recent comprehensive rate review process had a focus on ensuring costs are funded from the right areas, with an increased focus on user pays where possible. Our debt levels are under control and, at a maximum peak of $10.3m in the 2026 and 2027 financial years, continue to be well below both our self-imposed borrowing limit and our lenders covenanted requirements. This is a good news story after the financial challenges of the earthquake in 2016 and as we emerge into the post Covid-19 restrictions environment.

Although we have continued with our no-frills approach to the budgets, we have been realistic with our proposed rate rise given the overall cost increases with the current economic climate. The overall rates increase for 2024/2025 is 14.75% which is below the average across the country and overall, the total rates requirement across the ten years of the LTP is expected to increase an average of 4.9%.

Message from the mayor

Our plan for the next 10 years and beyond hasn't changed much since our last LTP (2021-2031) with a number of the major projects and programmes continuing on course. What has changed is that due to factors largely outside our control, the cost of delivering our projects and services has increased significantly. This is a national problem for all local authorities.

Not only are we all having to manage the economic implications from the global pandemic, but Councils across the country are also operating in an environment where the funding system for local government is fundamentally broken. The recent review into the future for local government recommended that a substantial overhaul of the local government funding and finance system is required. Relying on rates and debt will not be enough for a sustainable local government funding model. With the new coalition Government any improved funding system will take some time to agree and implement and so we need to continue to operate within our current framework. We need to continue to try to balance rates affordability with achieving the outcomes needed and desired by you, our community. Following the investment in our infrastructure after the earthquake we find ourselves in a more fortunate position than a number of other Councils. However, if we don't continue to appropriately invest in the maintenance of our assets, we are just 'kicking the can down the road' and pushing problems down the line for others to deal with which will have far greater cost implications.

As the second smallest local authority in New Zealand with limited capacity and resources we need to continue to punch above our weight. We need to be ready to explore new revenue generating & commercial opportunities, such as Wakatu Quay and the possibility of a hot pools development, as well as continuing to deliver core services for our Community. We also need to invest in systems and processes to help us be more efficient and effective. Our vision as a Council remains 'Moving Kaikōura Forward'.

Our partnership with Te Runanga o Kaikōura (TRoK) remains as important as ever, if not more so with the current political climate. We need to continue to try to identify and work on shared priorities for our community going forward. We also have a lot of mahi (work) ahead of us to build new relationships with central government, but we are well placed to do that and have a history of showing strength and resilience as a community with a reputation for getting on with it.

We have achieved a lot over the last three years and have dealt with some major hurdles along the way, but we have more to do. We know that it is a tough time financially for many people given the current economic climate and so have been very conscious not to drastically change our course or introduce a heap of new initiatives or projects. We are focused on finishing what we have started and getting the job done.

Craig Mackle
Mayor

Message from the Chief Executive

The Long-Term Plan 2024-34 is the Council's commitment to the community for the next ten years. It sets out what we plan to do, how much it is expected to cost, how it will be funded and how the Council will report on progress. As highlighted, this LTP has not shown a radical change in direction since our comprehensive LTP in 2021. We are continuing to finish what we have started with a number of priority areas and programmes including roading, footpaths and the District Plan update. Some of our major projects are also still ongoing and need finishing.

Through our consultation process we had a really good level of engagement and feedback. We had strong support for the preferred options of our four main consultation items which included increasing the level of investment in our footpaths, providing financial support to the Whale Trail project in terms of both capital for the build and ongoing maintenance costs, reducing the rural differential on the general rate to 0.8 and continuing with the rural recycling facilities. We also received some good ideas for consideration as future areas for focus.

This LTP also sets out how we are going to deliver on our core 'business as usual' activities like the provision of local infrastructure, including water, sewerage and storm water; emergency management and civil defence preparedness; building control and resource consents; dog, stock and noise control, and regulatory services. Each of our activities are linked to our community outcomes that promote the social, economic, environmental and cultural wellbeing of our community. The LTP also outlines a performance framework of how we know when will be successful in achieving our community outcomes and how we are going to measure success.

Given the current economic climate, I believe we have a sound plan for the next ten years which focuses on getting the job done. We know that there are still a number of uncertainties ahead of us in terms of various central government policy and initiatives that are underway. This does makes planning for the next ten years a challenge, but we have to base our LTP on what we know now, rather than anticipating or guessing how things may develop. Our Annual Plan process will be a way to respond to any changes as they become clearer.

We have a very bright future ahead of us as a District and I am excited about what we can achieve by continuing to work together

Nga mihi

Will Doughty
Chief Executive

Auditor's Report

To the readers:

Independent Auditor's report on Kaikoura District Council's 2024-34 long-term plan

I am the Auditor-General's appointed auditor for Kaikōura District Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 26 June 2024.

Opinion

In our opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community; and
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 21 to 24 of Part 4 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

In accordance with clause 45 of Schedule 1AA of the Local Government Act 2002, the consultation document on the Council's plan did not contain a report from the Auditor-General. The consultation document is therefore unaudited. Our opinion on the plan does not provide assurance on the consultation document or the information that supports it.

Our opinion on the plan also does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Emphasis of Matter

Without modifying our opinion, we draw attention to the following matter:

Unbalanced budget

Page five of Part three outlines that the Council is proposing an unbalanced budget for 8 of the 10 years of the long-term plan. The Act requires a council to budget operating revenue that meets planned operating expenses for each year of the plan unless, after considering certain matters set out in the Act, the Council resolves that it is financially prudent to budget less operating revenue. Furthermore, the Council provides reasons why its proposal is financially prudent and outlines on page 20 of Part one the potential impact on future debts and other funding sources, should its assumptions not eventuate.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.* In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400, *The*

Examination of Prospective Financial Information, that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

Independence and quality management

We have complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1, *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New*

Zealand) (PES 1), issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements*, or *Other Assurance or Related Services Engagements (PES 3)*, issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In addition to this audit and our report on the Council's annual report, we have carried out an assurance engagement on the Council's Debenture Trust Deed, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the Council.

Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Te Rūnanga o Kaikōura

"Mō tātou, ā, mō kā uri a muri ake nei"
"For us and our children"

I would like to start by acknowledging the strength of partnership between Mana Whenua and the Kaikōura District Council community, this is a second time that Ngāti Kuri features in a district councils long term plan, this is credit to our whānau, hapu and community leadership. I acknowledge the drive for equality from our mayor and fellow Councillors. Tenei te mihi kia koutou.

Te Rūnanga o Kaikōura is the Papatipu Iwi authority for this area, our geographical boundary post settlement stems from Pari Nui O Whiti (just out of Blenheim) to the north, the Hurunui river to the south and inland past Hanmer Springs. Within our boundary we encompass Marlborough District Council, Kaikōura District Council and the Hurunui District Council. With all three councils we endeavour to foster strong partnerships for the betterment of each community and its members.

Our Papatipu Marae is Takahanga which is situated overlooking the township of Kaikōura. It is our obligation to manaaki and awhi our community and all those who are in transit and or making Kaikōura their residence. In 2016 Ngāti Kuri were able to action our manaaki for the Kaikōura community by becoming the refuge for our local community and visitors in the district when the earthquake struck. We were humbled and honoured to have taken on that role and support our community through this trying time.

Over the years Kaikōura has had an increase in cultural diversity which has been great for our small town. I would like to acknowledge your uniqueness and culture that you bring to our small town and invite the celebration of our multi-cultural traditions.

There are 5 pou which Te Rūnanga o Kaikōura operate from: Cultural, Environmental, Health and wellbeing, Economic and Rangatahi/kaumatua/ pakeke. These 5 pou are the potency of our existence and they make up the fundamentals of our operation.

Within these pou we work on the values of:

- Rangatiratanga – Leadership and chieftainship over our whenua, moana, culture, whānau, hapū , iwi and all those residing in our takiwā through preservation, protection and partnership
- Kotahitanga – Working as one, uniting and partnering for the betterment of our community
- Manaakitanga – Showing kindness, care and support to all those who come under our korowai (mantle)
- Kaitiakitanga – Showing true stewardship and guardianship over our Moana, Whenua and Whanau (community)
- Tika/Pono/Aroha - Being righteous in what we do, being truthful and honourable in our actions and doing everything with compassion and empathy.

Historical records confirm 800 years of local Maori activity in Kaikōura, however local legends talk of the earliest arrivals in the 11th Century. This long-term plan is a means and guide for Mana Whenua to carry out our roles and values over our ancestral land, ocean, rivers and taonga.

The natural environment and its resources are Ngā Taonga tuku iho (treasures of the people) handed down by our ancestors. Through practicing Kaitiakitanga, a tradition handed down through generations, we enable sustainability of our natural resources for generations to come. It is our responsibility as a community to work together and show stewardship for the survival of our marine environment and our flora and fauna.

Both the Kaikōura earthquake and more recently COVID-19 have taught us valuable lessons about personal wellbeing and connectedness. Mental, Physical, Spiritual and Psychological health and wellbeing are areas of importance. Throughout this plan there are developments that could assist the wellness of the community, but I believe there are also specialised engagements, services and workshops available that are not highlighted.

Another highlighted area has been the need for affordable housing. We want to work with Kaikōura District Council to explore the possibilities around Papakainga housing. Whilst looking into Papakainga housing it is suggested that the Council research and mirror the housing scheme that the Waiau community has established with the assistance and support of the Hurunui District Council. With both these options our community will be able to mitigate the issue of housing in the district.

As mentioned above in our pepeha (Salutation) we as Ngāti Kuri have an intrinsic connection to our mountains, river, moana and whenua. The Waiau-Toa is our Mana awa it has a life essence and it sustains us on all levels. It is an undisturbed river that has own whakapapa (history).

This river provides employment, enjoyment, sustenance and vitality for members of our rural sector. This river feeds into many tributaries including its sister river the Waiau-Uwha. We as Ngāti Kuri have an obligation to protect the natural essence of this river and are working with the Council and Waka Kotahi (NZTA) to ensure a safe road in and out of this reserve with little to no effect on the river.

This plan is not intended as a substitute for consultation with Te Rūnanga o Kaikōura. Rather it is a guide and pathway of future sustainability for the Kaikōura community. The quintessence of partnership starts at the top and like a ripple effect emanates through the community. It is through this partnership that we as a community will thrive and be productive, dynamic and flourish.

No reira tēnei te mihi kia koutou katoa nga whānui o Kaikōura Kia Ora

Hariata Kahu
Chair of Te Rūnanga o Kaikōura.

Part One

Kaikōura in 2024

Kaikōura – our Town, our District

The Kaikōura district is situated on the east coast of the South Island of New Zealand, with our territorial neighbours the Marlborough district to the north and west, and Hurunui district to the south.

Historically the district thrived in the fishing, farming and dairy industries. More recently Kaikōura has positioned itself as a world-class tourism destination, attracting one million visitors each year, boasting award-winning restaurants, cafés and accommodation facilities, and internationally renowned visitor attractions such as whale watching, swimming with dolphins and seals, surfing, golf, and much more. Kaikōura still maintains its fishing and farming heritage and has enhanced its product to include award-winning locally made beers, wines and manuka honey.

A scenic two-and-a-half-hour drive from Christchurch on State Highway One, visitors meander on a winding road through the Hundalees, a farmland area covered in native bush and rich in birdlife, before finding the spectacular South Pacific Ocean and the coastal village of Oaro, our southern-most community. From there, the State Highway follows the rugged coastline before crossing the Kahutara River to Peketa, where the road straightens to pass by Ocean Ridge (a relatively new subdivision adjacent to the golf course), on to South Bay and over the hill to the Kaikōura township.

The township itself is situated on the Kaikōura peninsula, which protrudes from this rugged coastline. Māori legend tells that it was from this peninsula that Maui braced his foot to fish up the North Island from the ocean. Kaikōura has a rich history with strong connections to Māori and European culture. The area was first named by explorer Tama ki Te Rangi, who found the area abundant with crayfish. He named the area "Te Ahi Kaikōura a Tama ki Te Rangi" – the fire that cooked the crayfish of Tama ki Te Rangi. This was shortened to Kaikōura, kai meaning food and koura meaning crayfish.

Travellers from the north take State Highway One, entering the Kaikōura district just before the township of Kekerengu, and are greeted by a wide oceanic panorama for much of the drive. This route takes drivers past the settlements of Clarence, Rakautara, and Hapuku, with magnificent views of the well-known surf breaks at Mangamaunu, and the seal colony at Ohau Point. Along the way, visitors often stop at the iconic Nin's Bin for a treat of fresh crayfish.

The inland boundary of our district is the Inland Kaikōura Range, climbing 2,885 metres and snow covered for much of the year. The Kaikōura Inland Road, also known as part of the Alpine Pacific Triangle touring route, is a popular drive that ultimately leads to Mt Lyford ski fields and beyond to the towns of Waiau and Hanmer Springs, in our neighbouring Hurunui district.

The South Pacific Ocean is our coastal boundary, and this spectacular coastline provides excellent fishing, sport and recreation. The Kaikōura Canyon, at around 1,300 metres deep, provides the natural habitat for the sperm whale, dusky dolphins, hectors dolphins, NZ fur seals, and hosts over 200 species of marine life.

The Council recognises the ecological importance of Kaikōura's biodiversity, particularly for marine mammal populations, which are crucial to our tourism industry.

Statistics

	As at 30 June 2023
Population (Census 2018)	3,912
Number of rateable properties	3,018
Total properties (includes non-rateable)	3,278
Total capital value of the Kaikōura district	$2,348,327,150
Total land value of the Kaikōura district	$1,399,777,750

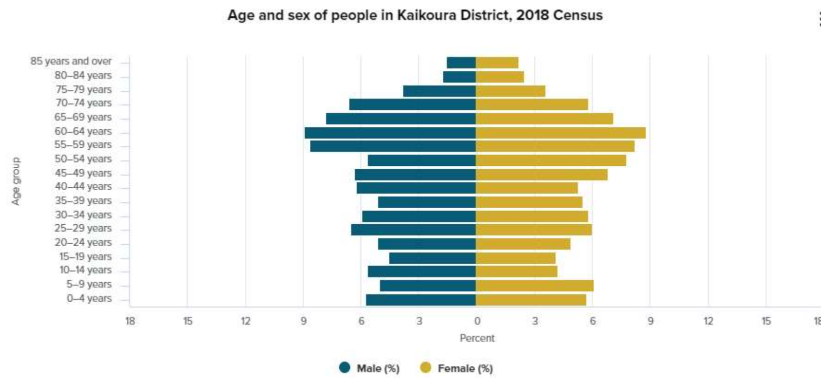
At the time of preparation for this Long-Term Plan, the 2018 Census results remained the latest population and dwelling information available. The 2023 Census data is not expected to be released until the end of May 2024 which are too late to be an influence on the significant assumptions included in this LTP.

Population

The usually resident population of the Kaikōura district increased by over 10% at the 2018 Census, from 3,552 in 2013 to 3,912 in 2018. With a post-quake rebuild workforce of over 400 people in the district to restore roads and rail networks, it is conceivable that much of this growth was rebuild-related, and temporary. When the NCTIR workforce disbanded at the end of 2020 and the NCTIR village was dismantled and sold, there was a notable drop in vehicle numbers and a notable increase in the availability of rental property.

The Census 2018 showed the median age of residents to be 46.3 years old and split relatively evenly between males and females. The median income in Kaikōura was $32,400 – slightly higher than the median for the whole of NZ.

720 people in the district identified as Māori, with a median age among Māori of 28.4 years – much younger than the median for the whole district.



Dwellings

Interestingly, the number of dwellings within the Kaikōura district has increased markedly over the last 20+ years, far outstripping the rate of population growth. Of the 2,220 dwellings[1] in the district in the 2018 Census, 714 were unoccupied. This suggests that over 32% of Kaikōura property owners live outside the district. These unoccupied dwellings may be holiday homes, or – as nationwide trends suggest – an increasing number of Air B&B style visitor accommodation.

Source: Statistics New Zealand Census 2018

[1] Plus 30 dwellings under construction. The 2018 Census refers to 2,250 dwellings in some of its statistics reports.

Insights into our district

For Kaikōura people, our environment is our strength.
We treasure:

- Our natural environment (including our marine life)
- Our cultural heritage (1000+ years of continuous occupation)
- Our connected and supportive community.

Demographic and Economic Insights

We have a high reliance on tourism - nearly 40% GDP, and static/low growth. Our reliance on tourism is far higher than most other communities, except tourism areas like Twizel or Te Anau. Many Kaikōura residents are employed in hospitality, which traditionally has low incomes and relies heavily on seasonal migrant workers.

We have always had a low unemployment rate, but there are extremely limited opportunities for specialised or highly skilled workers. Compared to the rest of NZ, we have a relatively high proportion of people aged over 60. We lose our youth as they leave for advanced education and future career prospects. Likewise, we also lose our elderly and vulnerable as they move to centres that can support them in later years.

Our communities are showing signs of financial stress because of inflationary pressures and increases in interest rates and other fixed costs. Social impacts and economic wellbeing will need to be monitored as the impacts of those pressures are expected to continue well into 2025 and uncertainty is the common catchphrase.

Opportunities for improvements

- Diversification of our local economy can only strengthen our district's resilience, and provide more economic development that will generate pathways for the next generation,
- Long term employment opportunities are essential, not just to mitigate the effects of tourism seasonality but to be able to retain our youth,
- We need to care for our elderly and acknowledge this is complicated given our small scale and the cost of high-end elderly care.

Strengths to build on

- We need to protect and preserve our unique natural environment – this is vital not just for our sustainability, but also for our competitive advantage,
- We should reshape and promote our story – historical, cultural, geological and earthquake recovery stories,
- It is important that we continue to engage with Te Rūnanga o Kaikōura as our major partner and build on our relationship with Iwi.
- We are extremely fortunate that most of our aged infrastructure has been replaced by the earthquake rebuild projects, we have surplus capacity to cater for our projected population, and we have the financial stability to improve our levels of service we deliver to our community.

Our Vision: Moving Kaikōura forward

The Council and staff were involved in deciding our vision statement during the 2021-2031 LTP of "Moving Kaikōura Forward". We feel this is still an appropriate and relevant statement for the current LTP period.

"Moving Kaikōura Forward" is an appropriate vision for several reasons. The first is that it acknowledges we have a point in time to move forward from – the 2016 earthquake. It recognises that the earthquake changed our lives forever, one way or another. It recognises that the earthquake also resulted in significant changes not only for our community, but also for our organisation, the Kaikōura District Council.

The second reason is that "Moving Kaikōura Forward" also recognises the rebuild projects that have now all been completed, and we can enter the next phase of recovery which is our new normal. It is our turn as a district and as a community to confidently move forward towards that new normal.

The third reason why "Moving Kaikōura Forward" is important to us is that, at the Kaikōura District Council, we have developed a strong culture of continual improvement in everything we do. We are implementing new systems including asset management, better customer service request processes, and utilising more modern technology such as our new library online portal service and replacing our outdated enterprise operating platform (Ozone). At the Council we are keen to embrace new systems that deliver a better, more efficient and user friendly, level of service to our community.

Executive Summary

Asset capacity for growth

Prior to the earthquake, the Council had increased the capacity of its water supply and wastewater infrastructure to cope with a permanent population of 10,000 in the Kaikōura township. The current population of the township is approximately 3,000 with visitor numbers increasing this to an estimated 6,000 people. We therefore believe, as a result, that there is ample capacity within our three-waters services for the foreseeable future.

Because of this spare capacity, there are no major growth-related projects in this LTP. The latest Infrastructure Strategy is best described as an 'enhanced business as usual' approach without proposing any dramatic changes or increases in infrastructural requirements.

Essential asset renewals

The extensive renewals that have occurred since the earthquake or which are envisaged to occur within the next 5 years (which potentially includes a renewal of the Glen Alton Bridge over the Clarence (Waiau-Toa) River) have had a very substantial effect on projected future renewal requirements. The available data suggests there will be a long period – in excess of 30 years – during which the cost of required renewals will be less than the very long-term averages and there appears to be little need to increase asset capacity or levels of service.

The Infrastructure Strategy has identified there are no major renewals required for our essential three-waters infrastructure until around 2050. There are some sections of water pipe in the Kaikōura township that will be renewed within the next ten years, however even these renewals are relatively minor with approximately less than $300,000 of spend planned for this specific water pipe replacement on average per year.

The Council's roading network comprises 210km of roads, of which 53% (110km) are sealed. 87% of roads by length classified as rural, and 48% of the network is classified as low volume roads, carrying less than 200 vehicles per day. However, even allowing for the low-volume nature of local roads, the level of expenditure on them has been very low which has seen some assets go so far past their due renewal dates that very substantial decreases in level of service have occurred.

As a result, roading continues to be a major focus through this LTP which also reflects addressing the results of recent resident survey results where satisfaction levels have been below 45% for a number of years. The overall strategy for roading levels of service is considered one of restoration and maintenance of sound basic levels of service.

Critical assets and their condition

Following the 2016 Kaikoura earthquake extensive work was conducted to identify and replace assets damaged by that event. This work included widespread CCTV pipe inspections. The older and more fragile pipes were often identified as being damaged by the earthquake and were subsequently replaced, but condition data was also gathered on the other better pipes. Whilst the general conclusion of these post-earthquake investigations (that the pipes unaffected by the earthquake are in good condition) are reflected in the relevant Asset Management Plans and this Infrastructure Strategy.

An appropriate threshold for a KDC asset being considered critical is where there is potential for the asset to fail completely and the product of number of people affected, and the duration of the effect exceeds 250 person-days. Accurately assessing exactly which assets meet this criterion is difficult, in particular because of uncertainties regarding both how many people would suffer a complete loss of service rather than a reduction, and how long the effect would be likely to persist for. In many cases even if a particular asset completely fails, some degree of service can be maintained by using other assets.

Currently only the following assets are considered likely to meet the above definition of criticality:

- Water mains of diameter greater than 200mm diameter
- Trunk wastewater reticulation downstream of the Lyell Creek pump station

Due to the extensive replacement of water and sewer assets post the 2016 earthquake, there are no immediate plans to replace the above asset types in the current LTP. Based on previous extensive CCTV review post-earthquake these assets are also not noted in the significant issues section in the Infrastructure Strategy although the issues section does call out the provision for the replacement of around 50% of water pipes by approximately 2033.

No roading assets are considered to meet this definition of criticality because in most cases alternative routes are available. No-exit roads such as Blue Duck and Puhi Puhi have such low numbers of residents that the 250 person-day threshold is still unlikely to be exceeded.

Debt and Rates

This LTP shows that total borrowings will not exceed $10.3 million within the ten-year period, which is well within the Council's self-imposed limit of $15 million, and well within the Local Government Funding Agency (LGFA) covenants.

Total rates will increase by 14.75% for the 2024/25 financial year and expected to average 4.9% over the total ten-year period.

Unbalanced budget: financial years 2027 to 2034

All Council's must ensure each year's projected revenues are sufficient to cover all operating costs, unless that Council resolves that it is financially prudent to do otherwise. Historically, the Council has never fully funded depreciation in collecting rates, and other Councils have varying policies. Funding depreciation involves accumulating cash reserves from today's ratepayer to pay for future asset renewals. Where reserves are accumulated, the effect is that current asset users fund future asset use (in full or part). Where reserves are not accumulated, future users may be required to fund the asset renewal.

A key component of the Council's Financial Strategy – based on the reliable information we now have about our assets and their condition – is that there are extremely low levels of asset renewal work required over the next ten (if not thirty) years.

The Council's policy not to fund depreciation takes into consideration 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. Rates may be used to fund the net cost of renewals on an ongoing basis provided the annual renewal cost is equal to or less than the annual depreciation for that asset category.

The Council proposes to continue its historic policy not to fund depreciation. This LTP, therefore, projects an annual deficit from the 2027 financial year, attributable to depreciation.

Key issues

It is not always possible to predict the future, however, there are some key issues that we know we face in the immediate horizon and some issues that we expect will probably come to fruition within the next ten years.

Climate Change

Unlike many coastal areas around New Zealand, we are not expected to be affected by any significant sea level rise over the next fifty years. This was primarily due to the big coastal uplift following the 2016 earthquake however, this does not mean that we won't be affected by other climate change effects which require consideration in all of our activities going forward. Our natural hazards report for Kaikōura outlines the natural hazards that have potential to impact the district including flooding, fault rupture, liquefaction, landslide debris inundation and debris flow fans. This is built into our District Plan as well as our Infrastructure Strategy.

As our District Plan review progresses over the next ten years, we will be ensuring that climate change issues are fully integrated into our planning. We expect that over time we will experience more extreme weather events more frequently, including droughts, fires, flooding and unpredictable rain events. Council has made provision in our emergency works budget to address issues on our roading and three waters networks after relatively minor events. However, this is unlikely to be sufficient for a major event such as the Kaikōura earthquake or the anticipated Alpine Fault rupture (AF8). Rising sea temperatures and ocean acidification are issues that have potential to significantly impact on our coastal and marine environment. Local environmental groups have already identified impacts on marine birds and mammals from the reduced availability of food sources. Kaikōura District Council is partnering with ECan and other local authorities through our jointly agreed regional Climate Change Action plan to fund some regional level priorities over the next three years.

At a local level we are continuing to focus our infrastructure investment on alternative transport modes such as footpaths and shared user paths. We are promoting more efficient use of water through our water Supply Bylaw 2020 which limits things such as garden watering by non-handheld irrigation. We are also continuing to partner with and work alongside a number of community groups such as the Kaikōura Dark Sky Trust and anticipate adopting a plan change for improved responsible lighting across the District during year 1 of this LTP.

We work with ECan where we can, to manage our natural resources water, air and land and Council and Councillors actively support the Kaikōura Water Zone Committee. We will continue to work in partnership with a number of organisations such as Te Korowai, Te Whare Haumanu, DOC and Kori to achieve our common goal for sustainable guardianship of our unique environment.

Capital projects and our capacity to deliver them

This Long-Term Plan provides for a total of $65.0 million in capital work in the next ten years, including the Glen Alton Bridge ($11.4M) and the Wakatu Quay development ($6.99M)[2]. There is also $13.4M indicated as part of the Infrastructure Acceleration Fund which is aimed at enabling housing related growth. $37.14 million will be spent in the first two years (2025-2026) and an average of $3.5 million per year thereafter.

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 a project, then it is likely that the project will be delayed until either the resources, or the additional funding, are sourced as appropriate. The capital programme and progress of projects has been right sized for delivery to reflect complexity and availability of resources. For example, the Glen Alton bridge has represented challenges in terms of finding a satisfactory solution for all stakeholders, however at this stage we assume the project will proceed as planned.

Partnership & Collaboration

The political and legislative landscape for local government will continue to significantly change over the next few years. We have seen a radical policy shift

[2] both projects commenced their design phase in 2020/2021

with the new coalition government with some major reforms altering course. It will be a while before we get further clarity on exactly what that means. Through that change and opportunity, we need to strengthen our partnership with local Iwi as well as key stakeholders such as central government, neighbouring Councils, Environment Canterbury, Department of Conservation, our health services and community services groups. Working collaboratively has never been so important ensure the best outcomes for our community.

Demographic changes

Based on historic trends as well as predictions from Statistics NZ, the Council has concluded that there will be very low levels of population growth, effectively that permanent residents in the district will not increase by more than 1.5% per annum. In contrast, trends in home ownership suggest that the portion of residential dwellings that are used as holiday homes (rather than by permanent residents) will increase to around one-third, and this will create higher summer peaks and lower winter troughs in visitor numbers.

The critical assets (roads and three-waters) servicing the Kaikōura township have surplus capacity to cater for a population of up to 10,000 people, and this should be ample to meet these summer peaks in the township – including South Bay and Ocean Ridge – for at least the next 20 years.

While we predict no issues relating to population growth, we must also cater for an ageing population which brings with it different challenges and demands on infrastructure, such as wider footpaths and wheelchair access. The Council plans to accelerate its footpath programme over the next six years.

Affordable housing

Te Rūnanga o Kaikōura has signalled, in its message to the community within our Long-Term Plan consultation document, that it wants to work with the Council to explore the possibilities of Papakainga housing and other affordable housing solutions. Papakainga housing is a housing development for Māori people on their ancestral land. The Council currently provides 16 units for housing for the elderly and has ownership of seven temporary housing units built by MBIE to provide emergency housing after the earthquake. Those units are now providing social housing, but at this stage they are only expected to be used until 2025 unless the lease is extended.

Currently there are no plans for the Council to provide affordable housing at its own cost, although private developers may wish to do so. The issue of advancing Papakainga housing is not specifically provided for in this Long Term Plan but is likely to be an ongoing conversation between the Council and the Rūnanga.

Reform Agenda

The major shift in policy from the new coalition government has come at a challenging time in the LTP development process for all Councils across the country. Although both the Affordable Water Reform legislation and that relating to the Resource Management Act have been repealed it will be some time before we are clear on a detailed way forward for either topic. The Future for Local Government review completed in October 2023 also raised some very important issues, especially around a sustainable funding model for local authorities given the current model is viewed as ‘broken’. Local Government New Zealand (LGNZ) reached a consensus position across the country in terms of the 17 recommendations from the review with the aim of picking up the conversation with the new coalition government through 2024.

Kaikōura District Council has always recognised that nationally there is a need for change in terms of Waters infrastructure delivery, especially around the funding for infrastructure, but did not believe that the proposed mega entity model was in the best interests for our District. There is now an opportunity to pick that conversation up with our local counterparts in Canterbury and beyond when considering Local Waters Done Well. We have assumed that ownership and responsibility for ongoing maintenance and service delivery for three waters remains the responsibility of Council over the ten-year period and our Infrastructure and Financial Strategies reflect that. We have built in appropriate planning for renewal of three waters infrastructure as well as meeting all known regulatory requirements from Taumata Arowai, the water services regulator for Aotearoa.

The Big Issues we consulted on, and the changes we made to the final LTP

The feedback you gave us

Our consultation document was published on 28 March 2024 and submissions closed on 30 April 2024. The Council held three community information sessions, one within the township, one at Kekerengu and one at the Collie Club (Inland Road).

We received submissions from 124 submitters, and 14 people or groups came to the Council offices on Wednesday 15th May to speak to the Council about their submissions and how they felt the LTP could be improved.

We have taken that feedback on board, and this Long-Term Plan 2024-2034 now reflects the changes we have made in response to submissions, and also changes that we had to make because of information that has since come to light.

Footpath improvements

The Kaikōura township lends itself to walking, with stunning scenery backdrops everywhere you look, but our footpaths continue to score among the lowest levels of satisfaction in the Council's resident satisfaction survey. There are 38 kilometres of footpaths in the Kaikōura township, and the Council is proposing significant extra investment in upgrading current footpaths, as well as proposed cycle and walkways along Beach Road and the Esplanade area.

In 2021 we set aside $60,000 per annum to maintain our footpaths and an additional $100,000 per annum to undertake footpath renewals. For the 2024-2034 LTP we are providing a further $150,000 per year for six years (from 2024/2025) to bring our urban footpaths up to the standard expected from the community. This additional $150,000 is on top of the existing $100,000 currently provided. We are referring to this as an acceleration of our footpath programme as at the end of the ten-year period we expect to have completed twice the work programme than if we maintained the 2021-2031 LTP investment. Our total investment into footpaths will be $310,000 per year for the first six years of the LTP.

What you told us

Of the 71 footpath submissions, 61 submitters, 86%, agreed with our preferred option to accelerate the programme and complete more of the work sooner. 10 disagreed and opted to retain the status quo investment. 16 submitters provided feedback with feedback highlighting the improvement the current programme has delivered while also needing to ensure health and safety considerations for users are taken into account. Based on the feedback, Council staff will look to reinvigorate the Footpath Working Group to assist in prioritisation for the next 3 years.

Council Financial Support for the Whale Trail

The Whale Trail project was largely borne out of "Reimagine Kaikōura", our post-earthquake community recovery plan and sits well within our 2024-2034 Long Term Plan vision to continue "Moving Kaikōura Forward". To date the project has secured $28m with $26m from Central Government, $2m from Marlborough District Council and $0.6m from the Rata Foundation. The trail is approximately 194 kilometres long and would be used for both cycling and walking that will connect the communities of Picton, Blenheim, Seddon, Ward, Kekerengu, Clarence and Kaikōura.

The total budget for the project is approximately $32m of which $30m is for construction and $2m for enhancement works. The Trust aims to secure the difference from the project budget to the current funding through sponsorship ($3m) and community engagement ($1m). The Whale Trail is designed to bring economic, health and wellbeing, environmental and cultural benefits to the region and its communities with the primary objectives including i) build community connections and encouraging local recreational uses ii) increase understanding of local taonga and history iii) attract new and regular visitors and encourage them to spend more and stay longer in more communities along the trail iv) increase access to existing and new amenities and v) grow existing and encourage new small and medium businesses. Currently, there are multiple sections of the trail under construction within the districts north of Kaikōura and the project is anticipated to be complete by the end of 2025.

What you told us

Of the 94 submissions, 76 responses, 81%, agreed with the Council's preferred option to fund the trail with $200,000 funding spread over 4 years and a phased approach to annual maintenance costs with an upper limit maximum of $80,000. 15 submissions opted for option 2 (this was the same as option 1 but with maintenance funding limited to a maximum of $40,000 per annum) and 3 submissions opted for option 3 which was to not financially support the trail at all. 32 submitters provided additional comments with the overwhelming majority highlighting the benefits the trail would provide to the district and town.

Council will work with the Trail team to investigate use of counters to determine trail usage and explore options for the Trail team's economic development expert to present an "Is your town ready" workshop.

Reduce the General Rate Differential for Rural and Semi-Rural Properties

As signalled in the last LTP, Council undertook a comprehensive review of its funding sources, known as the rates review, and went out for public feedback over September and October of 2023, with a hearing in November 2023. A change to the general rate differential had not been signalled in the rates review consultation options, and so the wider public had not been given the opportunity for feedback on this issue.

The change was considered relatively significant because it affects how the proportion of overall general rates is split and therefore the level of rates payable by every ratepayer in the district. The general rate differential will be decreased from 0.9 to 0.8. The outcome is that semi-rural and rural ratepayers pay slightly less than they otherwise would have done of the overall general rate, urban ratepayers (residential and commercial) will pay slightly more. One reason the Council feels a lower differential on the general rate may be appropriate is that

the general rate funds certain activities that are more likely to benefit urban ratepayers.

What you told us

We received strong support for our proposal to reduce the differential on general rates from 0.9 to 0.8 to rural and semi-rural properties with 57 submitters, 79% in favour, and 15 against. Many rural submitters were appreciative of the proposed change and noted that other Council's around the country have a rural differential of 0.7 which could be considered in the future.

Rural Recycling Services

The provision of rural recycling services was a topic of discussion in the Council's last Long-Term Plan and some changes were subsequently made, with the Council currently providing three un-manned facilities at Clarence, Kekerengu and on the Inland Road for receipt of recyclable materials, at a total cost of approximately $26,000 per year. Because of their locations the catchments for these facilities are relatively small, attract low volumes of recyclable materials which are sometimes contaminated by refuse, and many rural ratepayers receive no benefit from them. It is also recognised that in most cases the rural residents of the district have to visit either the Resource Recovery Centre in Kaikōura to dispose of their refuse or facilities outside of the District, and that they could also deliver their recycling at the same time

What you told us

We received a total of 66 submissions on this topic of which 37 submitters, 56%, were in support of the preferred option which was for rural recycling services to be funded by all rate payers. 15 submitters wanted rural rate payers only to continue paying for this service while 14 submissions wished for this service to be ceased.

Based on the feedback we will explore rural rubbish collection options (private or other) during the Waste Management and Minimisation Plan review

Other issues raised and changes we have made

Community facilities

Several submissions were received requesting the Council improve existing facilities or develop new ones.

The requests included pushing forward with the community-led refurbishment of the Community Courts at Takahanga domain. This project remains a Council focus. However, the original estimate for the repair work at $200,000 was grossly underestimated. We have now received up to date cost estimates and will be applying for additional funds to complete the works. Some funding may be required from the Council to complete the project, but no Council budget has been allocated at this time other than the grants confirmed to date.

Several submitters also highlighted the importance of the community swimming pool and the amenity value it brings to the community and included requests for additional opening hours and consideration of a covered facility. Several requests were received for Council to increase the annual grant allocation to the pool as operational expenses have increased since this was first agreed. Council has increased the annual contribution from $70,000 to $85,000 which will be index linked.

West End

The importance and vibrancy of the West End was mentioned by 33% of submissions in the non-consultation topic comments. We understand the need to ensure the West End remains attractive and welcoming to locals, visitors and investors alike.

Outside of the West End toilet upgrade and amphitheatre we do not have any further specific West End projects in this LTP. However, based on the feedback received, to determine practical and cost-efficient development options we will work with local businesses to explore possibilities for small projects or development. This will take some time and, therefore, we have proposed a small amount, $90,000, be allocated over 3 years from year 4 of this LTP. As further information becomes available, we may need to reconsider the proposed timing and funding the through relevant mechanisms. At this stage, the current amount allocated will not be a cost to ratepayers for years 1-3.

Other

Ensuring power resilience in the event of a major disaster for some of our core services was raised, such as providing solar panels for powering our water, particularly Mackles bore, and sewer pumps. This is something we will continue to look at especially as solar power generation costs start to decrease.

In line with ensuring resilience for our core services, we also noted the concern raised regarding the Kowhai River and related flood risks. Council will continue to work with ECAN around an action plan for the Kowhai River flood protection. We plan to use the $50,000 from the Better Off Fund to undertake work or establish tangible actions.

Other comments noted as part of the feedback and our response:

i) The risk of cats to our natural birdlife and the need for regulation. We will focus on education rather than enforcement at this time

ii) Our Walking and Cycling strategy was last reviewed in 2009 and needs to be updated. We will do this over the next 3 years and will incorporate horse riding as part of the review update

iii) Mitigate pests and invasive weeds – we are currently undergoing a process to develop our reserve management plans and will incorporate pests and invasive weed control into these

iv) We will prepare an options report to Council for plans for the Old Wharf that includes ownership, short term make safe works and long-term options. No budget has been allocated in the LTP

v) While we consulted on the Special Harbour Operators rate at the back end of 2023, there were submissions received on this rate as part of the LTP consultation. Council at this time plans to continue with the Funding and Revenue policy as adopted in December 2023

Budget adjustments and carry-overs

While the Draft LTP was out for public consultation, several budget items were finalised and adjusted. These include:

- Local Authority Protection Program (LAPP) insurance premiums
- District Plan timing of loans
- Capital project carry-overs from 2024 financial year
- Uplift of funding to the Community Swimming Pool
- West End development options funding in years 4-6
- Provision for capital work related to the Jordan Stream on the Puhi Puhi Valley Road over the next two years due to failures in the structural integrity of the current bridge.

The result of all changes

With all of the above changes incorporated into the Council’s LTP financial model, the result is an overall rates increase of 14.75% for 2024/2025, and a ten-year average increase of 4.9%. Borrowing is forecast to reach no more than $10.3 million at its peak in the 2026 and 2027 financial years.

Community Outcomes

What are they?

Community Outcomes are the high-level priorities the Council will focus on to promote community well-being. These outcomes have originated from several sources, such as from community feedback, from interactions with our partner agencies and key stakeholders, and from the Corporate & Financial Sustainability Review which concluded in 2020.

Each activity we undertake supports one or more of these outcomes. In the Council Activities section of this LTP, there are explanations for each activity, in terms of:

- The Community Outcome the activity supports or has influence over,
- How the activity contributes to that Outcome,
- What the activity needs to do to support achieving that Outcome,
- The Level of Service we provide,
- How we know we are succeeding,
- How we will measure our performance, and
- The performance target.

	**COMMUNITY** We communicate, engage with, and inform our community
	**DEVELOPMENT** We promote and support the development of our economy
	**SERVICES** Our services and infrastructure are cost effective, efficient and fit-for-purpose
	**ENVIRONMENT** We value and protect our environment
	**FUTURE** We work with our community and our partners to create a better place for future generations

Part Two
Council Activities

Part two of the Kaikōura District Council's Long-Term Plan 2024-2034

KAIKŌURA DISTRICT COUNCIL

Contents

Roading

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

Activities

- Roads & bridges
- Footpaths & cycleways
- Streetlight*s*

What we do and why we do it

The Council maintains over 213kms of local roads and 47 bridges across our district and provides footpaths and streetlighting throughout the Kaikōura township. Waka Kotahi (NZTA) currently provides funding support for a pre-approved programme of work, including reseals, drainage maintenance, replacement of traffic signs, etc. The Council improves the roading and footpath network to meet changing needs and develops plans to ensure the roading network is fit for purpose and provides for any potential future growth.

How does Roading support our Community Outcomes?

Development

Roads are essential for rural and commercial activity to carry out their business, deliver goods and services, etc. Residents need roads and footpaths for access to other areas, and streetlights are essential for pedestrian and vehicular safety.

Services

A renewal programme is in place to keep roads in good condition. NZTA subsidies are secured wherever these are available to ensure roading is affordable and cost effective.

Environment

Drainage systems within the road corridor protect adjacent land from flooding, and streetlights are controlled to help prevent the Hutton's Shearwater (Titi) from becoming disorientated and associated fallout.

Future

Roads and footpaths are designed and maintained to ensure safety of all road users, connect key areas, and provide access throughout the district. This helps to provide sustainable communities and provide for growth.

Negative effects

Roads can be dangerous, particularly around schools or busy built-up areas like the West End, and where there are many types of users such as trucks, buses, cars, cyclists, and pedestrians. Speed limits and traffic controls such as give way, courtesy crossings, pedestrian platforms, signs, and cycle lanes are intended to help mitigate risk of injury to road users.

There can be significant negative effects if the roading network is inadequate or under maintained. Inadequately maintained roads are an increased safety risk and can result in increased travel and renewal costs. These risks can be mitigated by ensuring that renewals are undertaken in line with the Roading Asset Management Plan.

Unsealed roads can also cause nuisance of dust and noise for adjacent properties. Streetlights, while important for safety of pedestrians and vehicles, can also cause light pollution, which is a nuisance for night sky enthusiasts and has detrimental effects on local wildlife populations such as the Hutton's Shearwater *(Titi)*.

Changes to level of service

The Council considers that over a long period of under investment, our roads have deteriorated to an unacceptably low level of service. If we continue to undertake reseals and road maintenance at this previous rate there is a risk that many of our roads could fail and be unsafe for driving. This Long-Term Plan substantially ramps up the road renewal programme for sealed and unsealed road resurfacing, drainage renewals, and surface rehabilitation, to $3.82 million for the next three years. The objective of this and other increases is to undertake more rehabilitation work over the next ten years to eliminate the accumulated backlog, prioritising work on the worst affected roads.

This will bring our roads back to a good, safe condition. We will then ensure that our budgets are at a level sufficient to keep the roads in good condition, with ongoing programmes of work to maintain and renew drainage, road sublayers, reseals and other renewals.

The Glen Alton Bridge in the Clarence Valley was destroyed during the 2016 earthquake, leaving several properties beyond the bridge without reliable access. Waka Kotahi (NZTA) has agreed to fund 95% of the cost of a new bridge over the Clarence (Waiau-Toa) River. The final designs, including approaches and road protection works, are yet to be agreed. The Council will continue to work with property owners, the Rūnanga and Waka Kotahi (NZTA) to seek a solution.

Major assumptions

Significant assumptions we made in preparing the LTP Consultation Document included:

- Waka Kotahi (NZTA) will continue to fund eligible roading activities at 51% for 2024-2027.
- Waka Kotahi approves funding at the standard 51% financial assistance rate, but for only 80% by value of the eligible works in KDC's submitted 2024-2027 Activity Management Plan.
- There are no significant flooding events during the 10-year period.
- The Glen Alton bridge is constructed and is 95% funded by Waka Kotahi (NZTA).

The following factors are key in shaping KDC's current approach to managing its roads and footpaths:

- Renewal and resealing of roads and road surfaces is a core element of the Council's Infrastructure Strategy, being undertaken to break a potential vicious cycle of underinvestment and resultant accelerated asset deterioration. It is believed that these works are essential.
- Capital footpath improvement works are proposed to address strong and widespread community dissatisfaction with the existing condition of these assets, and these works were also considered essential.
- Most operational expenditures are also essential to prevent the type of cycles of accelerating deterioration described above, and there was an additional extra push in drainage works to add resilience to the network.
- Traffic services operational expenditure could however in the short term be reduced by a more substantial degree, significantly reducing levels of service, but only on a temporary basis and without greater adverse long-term effects.

Whilst Council believes that delivery of its proposed work programme is essential if satisfactory levels of service are to be maintained, previous experience and knowledge of current funding challenges faced by NZTA suggest that KDC is unlikely to receive subsidy on the full extent of its proposed programme.

For the purposes of this LTP an assumption has been made that 80% of the programme by value will be subsidised, but it is recognised that this may be optimistic.

Roads & bridges

The Council maintains 213km of local roads and 47 bridges in our district. Approximately half of our roads are sealed. Of the bridges, 29 are single lane and 5 apply weight restrictions. Our roads and traffic assets have a replacement value of $199,904,580 million (as valued at 30 June 2022). NZTA (Waka Kotahi) owns and maintains State Highway One, which includes Churchill Street and Beach Road from kerb to kerb (within the township).

Major Issues in the 10-Year period

The backlog of maintenance and renewal work identified during the development of the 2021-24 Roading Activity and Asset Management Plans will continue to be addressed. The AMP identifies where the backlog of work exists and details financial forecasts to clear this backlog of works. The RAMM (Road Assessment and Maintenance Management) database, which holds all asset information on the roading network, will be validated and data improvement continued. These will enable better planning and evidence-based decision making and improve data gathering and reliability.

What we're working towards

It is important that our local roads, footpaths, and cycleways are safe to use and resilient to unplanned events. Resident satisfaction with the condition of our roads and footpaths has been relatively low, and so our aim is to reseal and rehabilitate more roads over the next ten years to bring them up to an acceptable level of service.

How it's funded

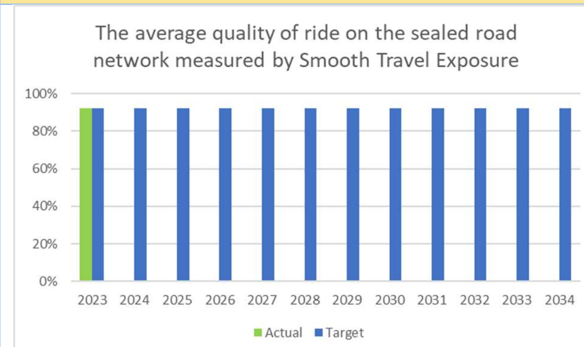
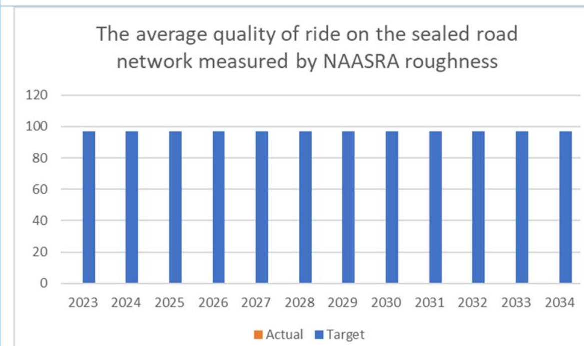
Roading currently receives a 51% subsidy from NZTA for an approved programme of maintenance and capital expenditure. Petrol tax levies and development contributions fund a portion of capital costs. The backlog of roading work will be funded (net of subsidies) by raising loans. The net balance of costs is funded by the Roading Rate, which is applied to all rateable property in the district.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Meet additional demand										
IAF Project	6,439	5,550	-	-	-	-	-	-	-	-
Improve level of service										
Safety improvements	160	163	167	171	175	178	182	185	189	193
Replace existing assets										
Glen Alton Bridge	2,000	8,053	1,337	-	-	-	-	-	-	-
Jordan Stream Bridge	300	510	-	-	-	-	-	-	-	-
Other bridge structures	-	102	52	53	55	56	57	58	59	60
Sealed road resurfacing	561	599	608	416	425	434	442	451	460	469
Unsealed road surfacing	187	180	197	33	19	44	67	209	213	217
Drainage	155	158	162	81	83	85	86	88	90	92
Surface rehabilitation	330	337	344	352	360	367	375	383	390	397
Traffic services	70	71	73	75	76	78	80	81	83	85
	3,603	10,010	2,773	1,011	1,018	1,064	1,107	1,270	1,295	1,320
Total capital expense	10,202	15,723	2,940	1,182	1,192	1,242	1,289	1,455	1,484	1,512

How we measure our progress to achieving the Community Outcomes:

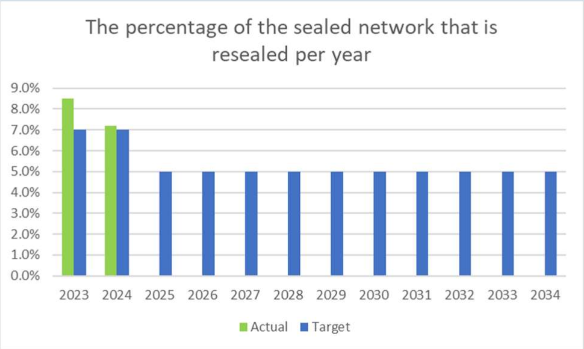
Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	Good quality roads support economic activity by providing for the efficient delivery of goods and services throughout the district so that the economy can function.	Our roads and bridges must be well-managed to ensure that annual renewal and maintenance programmes are optimised.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Routine road inspections are conducted weekly to identify defects. Reported potholes and edge breaks are inspected within five days of the report.	Our local roads surfaces are smooth to drive on for all users. The travel quality and aesthetics of our transportation network is managed at a level appropriate to the importance of the road and satisfies the community's expectations. The rougher the road, the higher the NAASRA counts per km. We consider a target of 95 is an appropriate level of service for Kaikōura's local roads. Smooth Travel Exposure is then the percentage of vehicle km's travelled that meet the target NAASRA count.	The average quality of ride on the sealed local road network measured by Smooth Travel Exposure Baseline 91%, Target 92%	
		The average quality of ride on the sealed road network measured by NAASRA roughness. The target is for the NAASRA count to be less than 95. NAASRA surveys are done every two years, the actual for each year will be from the latest available NAASRA survey results.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

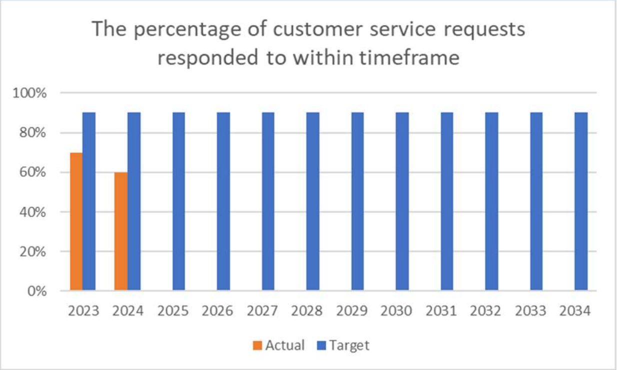
How we measure our progress to achieving the Community Outcomes (continued):

Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient, and fit for purpose.	Roading is one of the main activities of the Council, with roads and bridges costing around 20% of total costs annually. It is essential therefore that roads are well-managed and that the roading network is safe and resilient for all road users.	Renewal, repair, and minor improvement programmes should ensure that the condition of roads and footpath are safe and not deteriorating. A new reseal programme has been introduced with this LTP to address a backlog of surface renewal.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Road surfaces are renewed not less than every sixteen years, with high-use roads resealed more often. Unsealed roads are graded 4 time per year, weather permitting.	Our annual road renewal programme is undertaken as planned, to ensure that the condition of our roads is not substantially deteriorating.	The percentage of the sealed network that is resealed per year. Target > 5%	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

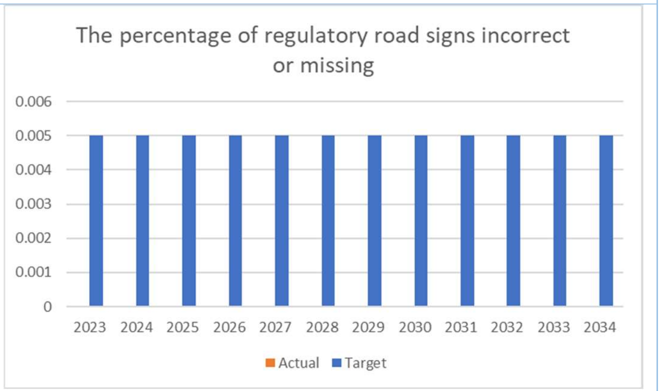
Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient, and fit for purpose	The Council and our contractors are adequately resourced and available to respond to reports of roading faults.	Our customer request systems need to record and report on our responses to requests, so that we can manage our contractors to ensure that requests relating to roading faults are responded to, and addressed, in an appropriate timeframe.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The Council has a Customer Service Request (CSR) system which records complaints about roads and requests for service. That system is used to prioritise our response, our contractors work programme, and record response timeframes and details of how the CSR was resolved.	We respond to our CSRs in a timely manner, urgent issues[3] are resolved within one working day, and site inspections for other reported issues (where necessary) are conducted within 1 week.	The percentage of customer service requests relating to roading, footpaths and associated infrastructure faults responded to within timeframe: Urgent 1 day Other 1 week No baseline. Target > 90%	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

[3] Urgent issues are those which affect the safety of road users, such as slips, signs down, flooding/washouts, or trees/debris on the road. Other issues are those which can be prioritised within the contractor's monthly programme such as an identified pothole, edge break, corrugation, or some other road surface defect.

Community Outcome		How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?
	Future We work with our community and our partners to create a better place for future generations	It is essential that the roading network is safe and resilient for all road users.	It is the Council's role to ensure that high risk areas such as intersections, school zones, pedestrian crossings and high speed-limit areas have good visibility, road works are marked clearly, and road surfaces are kept clean and clear of hazards.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Road alignments, surfaces, structures, markings, signage, lights, roadside vegetation, and other factors are appropriately managed to reduce potential for crashes related to road conditions.	There are few identified significant addressable but unmitigated hazards on the road network, with no substantial deficiency database and we receive favourable safety audits.	The number of fatalities and serious injury crashes on the local road network expressed as a number change from previous year.	Currently our baseline is zero (no fatalities or serious crash injuries), so we hope to continue to achieve zero. If in any year of this LTP there are fatalities or serious crash injuries, then our target for the following year(s) is for this number to reduce by at least one until zero fatalities and serious crash injuries is achieved.
Provide road signs to guide and contribute to safety of road users.	Road signage adequately identifies hazards and regulatory controls.	The percentage of regulatory road signs incorrect or missing over a 12-month period of monthly audits of the road network (approximately 10% sample size each audit). Baseline 0.3%, Target < 0.5%	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Footpaths & cycleways

The Council maintains 39km of footpaths including 5.8km alongside State Highway 1 as it passes through the Kaikōura township.

In the Kaikōura township there are 3.84km of marked on-road cycleways. A 2.2km separated gravel cycleway connects from the West End to north of the New World supermarket on Beach Road.

Major Issues in the 10-Year period

For many years the level of investment in the maintenance and renewal of footpaths in Kaikōura was very low, and consequently many paths are now very old and significantly degraded and footpaths continue to score the lowest levels of satisfaction in the Council's annual Resident Satisfaction Survey.

Whilst a previous technical survey had indicated that only around 6% of footpaths had significant structural defects, a more recent more subjective assessment that rated approximately 20% (8km) of community footpaths as being in a poor or very poor condition is considered more reflective the real state of the network.

Council began to work towards addressing this issue in 2022, by allocating more substantial budgets for the following 10 years for both maintenance and renewal of paths.

It has however been subsequently found that because actual path renewal costs were significantly higher than expected, these budgets were still not sufficient to fund the necessary path renewals within the desired 10-year timeframe.

Accordingly, it is now proposed to have a further substantial increase of annual path renewal budgets for the next 6 years, also hopefully taking advantage of a change in NZTA policy which permits subsidy to be allocated for this work.

What we're working towards

It is important that our footpaths are safe to use, provide useful links between key areas in and around the township, and are resilient to unplanned events. Ensuring that there are key footpath links across the footpath network enable users to move freely and safely across the network.

How it's funded

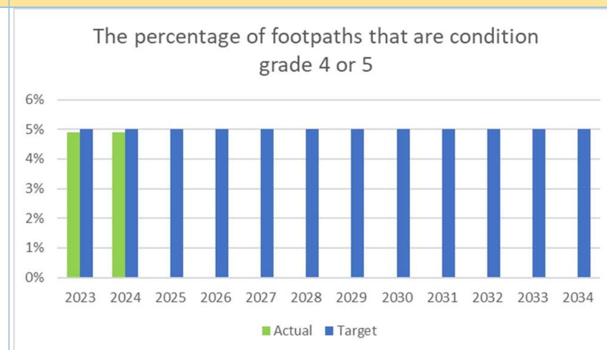
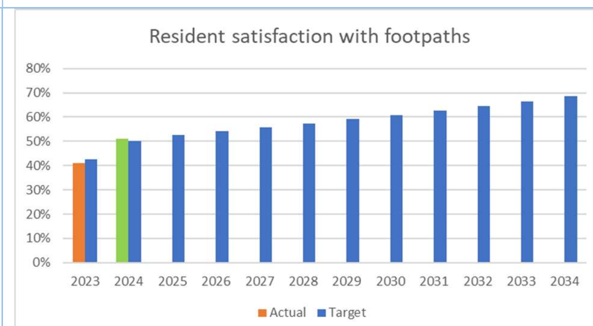
The backlog of footpath improvement work will be funded (net of subsidies) by raising loans. The net balance of costs is funded by the Footpath & Streetlight Rate, which is applied to all rateable property in the district with a differential based on proximity to the township (whether urban, semi-rural or rural). From 24/25 onwards there has been a funding application for subsidised works with NZTA.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Improve level of service										
Footpath improvements	250	255	261	267	273	278	142	145	148	151

How we measure our progress to achieving our Community Outcomes?

Community Outcome		How do Footpaths & Cycleways contribute to this Outcome?	What do we need to do towards achieving this Outcome?
	Services Our services and infrastructure are cost-effective, efficient, and fit for purpose	Footpaths provide a healthy alternative for people to access the town services and recreational areas, and so it is important to ensure our footpaths are mobility friendly, smooth, and free of trip hazards.	The quality of footpaths throughout the township is very irregular, with a mixture of very new concrete walkways through to very old chip-seal paths. A consistent walking experience, by an ongoing programme of surface renewals, would go a long way to improve pedestrian satisfaction.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Providing footpaths and cycleways to enable access and to provide opportunities for exercise and outdoor enjoyment.	The footpath network is well connected and has surfaces that are of a good standard and are suitable for a variety of users.	The percentage of footpaths that are in condition grade 4 or 5 (poor or very poor). Target less than 5%	
We plan for the standard of our footpaths to be consistent and appropriate to meet the needs of pedestrian users. We are providing up to $250,000 per annum for footpath renewals to improve this level of service.	Resident satisfaction with the quality of footpaths improves over time and as the renewals progress.	Resident satisfaction with footpaths in the annual survey improves by at least 3% per annum.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Streetlights

Council operates and maintains a network of approximately 413 streetlights across the district. The LED streetlight upgrade project in 2020/21 resulted in all lights being upgraded to new LED lights which are more cost efficient to operate.

The primary purpose of the streetlight network is to provide night-time illumination for vehicular and pedestrian safety.

Major Issues in the 10-Year period

The conversion of streetlights to LEDs completed in 2020/21 utilise the enhanced NZTA subsidy, which covered 85% of the total upgrade cost. The upgrade will reduce future operating costs due to lower electricity costs.

The Hutton's Shearwater *(Kaikōura Titi)* are a seabird species endemic to Kaikōura and are vulnerable to crash landing during February to April when they begin their migration. It is likely that bright streetlights disorientate the birds. To reduce their fallout Council will be working on an ongoing basis with the Hutton's Shearwater Charitable Trust (HSCT) to implement dimming strategies during periods where fallout likelihood is increased. These dimming strategies can be put in place due to the new LED luminaires being connected to a centralised management system which enables remote dimming capabilities, helping to reduce unnecessary illumination.

What we're working towards

The LED streetlight upgrade involved the installation of a mixture of 2200k, 2700k and 3000k lights. The Council was able to work with the HSCT and the Kaikōura Dark Sky Working Group (KDSWG) to define the best areas for installing each of these different lights. It is understood that the KDSWG want to work towards making the Kaikōura District a Dark Sky Reserve. The Council will continue to engage with this working group moving forwards.

How it's funded

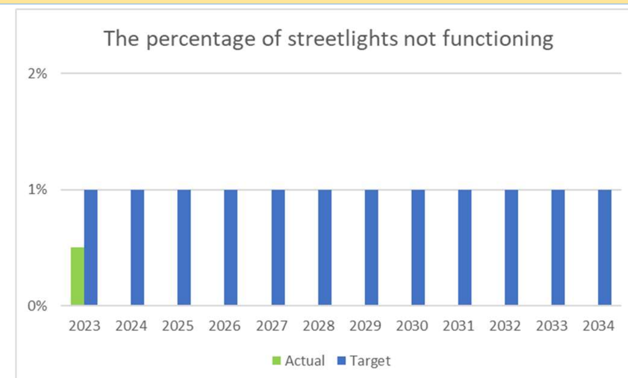
Streetlight maintenance and electricity costs attract a 51% subsidy from NZTA. Any further capital work will be funded (net of subsidies) by raising loans. The Footpath & Streetlight Rate then covers the net annual cost and is applied to all rateable property in the district with a differential based on proximity to the township (whether urban, semi-rural or rural).

Capital projects:

Having completed the streetlight conversion to LED lights, no further capital work is planned within the next ten years.

How we measure our progress to achieving our Community Outcomes?

Community Outcome		How do Streetlights contribute to this Outcome?	What do we need to do towards achieving this Outcome?
	Environment We value and protect our environment	Streetlights are necessary for visibility for road users, but we should be mindful of the impact of lighting on the environment, particularly the Hutton's Shearwater *(Titi)*, and to night sky enthusiasts.	We need to find a balance between road user safety, and light pollution impacts on the Hutton's Shearwater *(Titi)*, which are disoriented by lights when they fledge, and can fall to the ground and be injured.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We provide lighting to enhance usability of urban roads and footpaths during the night.	All key urban routes are adequately and reliably illuminated during the hours of darkness, and there are few streetlights found to be not functioning correctly.	The percentage of Council operated streetlights found to be not functioning during an audit of the network (whether a full or partial audit of the network). Baseline 0.5%, Target < 1%	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Forecast funding impact statement for financial years ended 30 June 2024 to 2034: Roading

	2024 ($000) Year -1	2025 ($000) Year 1	2026 ($000) Year 2	2027 ($000) Year 3	2028 ($000) Year 4	2029 ($000) Year 5	2030 ($000) Year 6	2031 ($000) Year 7	2032 ($000) Year 8	2033 ($000) Year 9	2034 ($000) Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	1,453	1,790	1,953	2,101	2,501	2,546	2,619	2,739	2,867	2,916	2,984
Subsidies & grants for operating purposes	534	645	658	673	645	659	673	686	700	714	727
Fees and charges	-	12	12	12	12	12	12	12	12	12	12
Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Fuel tax, fines & other revenue	43	43	44	45	46	47	48	49	50	51	52
Total sources of operating funding (A)	2,030	2,490	2,667	2,830	3,203	3,264	3,351	3,485	3,629	3,692	3,775
Application of operating funding											
Payments to staff and suppliers	1,371	1,695	1,729	1,769	1,703	1,740	1,777	1,812	1,848	1,885	1,921
Finance costs	127	161	215	245	252	246	239	228	214	199	230
Internal charges & overheads applied	152	157	170	173	179	182	190	186	191	196	197
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	1,650	2,013	2,113	2,187	2,133	2,168	2,205	2,226	2,253	2,281	2,348
Surplus (deficit) operating funding (A – B)	380	477	553	643	1,070	1,096	1,146	1,260	1,375	1,411	1,427
Sources of capital funding											
Subsidies & grants for capital expenditure	12,829	9,038	13,962	2,030	591	598	620	584	653	666	679
Development contributions	6	2	7	7	7	7	7	8	8	8	8
Increase (decrease) in debt	965	962	1,527	590	(150)	(166)	(183)	(350)	(366)	(383)	(381)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	13,800	10,001	15,495	2,627	449	439	445	242	295	291	306
Application of capital funding											
Capital expenditure											
- To meet additional demand	6,995	6,439	5,550	-	-	-	-	-	-	-	-
- To improve level of service	400	410	418	428	438	447	457	324	330	337	343
- To replace existing assets	7,578	3,603	10,010	2,772	1,011	1,018	1,064	1,107	1,270	1,295	1,320
Increase (decrease) in reserves	(793)	26	70	70	70	70	70	70	70	70	70
Total applications of capital funding (D)	14,180	10,478	16,048	3,270	1,518	1,535	1,591	1,501	1,670	1,702	1,733
Surplus (deficit) of capital funding (C – D)	(380)	(477)	(553)	(643)	(1,070)	(1,096)	(1,146)	(1,260)	(1,375)	(1,411)	(1,427)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Water supplies

Goal: To provide clean potable water for our communities

Activities

- Kaikōura Urban water supply (includes the former Suburban supply)
- Ocean Ridge water supply
- East Coast water supply
- Kincaid water supply
- Fernleigh water supply
- Peketa water supply
- Oaro water supply

What we do and why we do it

Water supply is a major part of Council core business because human health and disease prevention, tourism and other industries are all reliant on having a safe and reliable water supply.

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

How does this Group of Activities support our Community Outcomes?

Development
That any decisions are made are future-minded and take into account any potential future growth within the district based on informed information.

Services
We ensure we are cost effective, efficient, and fit for purpose.

Environment
By conserving water and encouraging others to do the same, therefore minimising any environmental effects while taking water from our rivers, creeks, and groundwater.

Future
Ensuring that the decisions made to improve our waters supplies also considers future changes in legislation and technological improvements.

Negative effects

Failure to provide clean and safe drinking water can have profound negative effects on human health and disease prevention. These effects can also cause substantial economic issues to businesses within the district.

Changes to level of service

With extensive upgrading of water source and treatment facilities having been recently conducted all supplies are now able to meet the requirements of the NZ Drinking Water Standards and no substantial changes are proposed to the current levels of service. Whilst the management of 3 waters is still under discussion at a national level it appears unlikely that any resultant changes would have effect on levels of service during the term of this LTP.

Major assumptions

- There will not be increased regulatory requirements related to the supply of water.
- Assets will perform to their expected standard duration of their useful lives as provided for in the Asset Management Plan. It is assumed that assets will be replaced at their end of their useful life, noting that various factors can affect the service life of an asset.

Kaikōura Urban water supply

The Kaikōura Urban Water supply services properties within the Kaikōura Urban Water Zone. This includes the Kaikōura Township area, South Bay and the rural Suburban area located within the Kaikōura Flats.

There are currently 1,708 full connections to this supply and 143 properties within 100m of the supply that can connect once they are developed.

Water is pumped from a groundwater supply located on Mt Fyffe Road and delivered into the reticulated pipe network. The Council also operates three treated water reservoirs which holds sufficient water for 24 hours peak demand. An additional reservoir located on the Peninsula is expected to be brought back into operation in late 2021 following the completion of earthquake repairs.

Water is treated at the source and undergoes Ultraviolet sterilisation and chlorination to ensure that water is clean and safe for consumers.

The Council's current maintenance contractor is a local contractor, Innovative Waste Kaikōura (IWK) which is contracted to operate and maintain all the water supplies managed by the Council.

Major Issues in the 10-Year period

Following expensive asset repairs and replacements after the 2016 earthquake and further central government funded improvements between 2020 and 2022, the condition and performance of the supply is sound, and the only major issue is the possible need to replace a significant quantity of Asbestos Cement (AC) pipelines during the next 10 years. Whilst these pipes are not yet showing extensive signs of deterioration they are beyond their expected lives and may need to be replaced if failures begin to be experienced.

A water main upgrade from the Urban supply to Ocean Ridge is planned for in the 2033 financial year, assumed to be funded through the IAF project from the developer.

What we're working towards

Ensuring that annual compliance according to the Drinking Water Standard of New Zealand is achieved and maintained and that the Council continues to meet its level of service commitments to the community.

How it's funded

This activity is funded through the collection of targeted rates, including volumetric charges for those connected to water meters.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Meet additional demand										
Supply extension	-	-	-	-	-	-	-	-	1,451	-
Improve level of service:										
Treatment upgrades	20	-	21	11	69	-	6	-	-	-
Replace existing assets										
Pipe renewals	-	108	105	339	348	356	410	372	380	388
Structure renewals	141	144	188	187	192	196	201	205	209	214
Toby boxes & meters	25	26	26	27	28	28	29	30	30	31
	166	278	319	553	567	580	640	607	619	633
Total capital projects	186	278	340	564	636	580	646	607	2,070	633

Ocean Ridge water supply

The Ocean Ridge Water supply services properties within the Ocean Ridge subdivision area located approximately 3km to the south of Kaikōura township.

There are currently 56 full connections to this supply and 62 properties within 100 metres of the system and able to connect once they are developed.

Water is sourced from a groundwater supply via two bores which are 7.5 metres deep adjacent the Kaikōura golf course. Treated water is pumped to a single treated water reservoir located above the subdivision and which holds sufficient water for 24 hours peak demand. Water is then delivered via gravity to the reticulated pipe network.

Water is treated at the source and undergoes filtration, ultra-violet disinfection, and chlorination to ensure that water is clean and safe for consumers.

The Councils current maintenance contractor is Innovative Waste Kaikōura (IWK) which is contracted to operate and maintain all the water supplies managed by the Council.

Major Issues in the 10-Year period

This supply was installed in 2007 and has been constructed to industry best practice. As mentioned for Urban water (above), the Council is planning to extend the Urban water supply to Ocean Ridge to provide better certainty for supply. That project is planned to occur in 2033 and assumed as part of the IAF project and funded by the developer.

What we're working towards

Ensuring that Annual Compliance according to the Drinking Water Standard of New Zealand is achieved and maintained and that Council continues to meet its level of service commitments to the community.

How it's funded

This activity is included in the Kaikōura Water Cohort (which means all costs are funded collectively within the Cohort on an equal basis). Ocean Ridge is funded through targeted rates, including volumetric charges for those connected to water meters.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Replace existing assets										
Pipe renewals	-	-	-	-	-	-	-	-	-	-
Structure renewals	-	-	-	-	-	-	-	-	-	-

East Coast water supply

The East Coast Water supply services properties located in the Clarence Village area as well as an extensive area of rural land heading north between the Clarence (Waiau-Toa) River and the coastline.

There are currently 34 connections to this supply.

Water is sourced from a single groundwater bore 37 metres deep located adjacent to the Clarence (Waiau-Toa) River. All water is treated then supplied to property boundary tanks in compliance with Taumata Arowai requirements.

The supply is owned by the Council. Day to day operation and maintenance of the treatment plant and Clarence village network are carried out by IWK. Operation and maintenance of the rural area of the network are undertaken by Liquid Action Ltd and, for smaller tasks, by members of the East Coast Water Committee.

Major Issues in the 10-Year period

An entirely new water treatment plant has been recently constructed and is performing well. Some galvanised iron pipes are approaching the end of their life, and there are also some sections of PVC pipes which are operating at very high pressures relative to their pipe class, which could fail prematurely. Budgets have therefore been allocated for the potential replacements of these pipes (galvanised pipe replacement in 2027 and PVC pipe replacement in 2032).

What we're working towards

Continuing reliable and cost-effective supply of safe and compliant water, which discourages users from using developing other water sources.

How it's funded

This activity is funded through the collection of targeted rates, on a per-unit (flow-restricted) basis.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Replace existing assets										
Pipe renewals	-	-	153	-	-	-	-	118	-	-
Structure renewals	5	8	21	-	164	-	-	-	-	-
	5	8	174	-	164	-	-	118	-	-

Kincaid water supply

The Kincaid Water supply services properties within the Kincaid area which is approximately 10km to the north of Kaikōura township. The area consists of mainly rural properties with stock, a golf course with adjourning subdivision and extends to the Hapuku Village.

There are currently 201 connections to this supply.

Water is sourced from an infiltration gallery located in the Waimangarara Stream. Water is then piped to a raw water storage tank farm to enable sufficient storage in case the water quality from the Waimangarara Stream deteriorates. Raw water from the tank farm is then treated and stored in a treated water reservoir before being delivered via gravity into the reticulated network. Consumers are on flow restricted connections and store water in on-site tanks for their own use.

Water is treated adjacent the raw water tank farm and undergoes filtration, ultra-violet light disinfection and chlorination to ensure that water is clean and safe for consumers.

The supply is managed by the Council with assistance from the Kincaid Water Supply Committee. The Councils current maintenance contractor is Innovative Waste Kaikōura (IWK) which is contracted to operate and maintain all the water supplies managed by the Council.

Major Issues in the 10-Year period

The water treatment plant cannot effectively treat water from the Waimangarara Stream that is heavily discoloured after heavy rain, and if these discoloured water conditions persist for a long period the treatment process and supply of water has to shut down.

There is limited capacity to meet additional demand for water in some areas, and the Water Supply Committee is likely to decline applications for new or increased water supply connections in these areas.

The frequency of such events could increase with climate change, and consideration is being given modifying the treatment process to raise the threshold at which shutdowns are required.

What we're working towards

Ensuring that annual compliance according to the Drinking Water Standard of New Zealand is achieved and maintained and that Council continues to meet its level of service commitments to the community.

How it's funded

This activity is funded through the collection of targeted rates on a per unit (flow-restricted) basis.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Meet growth demands										
Increase pipe capacity	-	-	-	-	-	-	-	-	-	-
Improve level of service										
Treatment upgrades	100	-	-	-	-	-	-	-	-	-
Replace existing assets										
Toby & meter renewals	9	9	9	9	10	10	10	10	10	11
Structure renewals	13	13	23	23	24	22	31	32	33	33
	22	22	32	32	34	32	41	42	43	44
Total capital projects	122	22	32	32	34	32	41	42	43	44

Fernleigh water supply

The Fernleigh Water supply services properties within the Fernleigh rural area located approximately 10km to the south of Kaikōura township. It encompasses the area bordered by the Kahutara River, Inland Road and the coastline.

There are currently 68 connections to this supply.

Water is sourced from a groundwater supply via a single bore which is 19 metres deep located at Lynton Farm. Water is treated adjacent the bore through filtration, UV treatment and chlorination.

Water is pumped to reservoirs which are located at two separate locations. Water is then delivered via gravity to the reticulated pipe network.

Consumers are on flow restricted connections and store water in their own on-site storage tanks.

The operation and maintenance are undertaken by IWK as part of KDC's three waters service contract.

Major Issues in the 10-Year period

With the treatment plant recently upgraded, and the reticulation still in the middle of its expected life no major improvements or renewals are expected to be needed during the term of this LTP.

There are some intermittent supply problems in the vicinity of Lake Hills Road and further downstream, and consideration is being given to increasing the capacity of reticulation in that area, but ongoing investigations have created doubt regarding whether such upgrading would be effective or cost efficient.

Another approach may be to restrict further connections to the supply in this area.

What we're working towards

Ensuring that annual compliance according to the Drinking Water Standard of New Zealand is achieved and maintained and that Council continues to meet its level of service commitments to the community.

How it's funded

This activity is funded through the collection of targeted rates on a per unit (flow-restricted) basis.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Meet growth demands										
Increase pipe capacity	-	-	-	-	-	-	-	-	-	-
Improve level of service										
System upgrades	3	-	-	19	-	-	-	-	-	-
Replace existing assets										
Structure renewals	10	61	63	64	22	22	23	40	12	12
Total capital projects	13	61	63	83	22	22	23	40	12	12

Peketa water supply

The Peketa water supply services the small cluster of houses within the Peketa Village which is located approximately 5km south of Kaikōura township.

There are currently 19 connections to this supply.

Water is sourced from a shallow well which is 7.2 metres deep and abstracted via a surface mounted pump. Water is pumped through the treatment plant and stored in an adjacent tank. Water is then pumped into the reticulated network to enable sufficient pressure and flow to the community.

Water is treated via filtration, ultra-violet disinfection, and chlorination to ensure the water is clean and safe for consumers.

The supply is managed by the Kaikōura District Council. The Councils current maintenance contractor is a local contractor, Innovative Waste Kaikōura (IWK) which operates and maintains all the water supplies managed by the Council.

Major Issues in the 10-Year period

The current treatment process is fit for purpose. There are no other issues anticipated in this LTP cycle.

What we're working towards

Ensuring that Annual Compliance according to the Drinking Water Standard of New Zealand is achieved and maintained and that Council continues to meet its level of service commitments to the community.

How it's funded

This activity is included in the Kaikōura Water Cohort (which means all costs are funded collectively within the Cohort on an equal basis). The Peketa water supply is funded through targeted rates.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Improve level of service										
Treatment upgrade	-	-	-	-	11	-	-	-	-	-
Replace existing assets										
Structure renewals	3	3	3	3	14	3	3	4	4	4
Total capital projects	3	3	3	3	25	3	3	4	4	4

Oaro water supply

The Oaro water supply services the two clusters of houses within the Oaro area. Most consumers are located at the Oaro Māori (Oaro M) community with the remainder situated at the Oaro Village.

There are currently 68 connections to this supply.

Water is sourced from a 19.4-metre-deep bore located on private farmland with the treatment plant situated adjacent to the bore. Water is pumped through the treatment plant up to storage tanks located on a hill to the south of the Oaro Māori community. Water is then gravity fed into the reticulated pipe network for use.

Water is treated via filtration, ultra-violet disinfection, and chlorination.

The supply is managed by the Kaikōura District Council. Operation and maintenance of the supply are conducted by Innovative Waste Kaikōura.

Major Issues in the 10-Year period

There are no major issues anticipated during this LTP cycle. There will be some minor reticulation pipe upgrades taking place.

What we are working towards

Ensuring that Annual Compliance according to the Drinking Water Standard of New Zealand is achieved and maintained and that Council continues to meet its level of service commitments to the community.

How it's funded

This activity is included in the Kaikōura Water Cohort (which means all costs are funded collectively within the Cohort on an equal basis). The Oaro water supply is funded through targeted rates.

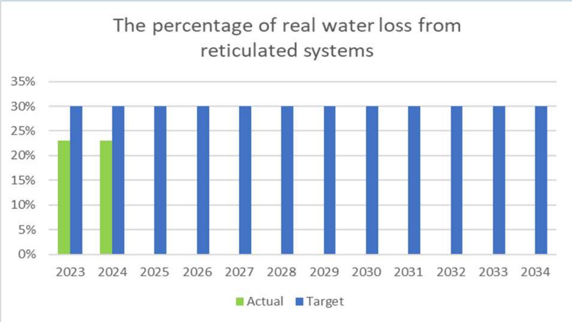
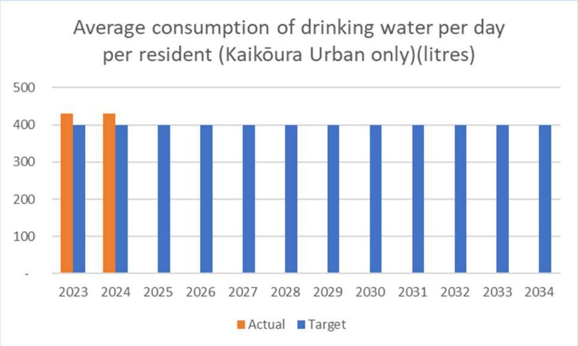
Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Improve level of service										
System upgrade	3	-	-	-	-	-	-	-	-	-
Replace existing assets										
Structure renewals	7	7	7	41	7	-	38	-	-	-
Total capital projects	10	7	7	41	7	-	38	-	-	-

On the following page, water loss is calculated using the Water New Zealand "Water Loss Guidelines". These guidelines provide methodologies that can be used to determine water loss across the piped reticulation. The method that KDC uses is called the MNF or "Minimum Night Flow" analysis.

How we measure our progress towards achieving our Community Outcomes:

Community Outcome		How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?
	Environment We value and protect our environment	Water is a precious resource, and so water use must be sustainable. This involves distributing water to consumers without unintentional waste of water, and restrictions on water use are enforced through the Water Supply Bylaw.	It is important that water is not lost through poorly maintained or old leaking pipe networks. It is equally important that people take a conservative approach in the amount of water they consume.

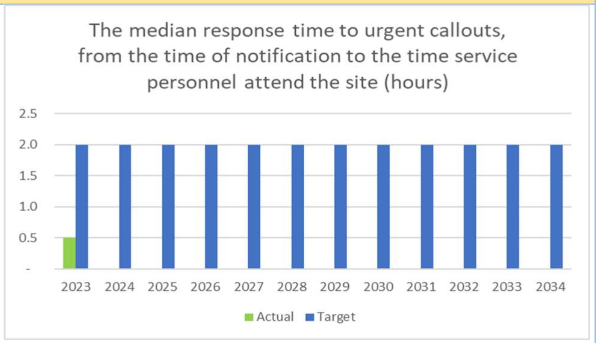
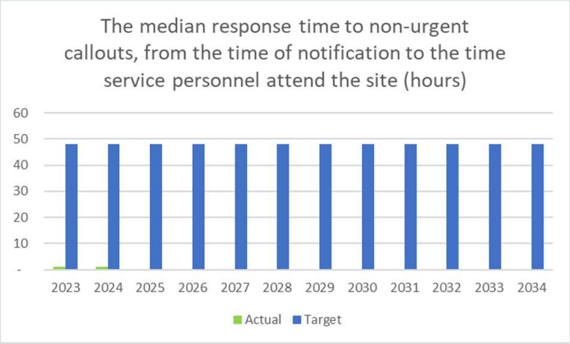
Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Efficiently supply potable water to consumers.	The pipe network is well-maintained and does not leak.	Percentage of real water loss from the networked reticulation system[4] Targets: 2025 -2034 < 30%	
We monitor water consumption through our water telemetry systems and enforce water restrictions when these are appropriate. We enforce the Water Supply Bylaw to prevent wasteful water use.	Users treat reticulated potable water as a valuable resource, avoid unnecessary wastage and where appropriate reduce their consumption through changes to use practices or use of non-potable water from other sources.	The average consumption of drinking water per day per resident[5] Targets: 2025-2034 < 400 litres	

[4] Where such measurement is realistically achievable. On some rural supplies the lack of user water meters and 'trickle feed' supply arrangements prevent this.

[5] Within the Kaikōura urban supply area only; annual total quantity from Mackles x (1-estimated water loss%) / census population * 365

How we measure our progress towards achieving our Community Outcomes (continued):

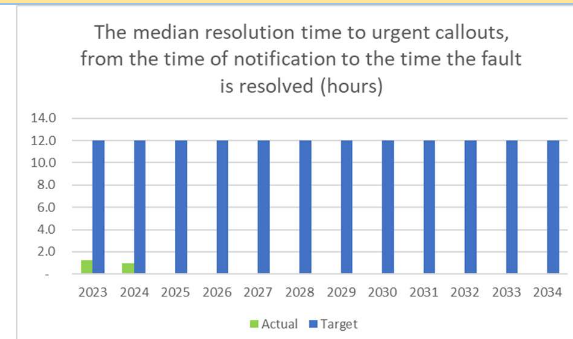
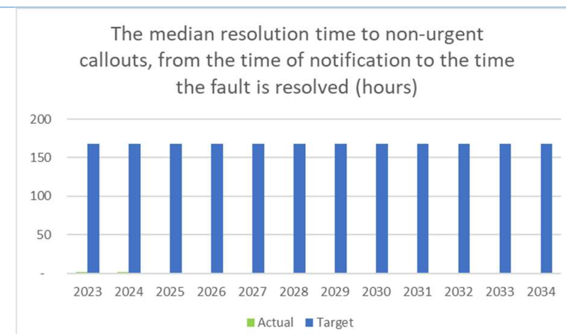
Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient, and fit for purpose	The Council and our contractors respond promptly to reported problems or issues with our water supplies.	We need to be adequately resourced and operate an efficient Customer Service Request (CSR) system to record requests relating to water services, efficiently forward them to the contractor and prioritise, manage, monitor, and record responses and resolution.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We endeavour to respond to water supply issues within defined timeframes depending on the urgency of the issue.	Information from our water services contractor indicates initial responses to water supply issues (typically an initial attendance at the site) are being consistently provided within defined timeframes: Urgent within 2 hours Non-urgent within 48 hours	The median attendance time for urgent callouts, being service failure, supply fault or contamination, from the time that the local authority receives notification to the time that service personnel reach the site.	
		The median attendance time for non-urgent callouts: from the time that the local authority receives notification to the time that service personnel reach the site.	

Other water supplies have substantial proportions of water used for non-potable purposes and/or are subject to very inconsistent demand.

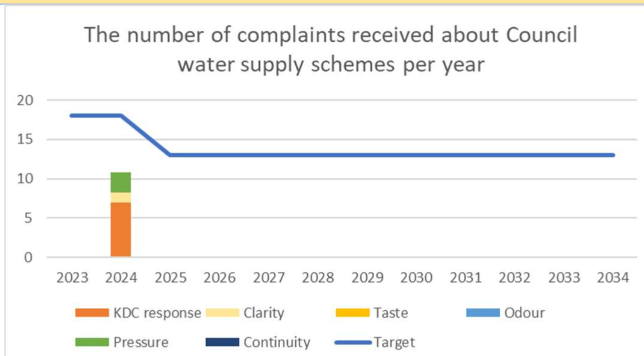
How we measure our progress towards achieving our Community Outcomes (continued):

Community Outcome	How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient, and fit for purpose	The Council and our contractors promptly resolve reported problems or issues with our water supplies.	We need to be adequately resourced and operate an efficient system to record requests relating to water services, efficiently forward them to the contractor and prioritise, manage, monitor, and record responses and resolution.

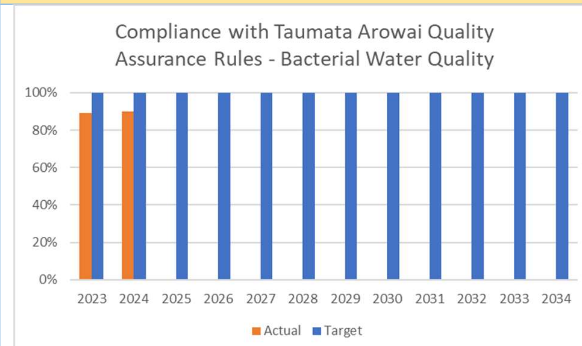
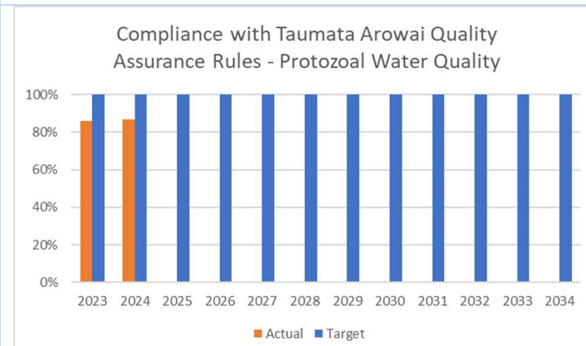
Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We endeavour to resolve water supply issues within defined timeframes depending on the urgency of the issue.	Information from our water services contractor indicates resolution of water supply issues is achieved within defined timeframes: Urgent within 12 hours Non-urgent within 7 days	The median resolution time for urgent callouts, being service failure, supply fault or contamination, from the time that the local authority receives notification to the time that service personnel confirm the issue has been resolved.	
		The median resolution time of non-urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm the issue has been resolved.	

How we measure our progress towards achieving our Community Outcomes (continued):

Community Outcome		How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?
	Development We promote and support the development of our economy	Ready access to water facilitates economic growth. We protect public health by providing drinking water in urban areas that is clean and safe to drink. We protect property by providing water at pressure that is adequate for firefighting needs.	It is essential that water sources are adequate to meet foreseeable consumer demands, and that water treatment and distribution networks reliably provide water that is safe to drink.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We provide supplies of water that generally meets the expectations of people and businesses in respect of water clarity, taste, odour, pressure or flow and continuity of supply.	There is a low level of complaints received regarding Council water supplies.	The total number of complaints received by the local authority (expressed per 1000 connections to the local authority's networked reticulation system) about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply and (f) the local authority's response to any of these issues.	 Our target is that there are no more than 13 complaints about these issues in total (per 1,000 connections)

How we measure our progress towards achieving our Community Outcomes (continued):

Community Outcome		How do Water Supplies contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Future We work with our community and our partners to create a better place for future generations		Water is a precious resource, and so it is essential for future generations that water takes are sustainable. Water sources need to be adequate both in quantity and quality to meet foreseeable consumer demands.	We plan for water infrastructure to support anticipated development needs, including investigating options for existing and future services. Ground water sources and intakes must be secure, and the water must be free of contamination from surrounding land use.
Level of Service (what we do)	**We know we are succeeding when:**	**Performance Measure**	**Target**
We provide adequate quantities of potable water that is safe to drink	Our supplies comply with Drinking Water Quality Assurance Rules. *The Non-Financial Performance Measures Rules 2013 required local authorities to report their compliance with the bacterial and protozoal contamination criteria of the New Zealand Drinking Water Standards 2005. These standards have been superceded by the Water Services (Drinking Water Standards NZ) Regulations 2022, and so the Council is reporting on these measures, relying on the relevant incorporation by reference provisions in New Zealand law.*	The extent to which the drinking water supplies comply with Drinking Water Quality Assurance Rules in respect of Bacteria. Assessments are based on the overall population-weighted proportion of time that data is available to demonstrate compliance. Results of less than 100% do not necessarily indicate that contamination is present.	
		The extent to which the drinking water supplies comply with Drinking Water Quality Assurance Rules in respect of Protozoa. Assessments are based on the overall population-weighted proportion of time that data is available to demonstrate compliance. Results of less than 100% do not necessarily indicate that contamination is present.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Forecast funding impact statement for financial years ended 30 June 2024 to 2034: Water supplies

	2024 ($000) Year -1	2025 ($000) Year 1	2026 ($000) Year 2	2027 ($000) Year 3	2028 ($000) Year 4	2029 ($000) Year 5	2030 ($000) Year 6	2031 ($000) Year 7	2032 ($000) Year 8	2033 ($000) Year 9	2034 ($000) Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	1,370	1,651	1,910	2,205	2,334	2,481	2,375	2,480	2,587	2,505	2,540
Subsidies & grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	8	11	11	11	11	12	12	12	12	13	13
Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Fuel tax, fines & other revenue	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	1,378	1,662	1,921	2,216	2,345	2,493	2,387	2,492	2,600	2,518	2,553
Application of operating funding											
Payments to staff and suppliers	974	1,048	1,109	1,183	1,205	1,235	1,272	1,292	1,321	1,358	1,377
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges & overheads applied	437	426	464	473	485	493	516	503	519	534	536
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	1,412	1,474	1,573	1,655	1,690	1,728	1,788	1,796	1,839	1,892	1,912
Surplus (deficit) operating funding (A – B)	(34)	188	348	561	655	765	598	696	761	626	640
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	1,451	-
Development contributions	10	4	8	7	7	9	8	8	8	10	8
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	10	**4**	8	7	7	9	8	8	8	**1,460**	8
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	-	-	-	-	-	-	1,451	-
- To improve level of service	140	126	-	21	30	80	-	6	-	-	-
- To replace existing assets	206	213	379	600	695	808	638	746	811	679	693
Increase (decrease) in reserves	(370)	(147)	(22)	(53)	(63)	(114)	(32)	(47)	(42)	(43)	(44)
Total applications of capital funding (D)	(24)	192	357	568	663	774	606	704	769	2,086	649
Surplus (deficit) of capital funding (C – D)	34	(188)	(348)	(561)	(655)	(765)	(598)	(696)	(761)	(626)	(640)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Wastewater

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

Activities

- Kaikōura wastewater network

Note throughout this document the terms "wastewater" and "sewerage" are used interchangeably.

What we do and why we do it

KDC's reticulated wastewater network and associated treatment facility is a major part of Council core business because it is essential for human health and disease prevention. Tourism, other industries, and commercial businesses are all reliant on having a fit for purpose wastewater network and treatment facility which protects the receiving environment.

The Council aims to transport raw wastewater reliably and efficiently within the networks from residents and businesses to the wastewater treatment plant, while ensuring environmental, recreational, and cultural values are recognised and protected.

How does this Group of Activities support our Community Outcomes?

Development
That any decisions made are future-minded and consider any potential future growth within the district based on best available information.

Services
To ensure our infrastructure is cost effective, efficient, and fit for purpose both now and in the future.

Environment
By ensuring that the wastewater treatment plant adequately treats the wastewater before it is discharged into the receiving environment. That the pump stations are maintained and monitored to minimise the likelihood of sewage overflows and that any overflows are responded to immediately. That any sewer odours are mitigated.

Negative effects

The negative effects of not operating the wastewater network and treatment facilities effectively can have a profound effect on the community from a health perspective, as well as environmental, ecological, cultural, and economic effects.

Changes to level of service

No significant changes are expected to the current levels of service. Whilst the management of 3 waters is still under discussion at a national level it appears unlikely that any resultant changes would have effect on levels of service during the term of this LTP.

Major assumptions

- That current resource consent non-compliances in respect of wastewater treatment will be satisfactorily resolved.
- Assets will perform to their expected standard duration of their useful lives as provided for in the Activity Management Plan. It is assumed that assets will be replaced at the end of their useful life, noting that numerous factors can affect the service life of an asset.
- That off-site disposal of wastewater sludge will not be required.

Kaikōura Wastewater network

The Kaikōura wastewater network services properties within the Kaikōura township, South Bay, and Ocean Ridge. There are currently 1,610 full sewer connections plus a further 268 properties within 100 metres of the urban network that can connect once they are developed.

Most wastewater collection is via a gravity network which flows into pump stations across the network. There are also several local pressure sewer connections to Beach Road, which were installed after the 2016 earthquake severely damaged the wastewater pipes adjacent to Lyell Creek. The pump stations receive both gravity inflow and pumped sewage from other pump stations. All wastewater ends up at the main pump station located at Mill Road. Here the wastewater is then pumped directly to the Kaikōura wastewater treatment plant (the WWTP).

At the WWTP, wastewater is received and flows through a 7mm step screen which removes plastics, rags and other large solids and provides primary treatment. There is an aerated lagoon with aerators/mixers to provide oxygen and mixing. Wastewater then flows into an oxidation pond which reduces bacterial loadings, solids in the effluent and sludge volumes through natural processes. It then discharges to land through sand infiltration beds which filter out any remaining suspended particles. The filtered effluent then flows out under the adjacent shoreline.

The wastewater network and treatment plant are operated and maintained by the Council's current maintenance contractor, Innovative Waste Kaikōura (IWK).

Major Issues in the 10-Year period

The current WWTP resource consents have some conditions that need amendment, and some site activities are not currently consented. A consenting process is under way, with KDC's applications based on evidence of no discernible effects from the activities on site.

Management of sludges from the anaerobic lagoon and oxidation pond has been identified as a significant issue during this LTP cycle. Solids that are generated as part of the treatment processes collect as watery sludge. Sludge must be removed periodically to maintain pond and lagoon volumes. In the past the two sludge streams (anaerobic lagoon and oxidation pond) have been naturally dewatered to ground on the WWTP site and stored there. The consenting process includes continuing these activities. If consents are not granted there would be significant costs for mechanical dewatering and offsite disposal.

Sewage with long residence times releases gases that accelerate the deterioration of concrete pipes and chambers. Some pump chambers will be re-lined during the term of this LTP in response to this.

What we're working towards

Ensuring that resource consents are current and complied with, and that the Council continues to meet its level of service commitments to the community.

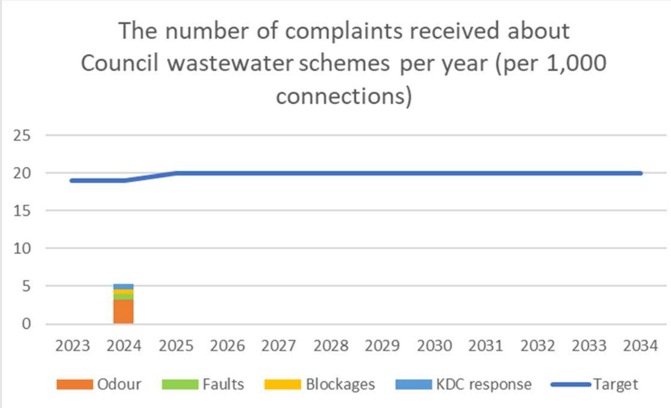
How it's funded

This activity is funded through the collection of targeted rates for both residential and commercial properties. User charges and subsidies fund the disposal of stock effluent and septic tank and grease trap sludge. Trade waste charges for commercial businesses are expected to come into force from 2024.

Capital projects:

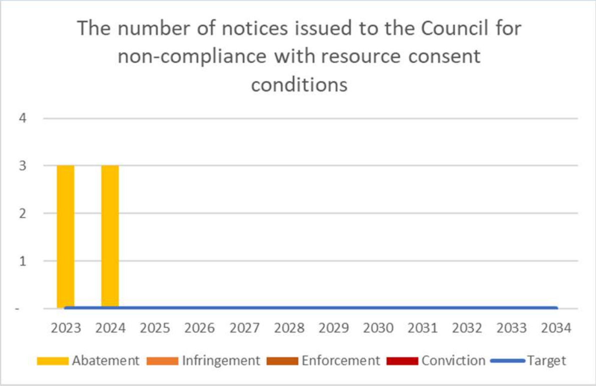
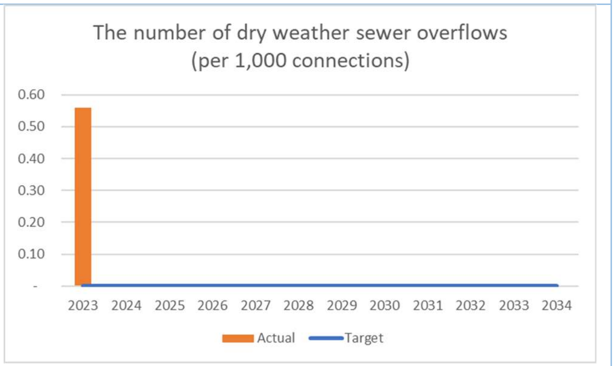
Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Meet additional demand										
Infiltration prevention	-	-	-	108	-	-	-	-	-	-
Overflow prevention	-	-	-	-	-	396	-	-	-	-
Improve level of service										
Treatment improvement	100	5	-	3	-	-	-	-	-	-
Replace existing assets										
Pump station renewals	379	257	327	320	363	437	437	438	447	457
Pipe renewals	-	26	-	-	6	-	-	23	-	-
Total Capital Projects	479	288	327	431	369	833	437	461	447	457

How we measure our progress to achieving the Community Outcomes:

Community Outcome		**How do Wastewater Services contribute to this Outcome?**	**What do we need to do towards achieving this Outcome?**
Development We promote and support the development of our economy		Efficient collection, treatment, and disposal of wastewater facilitates economic activity, and protects public health.	We ensure that our wastewater infrastructure is well-maintained and managed, which in turn ensures that the systems function efficiently minimising the likelihood of failures that could pose risk to public health or the nuisance of odour.
Level of Service (what we do)	**We know we are succeeding when:**	**Performance Measure**	**Target**
Provide wastewater collection and treatment systems that are reliable and do not generate nuisance.	The number of complaints we receive about problems with the wastewater system remains low. This suggests that the system is functioning well, without faults or blockages, and without nuisance of odours.	The total number of complaints received by the local authority about any of the following, expressed per 1,000 connections to the local authority's sewerage system: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages (d) the local authority's response to any of these issues Target Total < 20	

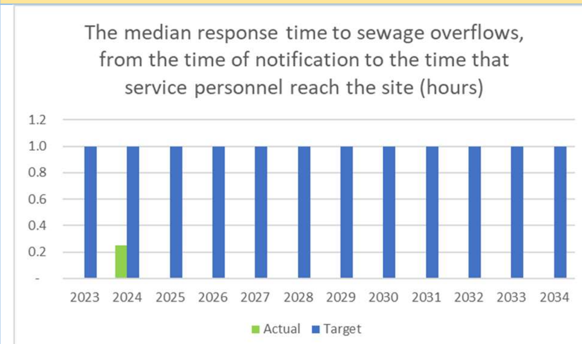
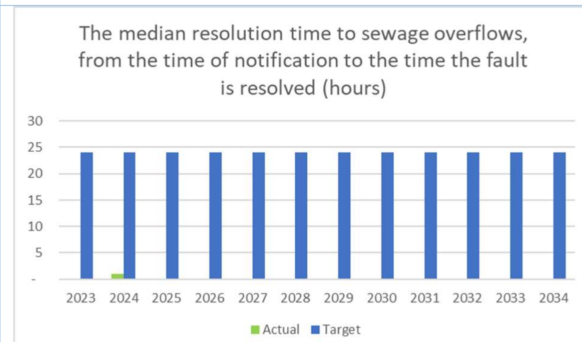
How we measure our progress to achieving the Community Outcomes:

Community Outcome		How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
	Environment We value and protect our environment	Wastewater is collected, treated, and disposed of without causing environmental harm or any unattractive visual impacts.	Our wastewater reticulation, pump stations and wastewater treatment facilities are well-maintained and managed to minimise risk of overflows, and the discharge of wastewater to the environment is controlled to ensure the system is functioning efficiently to prevent environmental harm.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Pump station and wastewater treatment plant performance is effectively managed, with effluent samples taken not less than three-monthly, to ensure effective wastewater treatment conditions are maintained.	Our wastewater systems do not adversely affect the receiving environment. The Council has resource consents granted from Environment Canterbury that control the discharge of sewage to land, and these consents are monitored regularly to ensure we are fulfilling required obligations.	The number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the Council in relation to those resource consents.	
Ensure that wastewater reticulation (including pump stations) is effectively maintained to reduce the potential for blockages or other interruption to flow.	Blockages or other interruptions to flow do not result in uncontrolled discharges of wastewater.	The number of dry weather sewage overflows, expressed per 1000 wastewater connections.	

How we measure our progress to achieving the Community Outcomes:

Community Outcome		How do Wastewater Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
	Services Our services and infrastructure are cost-effective, efficient, and fit for purpose	The Council and its contractors respond promptly to reported problems or issues with its wastewater services.	We need to be adequately resourced and operate an efficient Customer Service Request (CSR) system to record requests relating to wastewater services, efficiently forward them to the contractor and prioritise, manage, monitor, and record responses and resolution.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We endeavour to respond to wastewater issues within defined timeframes depending on the urgency of the issue.	Information from our water services contractor indicates initial responses to wastewater issues (typically an initial attendance at the site) are being consistently provided within defined timeframes.	The median attendance time to attend sewage overflows: from the time that the local authority receives notification to the time that service personnel reach the site. Target < 1 hour	
		The median resolution time: from the time that the local authority receives notification to the time that service personnel confirm blockage or other fault has been resolved. Target < 24 hours	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Forecast funding impact statement for financial years ended 30 June 2024 to 2034: Wastewater

	2024 ($000) Year -1	2025 ($000) Year 1	2026 ($000) Year 2	2027 ($000) Year 3	2028 ($000) Year 4	2029 ($000) Year 5	2030 ($000) Year 6	2031 ($000) Year 7	2032 ($000) Year 8	2033 ($000) Year 9	2034 ($000) Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	9	10	11	11	11	12	12	12	12	13	13
Targeted rates	701	1,217	1,257	1,281	1,287	1,368	1,465	1,481	1,530	1,543	1,570
Subsidies & grants for operating purposes	18	20	21	21	22	22	23	23	24	24	25
Fees and charges	24	29	30	30	31	32	33	33	34	35	36
Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Fuel tax, fines & other revenue	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	752	1,276	1,318	1,343	1,352	1,433	1,532	1,550	1,600	1,615	1,644
Application of operating funding											
Payments to staff and suppliers	452	575	599	616	632	647	662	678	692	707	722
Finance costs	-	3	4	4	4	4	14	19	19	19	23
Internal charges & overheads applied	315	356	387	394	405	411	431	420	433	446	447
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	767	934	990	1,014	1,040	1,062	1,106	1,117	1,144	1,171	1,192
Surplus (deficit) operating funding (A – B)	(15)	341	328	329	312	371	426	433	456	443	451
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	15	3	12	13	13	13	13	14	14	14	15
Increase (decrease) in debt	-	100	(2)	(2)	(2)	(2)	394	(9)	(10)	(10)	(9)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	15	103	11	11	11	11	408	5	4	4	6
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	-	108	-	396	-	-	-	-
- To improve level of service	-	100	5	-	3	-	-	-	-	-	-
- To replace existing assets	179	379	283	328	319	369	437	438	461	447	457
Increase (decrease) in reserves	(179)	(35)	50	13	(108)	13	-	-	-	-	-
Total applications of capital funding (D)	-	444	338	340	323	382	833	438	461	447	457
Surplus (deficit) of capital funding (C – D)	15	(341)	(328)	(329)	(312)	(371)	(426)	(433)	(456)	(443)	(451)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Stormwater

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

Activities

- Stormwater collection and discharge

What we do and why we do it

The reticulated stormwater network is part of the Council's core business because it prevents water from accumulating in low lying areas and potentially causing harm to people or damage to buildings, property, or the environment.

The Council aims to transport stormwater reliably and efficiently within the network away from roads and property to prevent flooding while also ensuring ecological, recreational, and cultural values are recognised and protected.

How does this Group of Activities support our Community Outcomes?

Development
That any decisions are made are future-minded and consider any potential future growth within the district based on best available information.

Services
To ensure our infrastructure is cost effective, efficient, and fit for purpose both now and in the future.

Environment
By ensuring that stormwater discharges are compliant with the Council's stormwater discharge consents and meet any relevant national environmental standards

Negative effects

The negative effects of not operating and maintaining the stormwater network effectively can have a profound effect on the community. There may also be negative effects to the receiving environment. Poorly maintained detention, pipe and channel systems can become blocked, thereby reducing capacity, and causing flooding which can adversely affect people and property. Poorly maintained treatment systems can adversely affect people and the environment.

Changes to level of service

No changes are proposed to the current levels of service. Whilst the management of 3 waters is still under discussion at a national level it appears unlikely that any resultant changes would have effect on levels of service during the term of this LTP.

Major assumptions

- There will not be more stringent regulatory requirements related to stormwater detention, treatment, or conveyance.
- Assets will perform to their expected duration of their useful lives as provided for in the Asset Management Plan.
- Assets will be replaced at the end of their useful life, noting that numerous factors can affect the service life of an asset.
- Stormwater assets and related assets such as roads, parks, and reserves, will remain in KDC ownership and control.

Kaikōura Stormwater network

There are reticulated networks within Kaikōura township, South Bay, and Ocean Ridge.

The stormwater network includes pipes, open channels and overland flow paths that convey stormwater to the receiving environment which includes rivers and streams and directly to the ocean. There are several grassed swales that capture pollutants. The Ocean Ridge network includes swales and a wetland system that provide naturalised treatment.

In many parts of Kaikōura, a fully reticulated system is not provided and individual properties discharge stormwater to onsite soakage or to roads as part of the primary drainage system.

The stormwater network is operated and maintained by the Council's current three-waters maintenance contractor, Innovative Waste Kaikōura (IWK).

Major Issues in the 10-Year period

KDC's stormwater systems are generally simple, with assets that are in a sound condition, and which are not expected to require replacement in the near future.

The Ocean Ridge system is more complex than the others and is likely to have higher maintenance requirements. Maintenance budgets have been increases to reflect this.

Climate change is causing an increasing number of extreme rainfall events which may result in blockages and overflows.

Network capacities are generally adequate for likely events in the near future, but do not always have sufficient capacity to accommodate significant additional development.

Consent applications for all new developments (not just large developments) must include consideration of climate change and of detention systems for managing runoff peak flow and volume.

What we're working towards

Ensuring that stormwater quality to the receiving environment continues to comply with resource consent conditions.

Ensuring that stormwater systems (including systems for new developments) have adequate capacity to accommodate the effects of climate change.

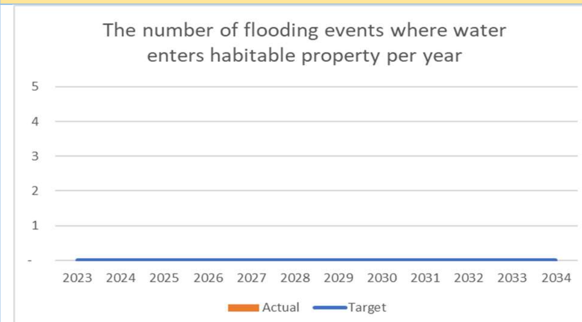
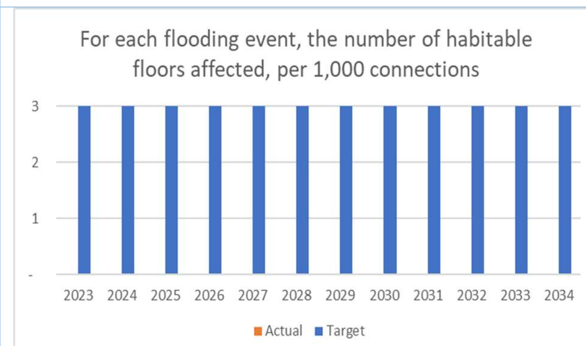
How it's funded

Stormwater networks are funded by a targeted rate for all properties within the Kaikōura urban area (which includes South Bay and Ocean Ridge).

Capital projects:

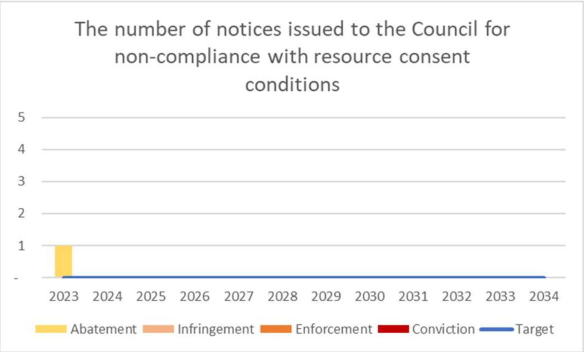
Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Improve level of service										
Channel/pipe upgrades	5	5	26	5	61	6	6	6	6	6
Replace existing assets										
System renewals	5	5	5	5	6	6	6	6	6	6
Total capital projects	10	10	31	10	67	12	12	12	12	12

How we measure our progress to achieving the Community Outcomes:

<table>
<tr><th colspan="2">Community Outcome</th><th colspan="2">How does Stormwater contribute to this Outcome?</th><th>What do we need to do towards achieving this Outcome?</th></tr>
<tr><td colspan="2">Development
We promote and support the development of our economy</td><td colspan="2">Stormwater management systems protect people and property from surface flooding, enabling economic activity and development to take place.</td><td>We plan for stormwater infrastructure to support anticipated development needs, including investigating options for existing and future services.</td></tr>
<tr><th>Level of Service (what we do)</th><th>We know we are succeeding when:</th><th colspan="2">Performance Measure</th><th>Target</th></tr>
<tr><td rowspan="2">Provide stormwater systems in urban areas with adequate capacity to minimise significant flooding of land and habitable properties in severe rainfall events with expected annual return period of 5 years and 50 years respectively.</td><td rowspan="2">The number of instances of damaging flooding of urban properties or dwellings is low.</td><td colspan="2">The number of flooding events where water enters habitable property per year.</td><td>
</td></tr>
<tr><td colspan="2">For each flooding event, the number of habitable floors affected, expressed per 1000 connections to the local authority’s stormwater system.
Target < 3</td><td>
</td></tr>
</table>

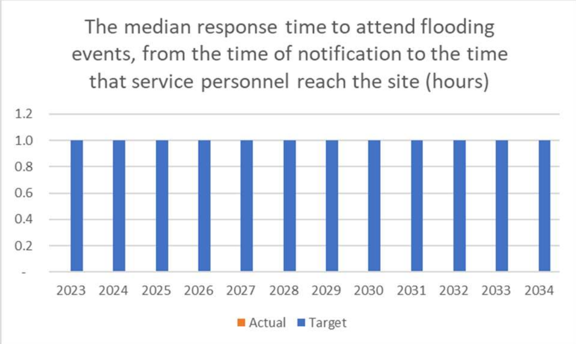
How we measure our progress to achieving the Community Outcomes:

Community Outcome		How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?
	Environment We value and protect our environment	Stormwater is collected, directed, and discharged in compliance with KDC's resource consents.	Our stormwater network is well-maintained and managed, with controls on discharges to it and with the release of stormwater to the environment monitored to ensure that it does not create environmental harm.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Provide controls on materials entering the stormwater system through physical interception, application of drainage bylaw provisions, and monitoring the standard of stormwater discharges.	There is no evidence that our stormwater system adversely affects the receiving environment and obligations of relevant Environment Canterbury resource consents for stormwater discharge are being fulfilled.	Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the Council in relation those resource consents.	

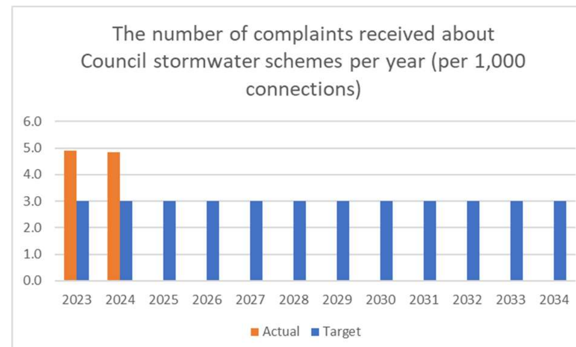
How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient, and fit for purpose	The Council and its contractors respond promptly to reported problems or issues with its stormwater system.	KDC and our contractors need to be adequately resourced and operate efficient Customer Service Request (CSR) systems to record requests and work instructions relating to water services and prioritise, manage, monitor, and record responses and resolutions.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We endeavour to respond to stormwater issues within defined timeframes depending on the urgency of the issue.	Information from Customer Service Request (CSR) systems indicates initial responses to stormwater issues (typically an initial attendance at the site) are being consistently provided within defined timeframes.	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site. Target < 1 hour	

How we measure our progress to achieving the Community Outcomes:

Community Outcome		How does Stormwater contribute to this Outcome?	What do we need to do towards achieving this Outcome?
	Development We promote and support the development of our economy	Stormwater systems protect people and property from surface flooding, enabling the safe collection and diversion of stormwater to controlled systems, thereby facilitating economic activity to continue to function even in heavy rain events.	Plan for stormwater infrastructure and surface flow paths to support anticipated development needs, taking account of climate change.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The stormwater system varies widely in its construction, from open channels, swales, and wetlands, to concrete piped drains and outlet structures.	There is no significant damage to property or disruption to traffic flow due to moderately severe rainfall events. The number of complaints we receive about stormwater issues remains low. This suggests that the system is functioning well, without frequent overflows or flooding.	The number of complaints received about performance of the stormwater system, expressed per 1000 connections. Target < 3	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Forecast funding impact statement for financial years ended 30 June 2024 to 2034: Stormwater

	2024 ($000) Year -1	2025 ($000) Year 1	2026 ($000) Year 2	2027 ($000) Year 3	2028 ($000) Year 4	2029 ($000) Year 5	2030 ($000) Year 6	2031 ($000) Year 7	2032 ($000) Year 8	2033 ($000) Year 9	2034 ($000) Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	51	110	126	129	132	135	139	140	143	147	149
Subsidies & grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	2	2	2	2	2	2	2	2	2	2	2
Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Fuel tax, fines & other revenue	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	53	112	128	131	134	137	142	142	146	149	151
Application of operating funding											
Payments to staff and suppliers	49	62	73	75	77	79	81	82	84	86	88
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges & overheads applied	49	51	55	56	58	58	61	60	62	63	64
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	98	112	128	131	134	137	142	142	146	149	151
Surplus (deficit) operating funding (A – B)	(45)	-	-	-	-	-	-	-	-	-	-
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	5	-	2	2	2	2	2	2	2	2	2
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	5	-	2	2	2	2	2	2	2	2	2
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- To improve level of service	-	5	5	26	5	61	6	6	6	6	6
- To replace existing assets	-	5	5	5	5	6	6	6	6	6	6
Increase (decrease) in reserves	(40)	(10)	(8)	(30)	(9)	(64)	(9)	(10)	(10)	(10)	(10)
Total applications of capital funding (D)	(40)	0	2	2	2	2	2	2	2	2	2
Surplus (deficit) of capital funding (C – D)	45	-	-	-	-	-	-	-	-	-	-
Funding balance ((A – B) + (C – D))	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Refuse & Recycling

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

Activities

- Refuse disposal
- Recycling & waste diversion

What we do and why we do it

The Council provides refuse disposal services including provision of street litter bins and provides collection services for a range of items that are potentially hazardous or unsuitable for landfill disposal.

The Council provides a range of options to divert waste materials from landfill, including recycling, resource recovery (composting of green waste and food scraps) and re-use services. The Council also supports efforts to inform and educate the community on the methods by which their generation of waste could be reduced.

Solid waste services are primarily provided by the Council to reduce the potential for accumulations of waste on private and public properties that could result in the creation of conditions that pose risks to the health and safety of individuals, and damage to the environment.

How does this Group of Activities support our Community Outcomes?

Community

A component of this activity is to inform the community of the options available to them for the management of waste including the approaches that may reduce the quantity of waste that they generate at source.

Services

Efforts are made to ensure that service delivery is fit for purpose and meets the needs of the community, providing an adequate degree of convenience for users without substantially departing from waste minimisation principles.

Environment

Disposal of refuse in an appropriately controlled facility limits adverse effects on the local environment, and we believe that reducing the quantities of material deposited to landfill through activities such waste minimisation, reuse, resource recovery and recycling further contributes to this and other broader environmental outcomes.

Negative effects

Accumulation of refuse has the potential to create bad odours and attract birds and vermin. The current operation of the transfer station, compacting waste into closed capsules does however minimise the potential for such effects.

The reduction of environmental effects associated with solid waste that is now expected by society and central government is however often accompanied by increased costs for services.

Changes to level of service

Very significant changes to the delivery of services were signalled in the Council's previous LTP, including the closure of the Kaikōura landfill, the construction of a transfer station with transport of refuse outside the district for disposal and changes to various kerbside and rural services.

These changes have now been made and going forward only one small change to the current levels of service is suggested which is in respect of rural recycling services.

Rural Recycling Services

The provision of rural recycling services was a topic of discussion in the Council's last Long-Term Plan and some changes were subsequently made, with the Council currently providing three community collection points at Clarence, Kekerengu and on the Inland Road for receipt of recyclable materials, at a cost of approximately $26,000 per year.

Because of their locations the catchments for these facilities are relatively small, attract low volumes of recyclable materials which are sometimes contaminated by refuse, and many rural ratepayers receive no benefit from them.

It is also recognised that in most cases the rural residents of the district must visit the Resource Recovery Centre in Kaikoura to dispose of their refuse, and that they could also deliver their recycling at the same time.

The operation of these rural recycling facilities has previously been funded through a targeted rate on all rural properties, but some rural residents have said that they don’t think that this is appropriate because of the issues described above.

The Council consulted with the community on options to cease the service, as well as options on how to fund the service, and concluded that the rural recycling service would continue to be operated, funded by all ratepayers through the general rate.

Major assumptions

- market conditions for recyclable materials remain similar to those prevailing in 2023/2024.
- waste quantities are similar to the projections contained in the 2020 KDC Waste Assessment document.
- costs for closure of the Kaikōura Landfill are not greater than previous estimates.
- 100% of the costs for transport and disposal of privately generated refuse are met from user pays charges.
- User pays landfill charges are also used to fund construction of the refuse transfer station and subsequent closure of the landfill.

Refuse disposal

Whilst services are provided to recycle, re-use or recover waste materials there remains a significant quantity of residual waste that cannot be handled by these services and is therefore only suitable for disposal in a landfill, which is designed to properly contain that waste in a way that minimises associated environmental effects.

The Council provides services for receipt of refuse in bulk at a transfer station in Kaikōura, in bags collected from the kerbside in the Kaikoura urban area, and from urban street litter bins.

The Council owns a landfill in Kaikōura for the disposal of refuse, which typically received in the order of 1500 tonnes of refuse per year. Operation of the landfill was contracted out to IWK.

Operation of the Kaikōura landfill ceased in 2022, having reached the limit of its capacity and with it impractical to develop a new local landfill that would meet current strict environmental standards. Refuse is instead now collected at a transfer station on the former landfill site for transport to the Kate Valley landfill near Waipara.

Work is underway to permanently close the former Kaikōura landfill site.

Major Issues in the 10-Year period

A transfer station has been constructed on a portion of the former Kaikōura landfill site and the Council is currently awaiting approval from ECan of a plan for the final closure of the remainder of the site.

It is envisaged that this remaining closure will be a relatively straightforward earth capping, and budget has been allocated for this in the 2024/25 and 2025/26 years.

It is proposed that these costs are loan funded with repayment through a component of user pays charges for refuse disposal at the transfer station.

Once the landfill closure work is completed we do not expect any substantial changes to refuse services or associated works in the term of the LTP.

A significant issue may however be the affordability of the service, since it is proposed that the following substantial increases to user charges will take effect from 1 July 2024:

Service	Current 2023/24 Year Fee (GST inclusive)	Proposed fee from 1 July 2024 (GST inclusive)
Bulk refuse disposal	$350	$575
Standard size refuse bag	$4.50	$5.50
Green waste	$80	$125

These large increases are in response to several factors which include:

- The closure of the Kaikōura landfill and the move to remote refuse disposal through a transfer station.
- Increasing government landfill levy rates.
- Substantially increased prices for carbon credits.
- General inflationary pressures.
- Fees that had previously been unchanged for many years.

The previous operation of the Kaikōura landfill provided a very simple and inexpensive form of refuse disposal for the community, and with its closure the only realistic option is for refuse to be transported to another modern landfill facility outside the district.

Such remote disposal has a higher cost, and for a period the Council's solid waste contractor (IWK) had absorbed these and other additional costs, but their doing so is unsustainable in the longer term.

The Council considers that the proposed fee increases are justified and reflect the real costs of conducting these activities. All of the Council's contracts for solid waste services have been openly tendered with a focus on best value, and whilst contract prices have in some cases significantly increased since the time of tender, the Council continues to believe that other contractors could not provide lower prices than those currently being achieved.

What we're working towards

It is hoped that the planned changes in respect of refuse disposal over the next 10 years will provide a more cost effective, user friendly and environmentally sound means of refuse disposal than at present.

How it's funded

The activity is funded through a combination of the general rate, targeted rates and user pays charges.

The Council also continues to believe that refuse disposal provides a personal benefit and should be funded as much as possible on a user pays basis, and as such increases in refuse disposal costs should be transferred directly to service users through raised fees, despite potentially challenges associated with affordability.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Improve level of service										
Landfill Closure	400	197	-	-	-	-	-	-	-	-
Replace existing assets										
Recycling centre reseals	-	-	59	-	-	-	-	-	-	-
Street litter bin renewals	-	-	-	-	-	11	-	-	-	-
Total Capital Projects	400	197	59	-	-	11	-	-	-	-

How we measure our progress to achieving the Community Outcomes:

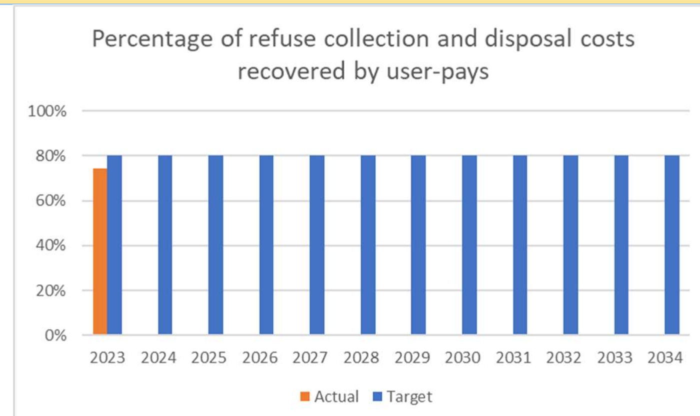
Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We communicate, engage with, and inform our community	Many in our community take pride in our waste minimisation practices, however there are frequent instances of people using street litter bins to dispose of their household rubbish or misusing recycling services. It is therefore important that the community is well informed about waste and waste disposal.	The Council needs to ensure our community and our visitors are aware of good waste minimisation practice, and equally that the community understands the social, environmental, and financial impacts of disposing of waste irresponsibly.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Street litter bins are emptied not less than twice per day in the period from Labour Day weekend to Easter weekend, and not less than once per day at other times of the year.	The community is informed of available options to appropriately dispose of their household waste, and the inappropriate use of street litter bins is reduced.	Incidents per year of street litter bins being used for grossly inappropriate purposes such as deposit of household refuse. Target less than 75	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost effective, efficient and fit-for-purpose	To be cost effective refuse disposal services need to be conducted efficiently on a relatively large scale from a local base.	Operating the Kaikōura Landfill and resource recovery centre provides a degree of scale in a local setting and is operated on a non-profit basis potentially further enhancing cost efficiency. Adopting cost-efficient waste minimisation processes and applying user-pays principles in respect of refuse disposal can also contribute to overall efficiency.

Level of Service (what we do):	We know we are succeeding when:	Performance Measure	Target
Provide refuse disposal services on a largely user pays basis with charges that fairly reflect associated costs.	There is clarity that a large majority of the cost of disposing of residual refuse generated by households or businesses is being charged to those parties on a user pays basis.	The percentage of total costs for KDC refuse collection and disposal activities (excluding those for street litter bins and clean-up of illegal dumping) are recovered on a user pays basis.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Recycling & waste minimisation

A substantial quantity of waste is generated in the Kaikōura District from a variety of residential, commercial, agricultural, and public sources.

The Waste Minimisation Act 2008 encourages local authorities to reduce the quantity of material being disposed of as refuse (typically to landfill). Kaikōura District Council is also supportive of waste minimisation and therefore provides a range of recycling, re-use, and resource recovery services to support these objectives.

These services include:

- A manned Resource Recovery Centre in Kaikōura that provides a broad range of recycling, re-use, composting and hazardous waste diversion services.
- A kerbside recycling collection service in the Kaikōura urban area.
- Unmanned recycling drop-off facilities at Clarence, Kekerengu and Linton Downs.
- Informing the community of the ways it can reduce waste.

These services are currently delivered by IWK, and in the order of 1500 tonnes of material is currently diverted from landfill by them.

A key element of KDC's efforts to minimise waste will be informing and educating the community in the use of the available services and approaches to waste minimisation, as ultimately it is the community that determines how effective these services are.

Capital projects:

No recycling capital projects are planned within the next ten years.

Major Issues in the 10-Year period

In recent times there has been greater recognition of the practical, environmental, and economic challenges of diverting waste from landfill.

It is now generally accepted that for some materials environmentally beneficial diversion may have a higher cost than landfill disposal, and that an appropriate balance between cost and benefit must be achieved.

This balance is influenced by a broad range of factors including recycling markets, general economic conditions, public perceptions, funding sources or levies (for example the Landfill Levy) other legislative change and a variety of factors affecting landfilling or recycling costs.

In KDC's case these factors - and in particular the closure of the Kaikōura landfill has substantially changed this balance, by increasing the cost of refuse disposal, potentially making recycling a more economically attractive alternative.

What we're working towards

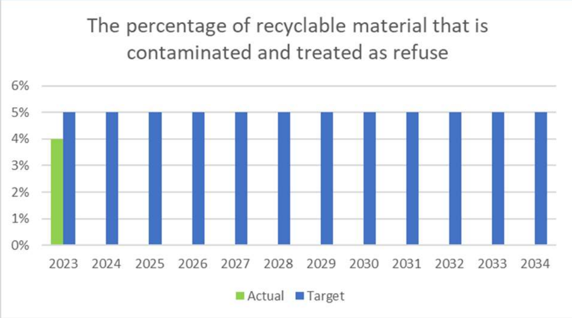
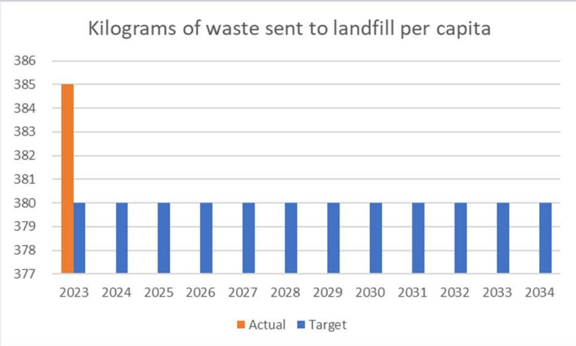
The Council wishes to reduce the quantities of residual waste created in the district, with an increased focus on this being a potential lower cost alternative to land

How it's funded

The activity is funded through a combination of the uniform Annual General Charge and targeted rates.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How do Recycling services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We communicate, engage with, and inform our community	Whilst many in our community use waste minimisation services effectively there are frequent instances of people misusing these services. It is therefore important that the community is well informed about waste and waste disposal, including that the most effective means of waste minimisation is reducing the quantity of waste generated at source.	Provide information and education to encourage waste reduction and effective use of the provided recycling and waste minimisation services.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Provide information and education to the community on effective use of available recycling and waste minimisation services.	When the community properly appreciates how to use these services and appropriate materials are deposited which enable the relevant waste minimisation processes to be efficiently conducted.	Percentage of materials by weight deposited to recycling, resource recovery or re-use services that are contaminated to the extent that they must be treated as refuse. Target: no more than 5%	
Provide information and education to the community on effective overall approaches to waste minimisation, including reducing waste at source.	The community understands and adopts the more effective waste minimisation approaches such as reduction and re-use.	The total quantity of waste disposed of to landfill from Kaikōura on a district per capita basis. Baseline 440kg Target: no more than 380kg	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Forecast funding impact statement for financial years ended 30 June 2024 to 2034: Refuse & Recycling

	2024 ($000) Year -1	2025 ($000) Year 1	2026 ($000) Year 2	2027 ($000) Year 3	2028 ($000) Year 4	2029 ($000) Year 5	2030 ($000) Year 6	2031 ($000) Year 7	2032 ($000) Year 8	2033 ($000) Year 9	2034 ($000) Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	260	164	200	223	238	245	197	197	200	202	207
Targeted rates	301	242	282	289	297	304	313	316	324	332	337
Subsidies & grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	70	122	120	118	116	114	170	174	178	181	185
Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Fuel tax, fines & other revenue	51	80	82	84	86	89	91	93	95	97	99
Total sources of operating funding (A)	682	608	684	714	737	752	771	780	796	812	828
Application of operating funding											
Payments to staff and suppliers	428	413	451	465	481	493	504	516	527	538	549
Finance costs	41	39	47	49	47	45	43	40	37	34	39
Internal charges & overheads applied	154	130	141	144	148	150	157	153	158	163	163
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	623	582	639	658	676	688	704	709	722	735	751
Surplus (deficit) operating funding (A – B)	59	26	45	56	62	64	67	71	74	77	77
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	529	374	152	3	(62)	(64)	(56)	(71)	(74)	(77)	(77)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	529	374	152	3	(62)	(64)	(56)	(71)	(74)	(77)	(77)
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- To improve level of service	750	400	197	-	-	-	-	-	-	-	-
- To replace existing assets	-	-	-	59	-	-	11	-	-	-	-
Increase (decrease) in reserves	(162)	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	588	400	197	59	-	-	11	-	-	-	-
Surplus (deficit) of capital funding (C – D)	(59)	(26)	(45)	(56)	(62)	(64)	(67)	(71)	(74)	(77)	(77)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Facilities

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

Activities

- Parks & reserves
  - Cemetery
  - Playgrounds & public toilets
  - Recreational & coastal reserves, & sports fields
  - Town centre
  - Walkways
- Property
  - Civic centre
  - Community halls
  - Housing for the elderly
  - Swimming pool
- Airport
- Harbour & wharves

What we do and why we do it

Council owns and maintains the assets described above because it believes that they are important contributors to the health, happiness, and general wellbeing of the community, and that if it did not provide them, they would not otherwise be provided.

How does this Group of Activities support our Community Outcomes?

Development

The standard of community facilities has significant influence on the perceptions of Kaikōura for residents (including potential future residents) and can therefore be supportive of future economic development.

Services

These facilities provide essential services in a cost-efficient way.

Future

These facilities help make our community a good place in which to live for people of all generations, including children, our ratepayers of the future.

Negative effects

This activity is considered to have no significant negative effects other than the fact that some of the benefits of these activities accrue to visitors who do not pay for them.

Changes to level of service

The most exciting projects taking place in this LTP are the completion of the Link Pathway, a shared walking/cycling path from the West End to the Peninsula Seal Colony, plus the Wakatu Quay development, which is a new retail/hospitality and public space to optimise use of this iconic site. Both the Link Pathway and Wakatu Quay are substantially funded from the Provincial Growth Fund and are well underway at the start of the LTP period.

We have also commenced development of a new toilet facility at Churchill Park and upgrades to West End toilet facility.

Major assumptions

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

Parks & reserves

The Council owns and maintains many reserves in and around Kaikōura that are provided for a variety of active and passive recreational purposes, together with six public toilets and a cemetery.

The main parks and reserves include Churchill Park, Memorial Gardens, South Bay Domain Takahanga Domain and Kekeno Park at Ocean Ridge. Playgrounds are located at South Bay, Gooches Beach, Seaview and Beach Road. Open space operations typically include vegetation control (mowing, weed control and tree trimming) removal of litter and maintenance repair and renewal of structures.

Gooches Beach is home to the Lions Swimming Pool complex that was badly damaged in the Kaikōura earthquake. While this can no longer be used in its current state, the Council would consider potential development of the former pool site that would enhance the area and add value. The Council also maintains numerous coastal and road reserves some with long term leases attached. These reserves are administered under the Reserves Act.

The Kaikōura Cemetery is located on Scarborough Street. The cemetery has no shortage of space for future burials and ashes plots and is currently maintained under contract.

Public Toilets are located at Westend (Town Centre), Gooches Beach, Jimmy Armers beach, the top end of Beach Road, Point Kean, South Bay Marina, and South Bay Reserve.

Major Issues in the 10-Year period

The plan for the next 10 years is largely to maintain the status quo, but with the following changes:

- New community courts (tennis, netball, and potentially multisport use) to replace the tennis courts on the Esplanade damaged in the earthquake
- Replace the public toilets in the West End and at the top end of Beach Rd, plus a new public toilet for Churchill Park
- Improvements to the West End amphitheatre area
- Harvesting of pine trees in the South Bay Forest in 2024/25, as yet the use of this land after harvesting has not been determined
- Pursuit of an appropriate commercial recreational development of the old pool site
- A new Link Pathway (90% funded from the Government TIF fund)

What we're working towards

The Link Pathway is a $2.1 million project planned for walking and cycling from the West End to the seal colony at Point Kean, and up to the peninsula lookout. This Pathway has been confirmed successful in its application for TIF funding and has been developed over the 2023 and 2024 financial years. The Council has added a further $221k to provide for project contingencies.

Other than the proposed Link Pathway, KDC has a relatively small inventory of park assets. A key focus of the next 10 years is implementing management arrangements for parks and reserves which will ensure that sound basic levels of service (and high levels of safety) are very consistently achieved in a cost-effective way.

It is also hoped to increase the involvement of the community in the maintenance and improvement of some of these assets, either through financial contributions towards projects or provision of volunteer labour.

How it's funded

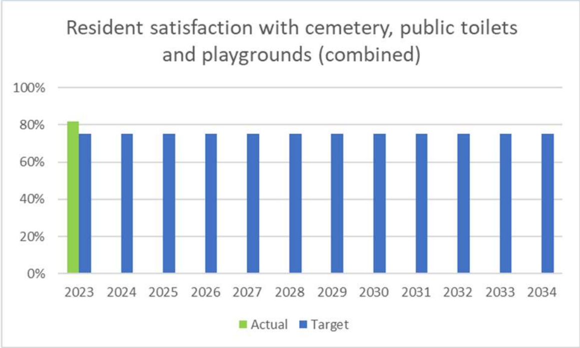
It is the nature of parks and reserves that these are open, unrestricted public spaces. This in turn means there is little opportunity for user pays. Sports clubs pay a lease for their club rooms and sports fields as applicable, and cemetery fees cover the cost of burials, with the remainder of parks and reserves costs funded by a mixture of general and targeted rates.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Meet additional demand										
West End enhancement	-	-	-	32	33	33	-	-	-	-
Improve level of service										
Link Pathway	400	-	-	-	-	-	-	-	-	-
Community Courts	168	-	-	-	-	-	-	-	-	-
West End amphitheatre	35	-	-	-	-	-	-	-	-	-
Seaward side of Lyell Creek	-	-	-	43	-	-	-	-	-	-
Old Wharf buildings	20	-	-	-	-	-	-	-	-	-
	623	-	-	43	33	33	-	-	-	-
Replace existing assets										
Tree replacement	25	-	125	53	-	-	-	-	-	-
Public toilet refurbishment	550	-	-	-	-	-	-	-	-	-
Car parking reseals	12	20	-	9	-	-	110	-	-	27
	587	20	125	62	-	-	110	-	-	27
Total capital projects	1,210	20	125	137	33	33	110	-	-	27

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How do Parks & Reserves contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Future We work with our community and our partners to create a better place for future generations	The desire for outdoor recreation is something that provides benefits across the generations. The experience of children in these spaces contributes to their development as healthy adults, and in turn the future wellbeing of the community.	We work to optimise the potential of our parks and reserves to provide enjoyable recreation opportunities for people of all ages.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Provide parks, reserves and associated infrastructure that is accessible, safe, and enjoyable for all ages.	There is an expressed high level of community satisfaction with parks & reserves, the cemetery, public toilets, and playgrounds.	The combined Resident Satisfaction with cemetery, public toilets and playgrounds is 75% or higher.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Properties

The main buildings owned and maintained by the Council are the Civic Centre in the West End, the Memorial and Scout Halls, housing for the elderly units on Torquay Street, the Community OpShop on Beach Road, and the former Council offices on the Esplanade.

The Civic Centre meets the essential need to accommodate the Kaikōura Museum, Library, and the offices of KDC and Environment Canterbury, whilst the Memorial and Scout Halls are important venues for community activities, events, and meetings.

Housing for the Elderly Units are provided because affordable housing for older residents is not always available from the private sector.

The combined effects of a lack of previous investment and the 2016 earthquake had resulted in a number of these buildings becoming in a poor condition.

Major restoration of the Memorial Hall and Scout Hall have, however, meant that these buildings are of a reasonable condition and comply with earthquake building code standards.

It is therefore expected that going forward the management of these properties will largely return to regular maintenance.

Major Issues in the 10-Year period

The recent refurbishments of Council-owned properties will leave them in a generally good condition with relatively little other than routine maintenance required during the next 10 years.

It should be noted that some maintenance planned have significant cost, especially repainting of the Civic Centre which is scheduled for 2031/32 at a likely cost of over $230,000. Other work required within the ten-year plan would be reroofing of four of the housing for the elderly units and the Memorial Hall.

What we're working towards

Having brought most Council properties up to a good standard from a previous state of relative disrepair a key objective for the future is to ensure that essential maintenance and renewals are funded and undertaken to prevent a slide back into their former condition.

How it's funded

Leases and rents are the main external revenue source for these properties, with grants sought wherever these are available for upgrading facilities.

Full cost recovery for the Memorial and Scout Halls through user fees is not realistic and so are likely to remain largely funded through rates.

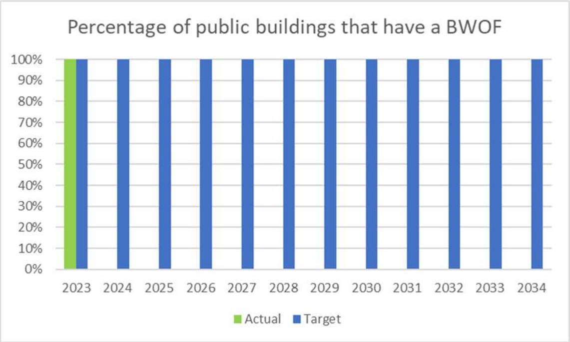
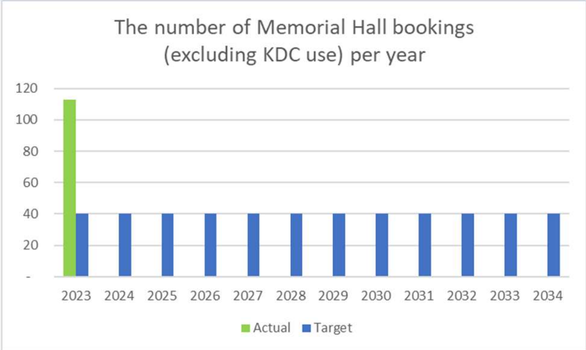
Housing for the Elderly units are funded from rents from the tenants.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Meet additional demand										
Wakatu Quay PGF project	3,890	3,091	-	-	-	-	-	-	-	-
Replace existing assets										
Pensioner flats renewals	20	61	21	21	22	22	23	23	23	24
Memorial Hall roof renewal	-	-	-	-	65	-	-	-	-	-
Civic Centre renewals	-	19	4	4	4	4	5	235	5	5
	20	80	25	25	91	26	28	258	28	29
	3,910	3,171	25	25	91	26	28	258	28	29

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Property contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient, and fit for purpose	To be fit for purpose, community properties must be suitable for holding public events and gatherings, or for other public administrative or operational functions.	We need to ensure that our properties comply with current building safety standards, including disability access requirements, and that facilities are clean and well maintained.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
All Council-owned buildings are inspected at least once per year to ensure all signage and safety systems are fully functional.	We have assurance that all fire exits signs, fire sprinkler and/or extinguisher systems are fully operative, elevators are serviced, alarm systems are working, etc.	All public buildings have a current Building Warrant of Fitness. Target 100%	
The Memorial Hall caters for groups of up to 450, includes a main hall plus supper room, a stage with changing rooms and audio-visual equipment, a piano, commercial kitchen, serving bar and separate meeting rooms.	The Memorial Hall is frequently used for public and private functions, including conferences, weddings, and community events. Ideally, we would like to see the Memorial Hall used at least once a week (September to May).	The number of Memorial Hall bookings. Target 40 or more.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Airport

The Kaikōura Airport is situated 8 km south of the Kaikōura township on state highway 1 and is currently the home of the Kaikōura Aero Club, South Pacific Helicopters, and Wings Over Whales. From the air is a popular way to see not only whales, but to view our stunning coastline and district. The Council owns and maintains the terminal building along with a 300 square metre hanger and two new helipads which are currently leased to South Pacific Helicopters. The airport has both a sealed and a grass runway.

Major Issues in the 10-Year period

Configuration arrangements to address the requirement of the Civil Aviation Authority Part 157 Notice have now been largely completed. Reconfiguration of water supply arrangements at a cost of around $15,000 proposed for 2024/25.

Thereafter the only major work expected to be required in during the term of the LTP is resealing of the runway in 2024/25.

What we're working towards

A key objective is to move towards operating arrangements for the airport that relieve both the Council and ratepayers of the associated financial and administrative burdens.

As mentioned in the introductory section the operation of the airport appears to be something that could be undertaken on an entirely commercial basis by a party other than the Council, and if the Council is to continue to be involved that involvement should be at no cost to ratepayers, with 100% of costs met by users through a combination of landing fees and rentals.

How it's funded

The Council collects landing fees and lease revenues, however these revenues very rarely cover all the costs associated with airport operations and ownership, and so general rates are currently needed to support this activity. The Council requires user fees to increase to ensure the airport is self-funding as soon as practical.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Improvements to levels of service										
Airport water services	-	8	83	-	-	-	-	-	-	-
Airport wastewater services	-	61	182	-	-	-	-	-	-	-
	-	69	265	-	-	-	-	-	-	-
Replace existing assets										
Reseal carpark, runway, etc	-	-	20	96	-	-	-	29	-	-
Airport water renewals	-	-	-	-	-	3	3	3	6	6
Total capital projects	-	-	20	96	-	3	3	32	6	6

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does the Airport contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	Some significant tourism related businesses operate from the airport which contribute to the local economy.	The Council needs to ensure that the airport is configured, managed, and operated safely in a manner than conforms with CAA requirements.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The airport is configured, managed, and operated in a way that minimises aviation risks.	No significant aviation risk issues are left unresolved.	Number of annual CAA Surveillance Findings[6]	The target is zero findings.

[6] A *Surveillance Finding* is a formal identification and documentation by the Civil Aviation Authority of a material aviation risk that has not been properly managed.

Harbour facilities

The Council provides, manages, and maintains the South Bay harbour, North Wharf at Wakatu Quay, and the Old Wharf by Fyffe House.

The Council and Environment Canterbury currently jointly contribute to the cost of a warden to educate recreational users on boat safety and for monitoring slipway fee payments over the busy summer periods.

In addition to recreational boaties, fishers, and other users, Kaikōura's iconic tourism operators, Whale Watch and Encounter Kaikōura (plus others), rely heavily on the South Bay harbour facilities. These operators were hit hard by the impacts of COVID-19 and closure of New Zealand's international borders, however the summer of 2023/2024 showed visitors have returned in strong numbers. Cruise ships have also returned in higher numbers than ever before.

The North Wharf is a popular fishing spot for the residents of Kaikōura and visitors to the area along with one commercial fishing operator. While the wharf is in a reasonable state it will require ongoing maintenance to remain safe to use.

The Wakatu Quay area will be developed over the coming year or so, with funding from the Provincial Growth Fund (PGF). That project is likely to impact on users of the North Wharf while construction is underway.

Major Issues in the 10-Year period

With the return of visitors to the district, larger boats being used by operators, and the increase in cruise ship visits, congestion is likely to be an issue, especially over peak summer months. A South Bay harbour management plan will need to be developed, involving key stakeholders and participants such as Whale Watch and Encounter Kaikōura and the other commercial operators.

The Old Wharf is severely decayed to the point where it is not considered to be repairable and may soon need to be closed to the public or removed. As yet no plans or budget allocation has been made for its replacement since this would be likely to have substantial cost for very limited benefit.

What we're working towards

It would be desirable to improve the capacity and level of service of the South Bay Marina, but feasibility study completed in 2022 highlighted that investment of over $30 million is likely to be required, and until there is greater clarity around associated issues (including potential funding sources) the Council will not make any specific plans regarding this.

Because of the heavy reliance of major private businesses on the South Bay Marina it is believed that the operation of it and other harbour facilities might be better reclassified as a commercial activity that generates a return to the Council and the community in the future.

How it's funded

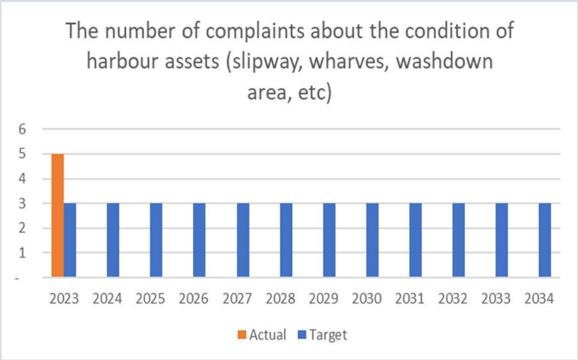
Currently user fees such as slipway and boat parking fees are falling well short of meeting the actual cost of operating and maintaining harbour facilities. As part of the review of its rating system, the Council identified that two "special operators" have exclusive use over certain areas of the South Bay harbour, and dominate the use of the harbour generally, and so the Council has implemented a new special operator rate over those two operators in lieu of seawall licences. There remains a funding shortfall, which is funded by a combination of a targeted harbour rate levied to all properties, and the commercial rate levied to commercial properties.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Replace existing assets										
Renewals work	5	-	-	52	76	111	-	-	-	-

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How do Harbour facilities contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	Kaikōura's economy is quite heavily reliant upon our marine-based activities, and so the harbour facilities need to have sufficient capacity to cater for growing numbers of visitors and slipway users, as well as larger boats including the return of small cruise ships	We need to ensure that harbour facilities meet the needs of existing users and plans for expansion are in readiness if a commercial business partner can be found.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The Council provides 19 commercial boat parking spaces, public slipway, toilets, washdown area and seawalls at South Bay, plus the North Wharf and Old Wharf on the north side of the peninsula.	Harbour facilities are well-maintained and well-utilised, and users enjoy these facilities.	The number of complaints received about the condition of harbour assets (such as the slipway, wharves, washdown area, etc). Target: 3 or less	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Forecast funding impact statement for financial years ended 30 June 2024 to 2034: Facilities

	2024 ($000) Year -1	2025 ($000) Year 1	2026 ($000) Year 2	2027 ($000) Year 3	2028 ($000) Year 4	2029 ($000) Year 5	2030 ($000) Year 6	2031 ($000) Year 7	2032 ($000) Year 8	2033 ($000) Year 9	2034 ($000) Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	939	853	956	982	929	970	911	942	916	920	944
Targeted rates	747	790	833	839	868	885	949	894	866	844	753
Subsidies & grants for operating purposes	643	95	95	95	95	95	95	95	95	95	95
Fees and charges	695	640	687	761	838	879	924	955	995	1,022	1,066
Internal charges & overheads recovered	127	127	127	127	127	127	127	127	127	127	127
Fuel tax, fines & other revenue	-	541	194	193	194	402	468	446	424	434	233
Total sources of operating funding (A)	3,151	3,046	2,891	2,997	3,052	3,358	3,474	3,459	3,422	3,443	3,217
Application of operating funding											
Payments to staff and suppliers	1,958	1,609	1,623	1,740	1,790	1,712	1,746	1,779	1,813	1,848	1,881
Finance costs	129	136	150	148	139	131	123	114	106	96	110
Internal charges & overheads applied	813	798	868	885	908	923	966	942	971	1,000	1,003
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	2,900	2,543	2,641	2,773	2,837	2,766	2,835	2,836	2,890	2,944	2,993
Surplus (deficit) operating funding (A – B)	251	503	250	224	214	592	639	623	533	499	224
Sources of capital funding											
Subsidies & grants for capital expenditure	5,751	5,009	2,359	266	-	-	-	-	-	-	-
Development contributions	8	53	68	73	73	73	75	78	78	78	85
Increase (decrease) in debt	(210)	(241)	549	(279)	(143)	(206)	(215)	(222)	(234)	(215)	(113)
Gross proceeds from sale of assets	150	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	5,699	4,820	2,976	59	(70)	(134)	(140)	(144)	(156)	(138)	(28)
Application of capital funding											
Capital expenditure											
- To meet additional demand	5,271	3,891	3,091	-	32	33	33	-	-	-	-
- To improve level of service	1,000	623	69	266	43	-	-	-	-	-	-
- To replace existing assets	242	612	101	170	235	168	141	140	290	34	62
Increase (decrease) in reserves	(563)	198	(35)	(152)	(166)	258	325	338	86	327	134
Total applications of capital funding (D)	5,950	5,324	3,226	284	144	458	499	479	376	361	196
Surplus (deficit) of capital funding (C – D)	(251)	(503)	(250)	(224)	(214)	(592)	(639)	(623)	(533)	(499)	(224)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Leadership & Governance

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

Activities

- Mayor & Councillors
- CEO & support services
- Communications

What we do and why we do it

The Kaikōura District is represented by the mayor and seven councillors, elected at large (this means each of these elected members represent the entire district; there are no separate wards based on geographic area).

The Chief Executive and council staff provide advice to the elected members, provide support and community service functions (such as Finance, IT, and communications), manage Council-owned assets, and meet our health and safety obligations and legal responsibilities.

This Group of Activities involves running the electoral process, Council and Committee meetings, civic ceremonies, and community consultation and information. It is also an engine room within the organisation, supporting all other activities, and taking the lead role as the employer to provide a workplace that meets health and safety obligations, legal responsibilities, and manages risk.

The Council recognises Te Rūnanga O Kaikōura as our iwi partner. The Rūnanga and the Council both support environmental enhancement and community wellbeing in the Kaikōura district, but in different ways. For example, the Rūnanga has a kaitiakitanga (guardianship) role for the environment and the Council has a range of planning, monitoring, and regulatory functions that it undertakes to protect and enhance the environment.

How does this Group of Activities support our Community Outcomes?

Every decision the Council makes influences the economic, environmental, social, and cultural well-being of our community. It is the Council's responsibility to ensure that this effect is a positive one, and one that promotes the lifestyle of all Kaikōura residents in a balanced, fair, and equitable manner.

Negative effects

There are no identified negative effects from this group of activities.

Changes to level of service

Other than ongoing challenges with recruitment and retention, especially in skilled or specialised roles, the Council does not anticipate any significant changes to the level of service currently provided.

Major assumptions

- We continue to build on our relationship with Te Rūnanga O Kaikōura and investigate ways to improve local Māori input into decision making.
- There is no Māori ward created for the Kaikōura district.

Mayor & Councillors

The Kaikōura District Council is a territorial authority with the functions, duties and powers conferred on it by the Local Government Act 2002. This Act describes the purpose of local government as being to enable democratic local decision-making and action by, and on behalf of, communities: and to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

The Council also recognises its special relationship with Te Rūnanga ō Kaikōura.

The Council consists of one mayor and seven councillors, elected at large, which means they each represent the entire district (there are no electoral wards). The mayor and councillors set direction, monitor, and review Council performance, represent community views, and engage with the community.

The current Council were elected in October 2022, with the next election likely to occur in October 2025.

Major Issues in the 10-Year period

While the new coalition government has repealed (or is about to repeal) much of the three-waters and resource management reform set in motion by the former Labour-led government, a review has been completed into the Future for Local Government that may yet have impacts into the roles and responsibilities of local authorities. The scope of the review included roles, functions, and partnerships; representation and governance; and funding and financing.

The review panel presented their report to government in June 2023, and the government is now considering next steps.

What we're working towards

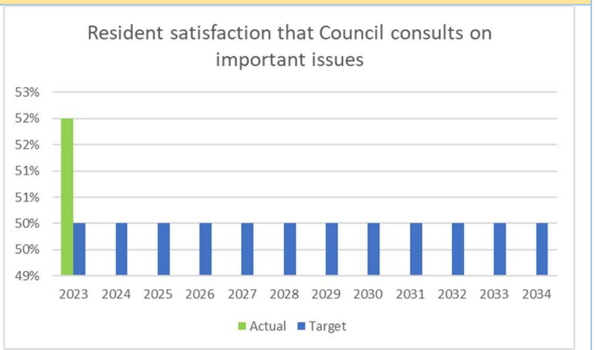
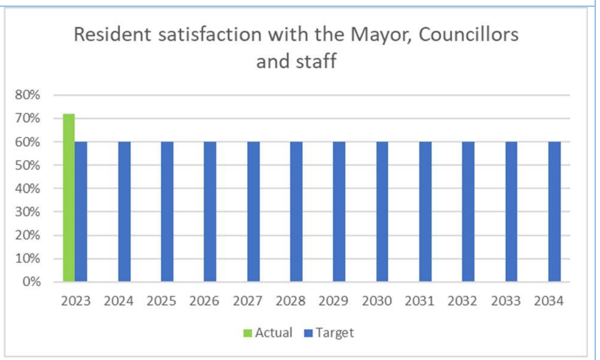
In developing the LTP, the Council is mindful of the balancing act between the needs and aspirations of our community, and the ability to pay for our services and infrastructure work. Inflationary pressure has seen the cost of delivering Council services increase by as much as 20% without any increase in the level of service. The Council is having to face up to the reality of these higher costs. The ongoing challenge for the Council will be considering the best way to move the district forward while keeping debt levels and rates increases as low as possible.

How it's funded

This activity is funded through the Uniform Annual General Charge.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How do the Mayor and Councillors contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We communicate, engage with, and inform our community	It is the Council's role to represent community views and aspirations, and to ensure that all decisions made are made in the best interests of the community, and as fair and equitable as practicable.	We proactively engage with individuals, community groups, key stakeholders and Iwi partners on issues that are known to be of community interest, so as our decisions are well-informed and made with consideration of our community's views.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Targets
All reports to Council requiring a decision include an assessment of the significance of the decision, and whether community views have been sought (or are necessary). This helps to ensure that we always follow the principles of consultation under the LGA.	Residents and ratepayers acknowledge their views are being considered in decision making and that they are satisfied with the Council's consultation on important issues.	Resident satisfaction with the Council's consultation on important issues is 50% or higher.	
The mayor, Councillors, and staff at the Council work diligently to ensure we deliver the best possible outcomes for our community, and that we are open and transparent, and approachable.	Residents and ratepayers report good levels of overall satisfaction with the Council, in our annual Resident Satisfaction Survey.	Resident satisfaction with the mayor, Councillors and Staff is 60% or higher.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

CEO & Support Services

The Chief Executive Officer (CEO) is the only direct employee of the Council itself. The CEO employs all Council staff, and together with his senior management provides strategic and operational leadership to the KDC team, and advice to the mayor and councillors. It is a key part of the CEO's role to lead and build relationships in the community and develop trusted partnerships with key stakeholders and Iwi.

The Office of the CEO includes EPA support and secretarial functions for the Council, human resources, payroll, staff support and wellbeing, and legal advice.

Support services are the internal functions that help the Council operate efficiently, meet our statutory obligations, and work toward the achievement of community outcomes. Finance, IT, GIS/Mapping, Works & Services, and Vehicles are included here. Each are core functions that touch every activity, therefore the net cost of each is allocated across all activities. The types of costs include personnel costs of the finance and engineering teams, vehicle running costs, audit fees, office occupancy costs, photocopying, postage, software licences, etc.

Major Issues in the 10-Year period

Our core financial, rating, licensing and consenting software, Ozone, is approaching a point of obsolescence or end of support. Replacement of the system is planned for the 2025 financial year, and this will require significant input from all Council staff in terms of planning and preparation, as well as reconciliation of the new system with the old.

The Council has completed a review of the rating system as promised in the last LTP, involving full consultation with ratepayer communities. The changes to the rating system take effect for the first time for rates commencing 1 July 2024.

What we're working towards

We want to build on the improvements we've made in our asset management and customer request systems and use these new systems to enhance our services. This includes improving the way we (and our contractors) respond to requests for service, to ensure data is recorded accurately so that we can comply with legislation (such as mandatory performance measurement information).

How it's funded

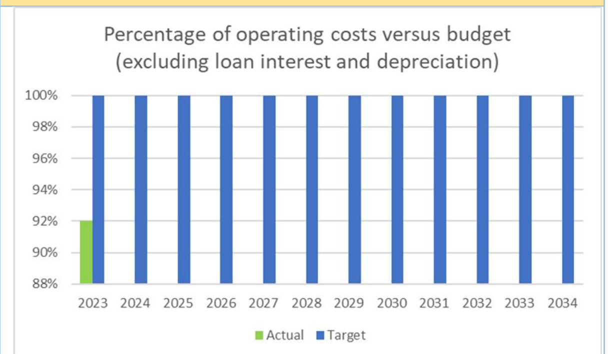
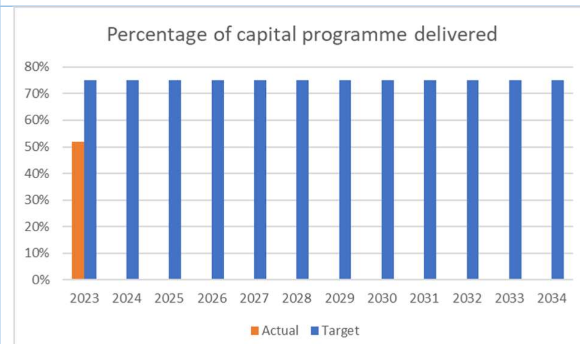
The CEO's functions are funded by general rate, and the net costs of internal support services (after user fees) are recovered by way of an allocation across all activities, known as an overhead allocation.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Replace existing assets										
Office equipment	15	15	16	16	16	17	17	17	18	18
Computer equipment	46	47	48	49	50	51	52	53	54	55
Vehicles & plant	-	31	-	55	33	55	-	29	-	42
	61	93	64	120	99	123	69	100	72	116

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How do the CEO and Support Services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost effective, efficient and fit-for-purpose	This leadership and management function of the Council is at the forefront of ensuring that financial and operational risks are managed, and the Council's financial position is healthy and sustainable.	We need to ensure the cost of Council services are prudently supervised to ensure that the impact of costs on rates are mitigated, annual budgets are not exceeded, and sound asset management practices are in place.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The Council approves its budgets annually in the Annual Plan and sets the rates and loan requirements based on its budgeted financial needs. It then monitors actual financial results and progress on capital projects regularly at the Finance, Audit & Risk Committee. It also receives reports in detail quarterly at the Finance, Audit & Risk Committee.	Operating budgets for payments to staff and suppliers are not exceeded (unless there are valid and unavoidable circumstances or a reason that means there is no additional net cost, such as unexpected funding is received to carry out a project).	Total operating budgets for payments to staff and suppliers are not exceeded (these payments exclude loan interest and depreciation).	
	Capital projects are delivered as planned, upgrades and renewal works are completed within the proposed timeframe and within budget.	The percentage (cost) of the annual capital work programme that is delivered in the planned timeframe. Baseline: 51% Target: not less than 75%	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Communications

Communication and engagement with our community is essential to ensure that the Council activities and proposals are understood, and residents and ratepayers can make informed decisions about what the Council is doing or proposing to do.

Community perceptions and reactions to the Council's actions (or inactions) are vital to understanding how the Council is/isn't meeting community expectations and balancing potential needs with the associated cost to ratepayers and the community. By engaging and communicating openly and often across a wide range of issues, the Council can build a picture that can inform decisions and proposals. We also need to keep staff and Councillors well informed of Council activities and proposals so they can be the Council's voice in the community. Satisfaction with communications from the Council has increased over the last few years and remains relatively high.

The Council currently communicates through a three weekly Mayoral Column in two local newspapers: North Canterbury News and the Kaikōura Star. A monthly email newsletter is sent out to over 2000 subscribers. Regular updates on Council activities or proposals are posted on Facebook, on three local radio stations, in the local newspapers and through the Council website. A quarterly newsletter insert is posted out with the rates notice. The Communications Officer also supports the Council's projects through design of flyers and signs.

Major Issues in the 10-Year period

Communications are becoming more and more important for all organisations. Our community expect to be informed, involved, and engaged with Council decisions. The Council has increased the hours of the Communication Officer role, as the workload was no longer manageable with part-time hours.

With most of the information available online we need to ensure that our elderly residents and others are still well informed through the local newspapers, radio, rates insert, and occasional letter drops for important proposals.

What we're working towards

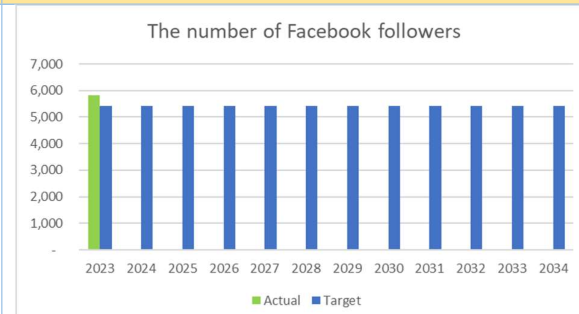
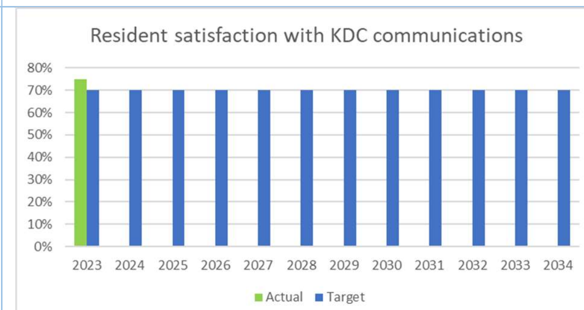
We are working towards keeping a high level of community satisfaction regarding the Council's services and facilities. We will do this is by telling our proposals and actions simply and effectively through our communication channels. We also need to ensure we promote opportunities for our community to engage with what we are doing, either informally or through a formal submission process. We should promote 'good news' stories but not hide from the hard issues that have the potential to create negative feedback from some community members, being open and transparent is important for our small community.

How it's funded

With no opportunity for user pays, communications are funded by general rates.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Communications contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We engage and communicate with our community	We communicate simply and effectively with our community and provide opportunities for informed decision making. We use a variety of different communication methods to ensure that as many people as possible have access to information and can participate in decision making/submission processes.	We will continue to provide accessible and current information for our diverse community. We need to enable the community to have their say on important issues and voice their opinion in a constructive way on key Council activities and proposals. We also need to take Council staff and Councillors on the journey with us so they can be the voice of the Council in the community.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We provide: - Mayoral Column - Email newsletter - Regular updates on Facebook, radio, newspapers, and the Council website - Quarterly newsletter inserts - Flyers and signs and we conduct the annual Resident Satisfaction Surveys	We will sustain or increase the number of people who 'follow' the Council Facebook page and sustain the number of 'opens' from the email newsletter.	The number of Council Facebook 'followers' remains or increases past 5,420.	
	We see good levels of resident satisfaction with our communication channels, as reported through the Resident Satisfaction Survey.	Resident satisfaction with the Council's communications is 70% or better.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Forecast funding impact statement for financial years ended 30 June 2024 to 2034: Leadership & Governance

	2024 ($000) Year -1	2025 ($000) Year 1	2026 ($000) Year 2	2027 ($000) Year 3	2028 ($000) Year 4	2029 ($000) Year 5	2030 ($000) Year 6	2031 ($000) Year 7	2032 ($000) Year 8	2033 ($000) Year 9	2034 ($000) Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	1,302	1,356	1,441	1,436	1,479	1,540	1,540	1,567	1,633	1,625	1,661
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies & grants for operating purposes	40	-	-	-	-	-	-	-	-	-	-
Fees and charges	46	45	64	47	48	69	50	51	73	53	54
Internal charges & overheads recovered	2,506	2,593	2,761	2,891	2,969	3,016	3,165	3,074	3,170	3,270	3,273
Fuel tax, fines & other revenue	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	3,894	3,994	4,267	4,374	4,497	4,625	4,755	4,693	4,877	4,948	4,989
Application of operating funding											
Payments to staff and suppliers	3,525	4,048	3,993	3,845	3,904	4,047	4,138	4,136	4,279	4,367	4,359
Finance costs	-	13	24	25	22	19	17	14	11	7	5
Internal charges & overheads applied	348	347	371	377	385	390	405	397	406	416	417
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	3,873	4,408	4,388	4,246	4,311	4,456	4,559	4,546	4,696	4,790	4,781
Surplus (deficit) operating funding (A – B)	21	(414)	(121)	127	186	169	196	146	181	158	208
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	400	214	(64)	(67)	(70)	(73)	(77)	(81)	(86)	(92)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	400	214	(64)	(67)	(70)	(73)	(77)	(81)	(86)	(92)
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- To improve level of service	-	-	-	-	-	-	-	-	-	-	-
- To replace existing assets	89	61	93	64	120	99	123	69	100	72	116
Increase (decrease) in reserves	(68)	(75)	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	21	(14)	93	64	120	99	123	69	100	72	116
Surplus (deficit) of capital funding (C – D)	(21)	414	121	(127)	(186)	(169)	(196)	(146)	(181)	(158)	(208)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Building & Regulatory

Goal: The focus of this group is to administer the Council's statutory and regulatory responsibilities across a wide number of statutes. With a primary focus on protecting public health and safety by ensuring compliance with legislation and local bylaws. Delivering assurance by ensuring the decisions made are fair, sound and protect the Council and ratepayers.

Activities

- Building control
- Statutory planning
- Food premises & environmental health
- Liquor licensing
- Animal control
- Parking control
- Other TA regulatory functions

What we do and why we do it

Our Building and Regulatory services team ensure that residents in everyday community life are safeguarded. This means our residents don't need to worry about their new house falling over in our high winds, or that wandering dogs will be a threat, or get into rubbish. Residents should be secure in the knowledge that new developments won't potentially poison our waterways, or that food they buy hasn't been prepared or stored hygienically.

Building and regulatory services ensure that rules and regulations are adhered to in the areas affecting public health and safety. It involves assessing and processing building and resource consent applications, inspecting buildings under construction, and registering, enforcing, and ensuring compliance with legislation, bylaws and Acts of Parliament relating to but not limited to:

- The Local Government Act 2002
- Resource Management Act 1991
- Dog Control Act 1996
- Building Act 2004
- Health Act 1956
- Sale and Supply of Alcohol Act 2012
- Food Act 2014

In doing so, specifically we:

- Help our community achieve the requirements of the Building Act and Building Codes.
- Provide a responsive and efficient resource consent service that observes planning rules.
- Ensure premises that prepare and sell food are registered and inspected.
- Ensure premises that sell alcohol are licensed and inspected.
- Respond to dog or stock issues, noise complaints and other environmental nuisances.
- We provide guidance and advice to the public.

How do Building & Regulatory Services influence our Community Outcomes?

Development

We ensure that building consents and resource consents (land use and subdivisions) are processed efficiently and in a timely manner, to enable development that meets NZ building standards and district planning rules.

We also educate food and liquor premises on the hygienic handling of foods and responsible sale of alcohol and encourage good quality dining and social experiences that promote Kaikōura's reputation as a superior destination.

Services

This group of activities responds promptly to issues of public health and safety, illegal behaviour, and/or nuisance activities. To be cost effective, we also ensure that our time is used wisely, such as capturing several jobs along the way when attending issues in remote areas.

Negative effects

1. Cost of Compliance – Animal management
2. Conflict over consenting and regulation outcomes
3. Enforcement of district planning requirements

How we intend to mitigate the effect

1. Cost of compliance – The activity involves people and their emotional connection with their dogs and animals, when enforcement action may be required, or people must carry out a requirement of the law at a cost to them. Emotions can cloud people's ability to reason. This can lead to challenging situations for regulatory staff, such as following due process, for example seizing a dog for non-registration. The law requires prescribed actions, where the circumstances might benefit for a more empathetic solution.
   To mitigate this issue, the Council will ensure staff are trained in active listening and de-escalation techniques and managing difficult conversations. The Council will ensure all staff have the required health & safety equipment and training and continue to look for solutions to assist these potential negative effects.
2. Conflict over consenting and regulation outcomes – the Council will provide education and information on legislation requirements, building code requirements, bylaws and District Plans, rules, and policies. This will include updating the Council's website, ongoing media information and guideline documents for community.
3. Enforcement of District Planning requirements – the Council will ensure that the District Plan provides a balance between protecting our people and our environment, whilst still encouraging appropriate and sustainable development within the district. The Council will ensure that staff have a good working of the District Plan and create information and guidelines that are readily available to the community.

Changes to level of service

The Building & Regulatory team continue to upskill and discuss the requirements needed to offer a full regulatory service for the future. No proposed changes to level of service.

Major assumptions

There are no major changes to legislation affecting these services.

Building control

Building Control is responsible for implementing and administering the provisions of the Building Control Act 2004. Under the Act, the Council must maintain accreditation as a Building Control Authority (BCA) to provide this service. The main purpose of the Act, and our work, is to provide regulation for building work, set a licensing regime for building practitioners and to set performance standards for buildings.

All new buildings within the district must comply with the Building Act 2004 and building codes and regulations, to provide the assurance that our homes and businesses are structurally sound, accessible, and weatherproof. By complying with the building code and Building Act 2004 resilience and assurance can be built into our building stock.

As an accredited BCA, the Council ensures buildings are safe and healthy for the people who use them. The BCA processes and grants building consents, monitors pool fencing, inspects, and monitors building work and provides advice on building related issues.

It is responsible for issuing documents such as Code Compliance Certificates (CCCs), Certificates of Public Use (CPUs), Building Warrants of Fitness and processing Project and Land Information Memorandums (PIMs and LIMs). The activity is focused on meeting legislative requirements, while balancing customer service with the management of risk to the Council and the public

To further speed the processing of consents, the Council has a digital online application portal and our team use tablets in the field for recording inspections.

The cost benefit for our customers has removed the need for hard copy consents needed for lodgement and no more having to reprint plans etc. when addressing requests for further information from our processing officers. The benefit for having electronic recorded inspections is that the builder/owner gets these via email for easy storage.

Major Issues in the 10-Year period

Over the next ten years delivering Building Control functions is assumed to be business as usual.

However, meeting the changing legislative requirements relating to building will continue to be a significant challenge for the Building Control team. These can include changes to the Building Act 2004, new methods of building and new building products. In the near future it is acknowledged that demand on current staffing levels will increase due to an increase in workload. The Council will continue to plan for future resourcing to meet and legislative changes as they occur.

What we're working towards

To continue to:

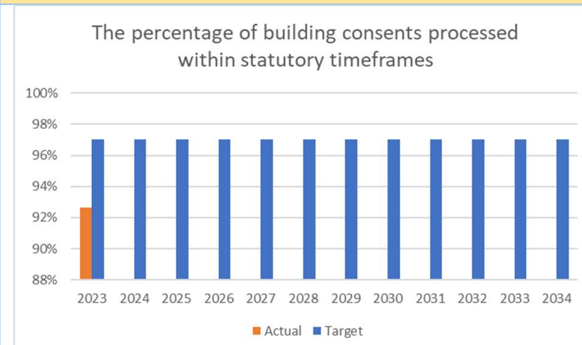
- Ensure buildings either new or altered meet the requirements of the Building Code and Building Act 2004.
- Work closely with local builders and homeowners who are proposing to build in the district, and we help by providing guidance along the way and ensuring we work and deliver within the statutory timeframes.
- Deliver a professional service is delivered and required time frames are achieved.
- Help the community achieve voluntary compliance.

How it's funded

Building consent fees cover the cost of processing consent applications and inspecting buildings under construction. The building control functions on the principle of user pays, but it is inevitable that there is a portion of costs or time that is not recoverable (e.g. pre-consent advice and public enquiries). That portion of costs is covered by general rates.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Building Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	Building development is fundamental for economic activity to take place, and it is our role to ensure that buildings are safe and constructed in accordance with the NZ Building Code.	It is important the consent process does not overly obstruct economic investment or for new business to establish themselves in the district. We need to ensure that we retain our accreditation status, and that we are timely and efficient in our consenting, inspecting and certification processing.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Building consents are processed within statutory timeframes and average processing time and inspections of building work are conducted as required.	We provide building control services in a timely and professional manner, to ensure building work complies with the applicable standard, and that consent applicants are not overly delayed in progressing their projects.	The percentage of building consents that are processed within statutory timeframes is not less than 97%.	
The Council is accredited as a Building Control Authority, and an independent audit is conducted every two years to confirm accredited status.	We have the authority to process consents and undertake building work inspections using in-house resources wherever possible, to help minimise the cost to building consent applicants.	The Council passes the independent audit confirming our status as a Building Control Authority (every second year).	Accreditation status is confirmed in 2026 and every second year thereafter.

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Statutory planning

Statutory Planning undertakes functions to meet our statutory requirement under the Resource Management Act 1991. This includes provision of information to Ministry for the Environment to meet reporting requirements and providing services under the Resource Management Act 1991.

Where works do not meet planning standards a resource consent may be sought. A resource consent is written approval from the Council to undertake an activity that is not permitted as of right in the District Plan (a permitted activity). The provision of this service requires either staff or consultants' time.

The process for granting a resource consent is governed by the Resource Management Act 1991 and the District Plan. The types of resource consent issued by the Council include:

Land use consents - this term applies to most resource consents and includes activities such as constructing a building, running an event, carrying out earthworks, clearance of large areas of vegetation and commercial activities in areas not zoned for such activities such as commercial activities (other than farming) in the rural zone.

Subdivision consents - subdividing land to create one or more additional lots or unit titles or altering a boundary.

Resource consent play a very important role in ensuring that our community develops as anticipated by our community and in accordance with planning and regulatory requirements. These consents often require partnership with Te Rūnanga o Kaikōura who provide technical input in relation to cultural matters and Environment Canterbury who manage discharges to land and water.

Major Issues in the 10-Year period

The Resource Management Act is currently being reviewed and the outcome of this review is unknown. Central Government Coalition agreements have identified reform of the Resource Management Act is required. More specifically the 100-day plan sets 49 actions to be implemented by 8th March 2024. The following actions may change the direction of statutory planning:

- Repeal the Spatial Planning and Natural and Built Environment Act and introduce a fast-track consenting regime,
- Begin to cease implementation of new Significant Natural Areas and seek advice on operation of the areas,
- Begin work to enable more houses to be built, by implementing the Going for Housing Growth policy and making the Medium Density Residential Standards optional for local authorities.

Changes in Government Direction can result in the application of additional resources, the demand on resources is unknown until legislation is finalised.

In addition, a prioritised rolling review of the District Plan is occurring. This will result in revised planning rules for development in the district. Any new legislation or District Plan revision may require a change of processes, which in turn places an immediate burden on the Council's resources and staff, as new systems, tools, and approaches are developed.

Our priority is to provide a high level of service to our community regardless of the legislative framework. If work volumes increase, or significant changes result from the review of the Resource Management Act and the District Plan, or other legislative changes, we will need to ensure that overflow work undertaken by contract planners is efficient, cost effective and of a high quality.

What we're working towards

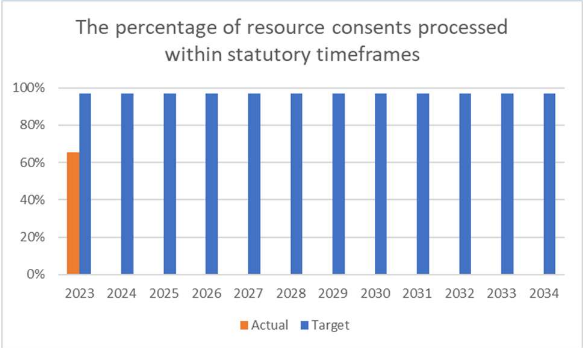
We will respond to these changes by adapting our systems, processes, and forms to meet the new requirements and continuously become more efficient in our consenting function, while retaining the quality of local decision-making.

How it's funded

Resource consent applicants pay fees and costs associated with processing their application. It is inevitable that there is non-chargeable component with this activity, such as giving advice on planning rules, responding to enquiries, and monitoring of compliance with consents. This "public good" service is funded by way of general rates.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Statutory Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	Resource consents, including subdivision and new land uses are important for new economic activity, and it is our role to ensure that new development meets our District Planning rules, as well as regional and national planning standards and legislation.	It is important the consent process does not overly obstruct economic activity, including investment or for new business to establish themselves. We need to ensure that we are timely and efficient in our consenting and monitoring processes.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Resource consents are processed within the following timeframes: Non-notified 20 working days. Notified or Limited notified, where no hearing is required, 60 working days. Limited notified, where hearing is required, 100 working days. Notified where a hearing is required 130 working days.	We provide resource consent services in a timely and professional manner, to ensure subdivisions and changes in land use are assessed against the applicable standards, and that consent applicants are not overly delayed in progressing their projects.	The percentage of resource consents that are processed within statutory timeframes is not less than 97%	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Food premises, alcohol licensing & environmental health

There are currently 65 registered food premises in the Kaikōura District, 63 of which have Food Control Plans and the remainder use national programmes. There are also 39 premises in the district licensed for the sale of liquor, including 24 x On-licences (restaurants and café's), 10 x Off-licenses (bottle stores and supermarkets), and 5 x club premises.

It is the Council's role to manage premise registrations, monitor food plans and inspect food preparation areas to ensure food is handled safely, and that the sale and supply of alcohol is managed responsibly with the purpose of minimising alcohol-related harm.

Our environmental health matters (including liquor licensing, food premises registrations and monitoring) are delivered by our contractor Food & Health Standards Ltd.

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

Their duties include the following areas of environmental health:

- Inspection, registration, and verification of food premises.
- Inspection and licensing of liquor premises.
- Training and issuing managers certificates for the sale of liquor.
- Enforcement action where breaches of legislation are observed.
- Investigation and reporting on infectious diseases.
- Monitoring hairdressing salons, camping grounds and mobile shops.
- Assessment of statutory licenses such as offensive trades, hawkers, amusement devices and public events.
- Investigate and monitor noise issues under the Resource Management Act.

Major Issues in the 10-Year period

Over the next ten years we assume delivering these functions will be business as usual.

What we're working towards

We will continue to:

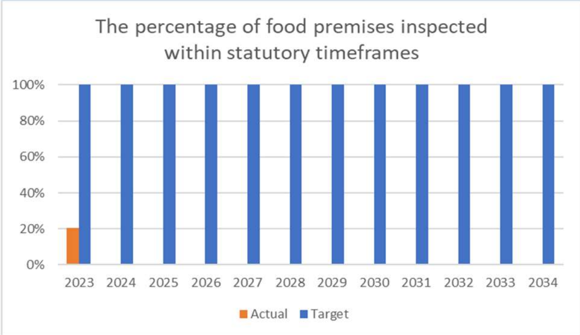
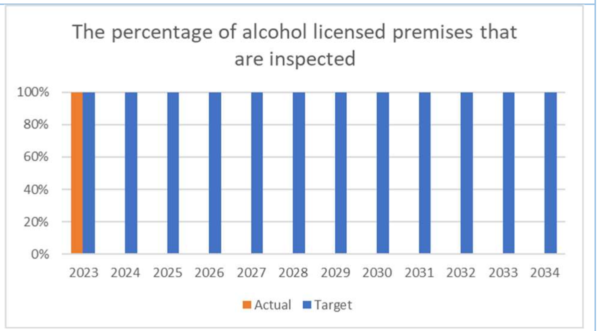
- Educate local business owners on matters relating to food hygiene and the responsible sale of alcohol.
- Deliver a professional service and achieve required time frames.
- Help food and liquor premises achieve voluntary compliance.

How it's funded

Food premise registration fees and liquor licensing fees aim to cover the cost of this activity, but it is inevitable that there are some costs that cannot be fully recovered. In addition to licence fees and other user charges, registered premises pay a targeted rate for each license they hold, and the cost of environmental health is funded by rates in the uniform annual general charge.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Food Premises, Alcohol Licensing & Environmental Health contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	With our local economy heavily reliant upon international and domestic tourism, our hospitality services need to be of excellent quality to ensure that our reputation as a superior destination is upheld.	We need to educate food premises on the hygienic handling of foods and encourage good quality dining experiences that promote Kaikōura's reputation as a superior destination.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Those food premises with approved Food Control Plans are inspected and verified in accordance with the statutory timeframes specified in the Food Control Act 2015. Those food premises that do not have Food Control Plans are inspected not less than annually.	All food premises are inspected per the appropriate timeframes and are evidence of safe and hygienic handling of food. Dining customers enjoy their experience and there are no instances of food contamination.	The percentage of food premises inspected within statutory timeframes is 100%	
Premises with liquor licenses are inspected annually, and non-compliance with the Sale of Liquor Act (such as sale of alcohol to minors) is actioned.	All premises with a liquor-license are inspected per the appropriate timeframes and are evidence of responsible alcohol consumption or sale. Customers enjoy their experience and there are no instances of alcohol-related harm associated with these premises.	The percentage of liquor-licensed premises inspected is 100%	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Animal control

There are currently just over 1,200 known dogs in the Kaikōura district, around one-third of which are farm working dogs.

Due to the nature of farming, some farms can easily have ten working dogs or more. People who own three or more dogs in urban areas, however, are required to obtain a special license and to have their property checked for adequate fences and other matters.

The Council employs a Regulatory Compliance Officer to respond promptly to issues of public health and safety, illegal behaviour, and/or nuisance activities, including dog attacks, roaming, or barking dogs, and wandering stock.

Managing public expectation around animal management is an ongoing challenge, with many people in the community expecting issues to be resolved through enforcement action - often in the absence of verifiable evidence.

As a regulator, the Council operates within the provisions of the Dog Control Act, the Dog Control Bylaw, and the Impoundment Act in relation to stock. In the absence of prescribed actions toward enforcement, the Council follows its Enforcement Policy, which dictates a graduated response. We need to improve our community's understanding of what the Council does in the activity and how it sets out to ensure compliance from dog and animal owners. Lifetime tags with an associated App for users will allow the Council to continue to aim to address the issue.

The Council intends to improve community understanding through further means of education, including the possibility of school visits. Our focus remains on educating dog owners on dog welfare, helping control nuisance barking, and giving helpful advice.

We maintain all information about known dogs in the district and record these details in the DIA National Dog Database (NDD). That database information includes microchip number, breed, colour, and year of birth. The name, address, and date of birth details of dog owners must also be recorded. The NDD is accessible to local authorities but is not available to the public. It is used as a central repository of information about all dogs, and aims to protect public safety around dogs, while at the same time protecting the right of people to enjoy owning dogs.

Major Issues in the 10-Year period

Over the next ten years we assume delivering these functions will be business as usual.

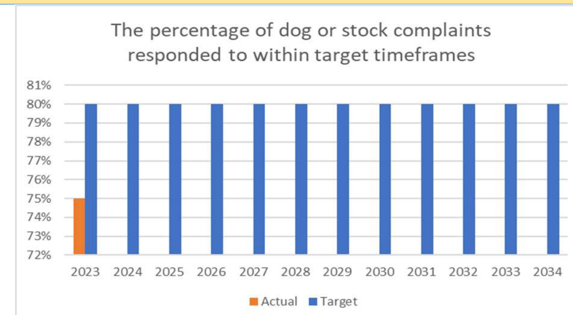
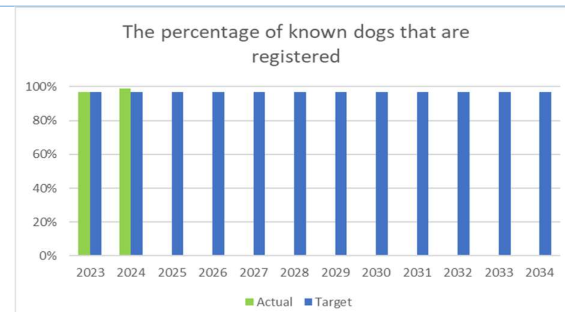
How it's funded

Because it is dogs that cause the need for dog control, it is only reasonable that most of the cost associated with this service is covered by dog registration fees. The Council acknowledges that there is a "public good" component to this service as well, in that people can enjoy living in a community that is not affected by the nuisance or harm that can be caused by dogs. The residual cost of dog control is therefore funded by general rates.

Stock control is funded by a targeted rate on all properties outside the urban area (given that this is where stock is generally located). The stock control fund has accumulated a surplus over time and so the Council will use up those funds until they are depleted rather than through ongoing rates.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Animal Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost effective, efficient and fit-for-purpose	Our internal animal control capabilities have been increased in recent years and we now have dedicated resources that can meet community expectations when responding to dog or stock control issues.	We need to provide 24/7 animal control services to minimise the danger, distress and nuisance caused by dogs and wandering stock.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We provide a 24/7 service to respond to all dog and stock complaints, including educating dog owners, impounding wandering, or dangerous dogs, and taking enforcement action where necessary.	Our community is confident that the danger, distress, and nuisance caused by dogs or wandering stock is minimised and any issues are responded to promptly and efficiently.	At least 80% of complaints are responded to within timeframe: Urgent (1 hour)[7] Serious nuisance (6 hours) General nuisance (1 day) All other issues (5 days)	
We provide dog registration services and record all dogs on the National Dog Database.	All known dogs are registered or otherwise accounted for, and all dangerous or menacing dogs are identified.	At least 97% of dogs known to be living in the district are registered.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

[1] Urgent = dog attacks, Serious nuisance = dog rushing, dog worrying stock, dog or stock roaming, General nuisance = dog barking or animal welfare issues

Parking control

The Council recognises that to maintain an inviting town centre with ample spaces for people to stop so that they can enjoy shopping and/or dining, then we need to ensure that inappropriate parking is controlled. We also need to encourage parking turnover so that parking spaces are not clogged by long-term stays.

We patrol our main public parking areas to facilitate courteous and compliant parking practices, we respond to inappropriate parking (such as the misuse of disability spaces) and remove abandoned vehicles.

Our Regulatory Compliance Officers regularly checks that vehicles are parked courteously, in compliance with time restrictions, and – for the West End pay and display car park – that the parking fees have been paid.

Illegal parking is immediately enforced by issue of an infringement notice.

Major Issues in the 10-Year period

The West End town centre and Beach Road are reasonably well catered for in terms of car parking spaces for much of the year, however these areas can be quite badly congested during the peak summer season. These areas are also very constrained in terms of future development options to provide more parking spaces. As the town grows, the availability of car parking may become an issue. At this stage, there are no plans to expand public car parking in the urban area.

What we're working towards

Within the next ten years we expect that control of public parking will continue to be an issue during the summer months. We will endeavour to provide user-friendly payment options for parking fees, and we will continue to enforce illegal parking.

How it's funded

Parking fines partially cover the cost of parking control. The Council considers that commercial properties benefit from the provision of public parking, because their customers have the convenience to parking nearby, and so a portion of the net cost of parking is funded by the commercial rate. The residual cost is funded by general rates.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Parking Control contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Development** We promote and support the development of our economy	Parking control ensures parking spaces are available for the public so they can have convenient access to urban retailers, hospitality providers and businesses, and that the nuisance of inappropriate or illegal parking is minimised.	We provide regular patrols of car parking areas and respond to all complaints of inappropriate or illegal parking.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The West End car park is patrolled at least twice daily during summer months, and at least once daily Monday to Friday for the rest of the year. Additional patrols are performed at random at any time and on any day.	There is evidence that the nuisance of inappropriate and/or illegal parking is minimised, and people are observing courteous parking behaviours.	The number of infringements issued for inappropriate or illegal parking, (target < 60).	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Other TA regulatory functions

All Territorial Authorities (TA's) like the Kaikōura District Council have legislative statutory functions that we must provide to our communities. Among these are the auditing and inspecting of commercial premises to ensure their building safety systems are functioning and the buildings are safe for the public to enter. Examples of this are that fire alarms and sprinklers have been tested, that fire exits are unobstructed, that emergency exit signage is prominently displayed, etc. The Council inspects and audits these businesses to ensure they are compliant. The issuing of a Building Warrant of Fitness (BWOF) is the responsibility of the building owner and certificates ae issued by an Independent qualified Person.

Another function is to inspect all swimming pools in the district, to ensure they are adequately fenced to prevent people, especially children, from entering the water unsupervised.

A further function is the control and education of responsible (or "freedom") campers. The Council has a Bylaw in place to control this activity. Particularly during the summer months, Council staff are tasked with educating these campers as to where they can stay overnight, and how they should behave in terms of their disposal of waste and sanitary practices. These staff also encourage campers to enjoy their visit to Kaikōura and spend more money in the area, by advising people about things to do while they are in the district.

Illegal parking, dumping of rubbish or leaving faecal matter, is enforced where this is observed, and the offender can be identified. Regulatory staff issue fines for non-compliance where appropriate.

Major Issues in the 10-Year period

For the last 4 years, the Council has been fortunate to receive funding from the Tourism Infrastructure Fund (TIF) to use for developing a Responsible Camping Bylaw, establishing sites set aside for camping, and to employ a team of staff ambassadors. Some funds remain that can be used to continue the current level of service, however once these funds are depleted the Council will be left to decide whether to keep this standard and fund the cost by general rates. We currently assume no further TIF funding from 2025, which will result in additional costs for ratepayers. However, the new national freedom Camping Legislation which comes into full affect in 2025 will mean enforcement is easier with a national standard being implemented.

The proposed Ministry of Business, Innovation & Employment changes to support effective management of freedom camping in New Zealand are likely to see a significant increase in enforcement activities. At this point of the process, it is unclear what future responsibilities will fall on local authorities and how they will be funded.

What we're working towards

Historically the Council has not had adequate internal resources to conduct the Building Warrant of Fitness (BWOF) auditing function, nor to inspect all swimming pools. 2023 saw these inspections begin again with a focus on information, education and if required enforcement over the next few years, to protect public safety and to meet our statutory obligations.

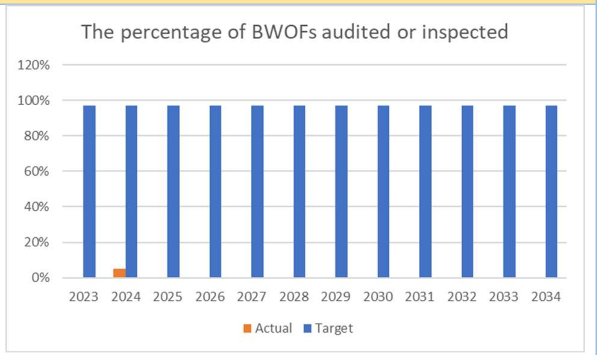
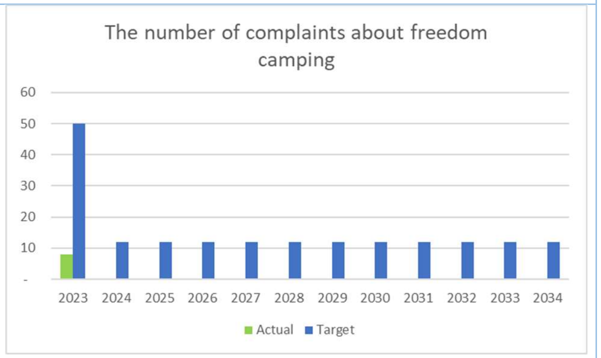
How it's funded

As we ramp up our inspecting and auditing functions, some revenues from BWOFs and swimming pool fees with be gathered. These fees are relatively small, however, and extremely unlikely to result in the activity funding itself. A portion of the activity is funded by a commercial rate/general rate split.

We will continue to apply for TIF funding whenever these grants are available, however ultimately if no external funds can be found then the cost of managing responsible camping will fall to ratepayers through the general rate.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How do Other TA Regulatory Functions contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	The safety of commercial buildings, including accommodation providers, is essential to protect our reputation as a superior visitor destination. Responsible camping, while a contentious issue, is a rapidly growing visitor economy that should be welcomed with restrictive controls in place.	The Council has a legal obligation to undertake its Territorial Authority regulatory functions, and we will continue to ramp up our role in this area to ensure our compliance. Education and enforcement of responsible camping is a high priority during the peak visitor season.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We perform desktop audits of all commercial businesses annually, and physically inspect properties according to the following requirements: - Visitor accommodation providers at least once every three years, and - Other commercial premises at least once every five years.	All our commercial premises have a current BWOF that has been verified to ensure that these buildings are safe for the public.	97% of commercial premises have been inspected and/or audited as required.	
Our responsible camping ambassador patrol known freedom camping areas during the year with an increase in monitoring over the busy periods, to ensure campers are behaving responsibly and in compliance with the Responsible Camping Bylaw and national Freedom Camping Legislation	There are low levels of complaint received about irresponsible behaviours such as dumping of rubbish or defecation in public areas.	The number of formal complaints received about freedom campers behaving irresponsibly is less than 12.	

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Forecast funding impact statement for financial years ended 30 June 2024 to 2034: Building & regulatory

	2024 ($000) Year -1	2025 ($000) Year 1	2026 ($000) Year 2	2027 ($000) Year 3	2028 ($000) Year 4	2029 ($000) Year 5	2030 ($000) Year 6	2031 ($000) Year 7	2032 ($000) Year 8	2033 ($000) Year 9	2034 ($000) Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	518	659	780	729	867	775	850	800	872	840	904
Targeted rates	147	63	67	69	71	72	75	75	77	80	81
Subsidies & grants for operating purposes	62	-	-	-	-	-	-	-	-	-	-
Fees and charges	820	943	975	995	1,007	1,026	1,045	1,064	1,083	1,102	1,121
Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Fuel tax, fines & other revenue	20	21	22	22	23	23	23	24	24	25	25
Total sources of operating funding (A)	1,567	1,686	1,843	1,815	1,967	1,897	1,994	1,963	2,057	2,047	2,131
Application of operating funding											
Payments to staff and suppliers	1,344	1,372	1,468	1,433	1,576	1,498	1,577	1,556	1,638	1,615	1,698
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges & overheads applied	344	344	379	382	392	398	417	406	419	431	432
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	1,688	1,716	1,843	1,815	1,967	1,896	1,994	1,963	2,057	2,046	2,131
Surplus (deficit) operating funding (A – B)	(121)	(31)	-	-	-	-	-	-	-	-	-
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-	-
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- To improve level of service	-	-	-	-	-	-	-	-	-	-	-
- To replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	(121)	(31)	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(121)	(31)	-	-	-	-	-	-	-	-	-
Surplus (deficit) of capital funding (C – D)	121	31	-	-	-	-	-	-	-	-	-
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Community & Customer Services

Goal: We are committed to putting our community first which is underpinned by comprehensive relationship management processes across all Council services.

Activities

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

What we do and why we do it

All the above activities present a welcoming face of the Council, supporting community participation and wellbeing, building social capital in our district. These services prepare the community for disasters, access to information and funding on behalf of groups and individuals, provide quality library services and connect community groups, NGOs, and national agencies with each other and those they support.

How does this Group of Activities support our Community Outcomes?

This group of activities assists us to develop our relationship with our community, providing a customer experience that is professional and effective, ensuring we are cost effective, efficient, and fit for purpose. Most interactions are now being captured through our busy reception office.

These activities further ensure we engage with our community and communicate clearly what we are doing. A connected community with access to information and opportunities, strong, collaborative networks between the community, business, NGO's and local government and individuals, can take collective action, finding solutions to common problems, such as temporary housing solutions. We build resilience through strong relationships to be able to deal with any civil defence emergencies and recover well.

Negative effects

The emphasis on a growing relationship management strategy will identify inefficiencies. We will need to invest in better and more up to date systems to help establish new and maintain existing relationships with customers and suppliers and increase profitability in the long term.

Changes to level of service

- We are planning more enhancements to the current library service by increasing digital literacy, upgrading community computers and online services, including a furniture upgrade.
- Changes to the way the Ministry of Social Development delivers their Violence Free services may mean we may no longer offer Violence Free support through the Community Services team.
- Successful funding from grants may mean short term increased services.
- A planned electronic data and records management systems upgrade means more involvement from the Community Services team.
- Greater investment in our emergency management area will ensure we are better prepared in the event of a civil defence emergency.

Major assumptions

- The migration of our current records to the new system is a smooth process and will be delivered within one year with ongoing quality checks.
- We have adequate emergency management cover and are supported by other districts.
- Community development continues to be funded, increasing resilience in times of crisis.

Customer services & records management

The in-house reception service continues to develop professional and fit-for-purpose customer centric systems. The team at reception is responsible for an effective and efficient administration and reception service, both internally and externally, simultaneously maintaining and increasing ongoing levels of engagement with our residents and supply chains. We are working on improving how our customers interact with us, tracking everything related to the Council that affects our customer's perception about us.

This activity includes:

- A comprehensive reception service, greeting customers in a courteous manner, and answering questions regarding all Council activities.
- Providing an effective, friendly telephone service.
- Providing cashier duties, including regular banking.
- Recording all interactions at reception as a customer service request or a 'quick complete'.
- Supporting our community and staff with prompt access to property file requests.

Major Issues in the 10-Year period

A major priority will continue to be modernising our electronic data and records and management systems and practices. Information management is a key asset for KDC and must continue to be regarded and handled as such. This applies at all stages of the information cycle from collection or acquisition, storing, analysis, publishing, sharing and disposal, whether produced internally or externally. Good governance will be key, and is an enabler of data security, availability and integrity of business information and records.

A new records management system (Laserfiche) was implemented over the last few years. In addition, a new asset management system (Adapt) was implemented. While these systems have alleviated much of the delay in responding to requests and have improved the maturity of our information management practices across the organisation, we are now looking at strengthening the customer experience when dealing with KDC, investigating how our customers interact with us at all stages of their journey, managing this journey and serving their needs.

What we're working towards

We will be improving our information standards which are essential in supporting all business functions and operations with appropriate standards and in line with relevant legislation (Privacy Act 1993).

We will develop quality Information Management systems and processes which ensure the integrity, safety, and availability of all forms of information and records that make up the Council's information.

We will understand and have implemented all necessary electronic data and information management requirements (EDRMS) which cover all aspects of electronic data and information management that need to be addressed in our business systems, including metadata, migration, disposal, and decommissioning.

In addition, we will need to start scanning all the remaining paper copy files that are not Building and Resource consents but are still a Council record and need to be preserved.

How it's funded

Customer services and records management provides administrative support to the entire organisation, and therefore it is appropriate that the cost of this service is allocated by way of internal overhead charges across the entire organisation. Minor costs can be recovered, such as user fees for photocopying.

The current Back-Scanning project is mostly funded by the Three Waters Transition Fund.

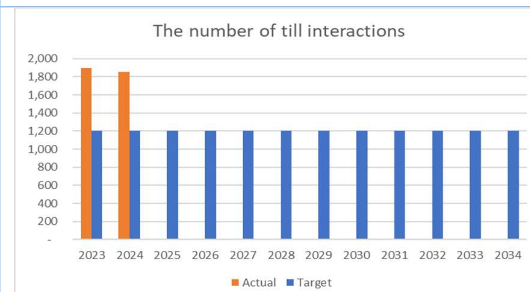
How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Customer Service contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We engage and communicate with our community	Smooth joined-up internal processes delivered to residents at the front counter creates efficient and timely customer support.	We need to boost and support all areas of the organisation to track all our interactions to increase our understanding of how we engage with our community and the customer experience.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Our reception office operates between the hours 8.30am to 4.30pm Monday to Friday. All calls now come to reception, and we deal with all till interactions.	KDC becomes known for its friendly and efficient service at reception, and contributes actively towards positive customer experience, while meeting legislative requirements	Resident satisfaction with customer services is 79% or better. 79% is the level of satisfaction we achieved in the 2022/2023 survey, and we aim to stay at this level or better.	

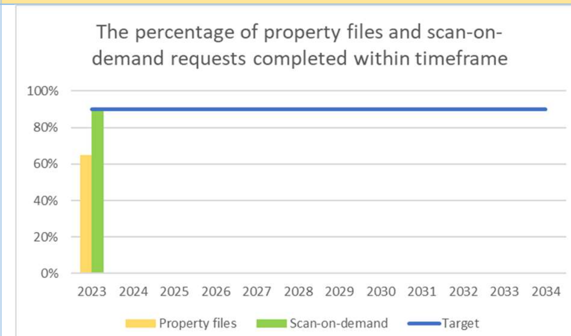
* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Community Outcome	How do Customer Service Requests contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost effective, efficient and fit-for-purpose.	Efficiency in customer service requests is key as it decreases the time to respond to a customer issue. A quick response time can also have a significant impact on customer satisfaction	Service request management enables us to submit every customer service request at reception, assigning responsibility for requests and tracking their status from the time they are submitted to the time they are closed

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Increased efficiency, performance, responsiveness, compliance – right information/ right time. We deal with approximately 2,000 Customer Service Requests (CSR) and 1,800 till transactions per year. We are now fielding all Council calls and are capturing all interactions in CSR's	KDC staff provide a better service through ready access and knowledge, producing quicker response times, increasing the customer experience, and meeting legislative reporting requirements.	Every phone call and interaction at reception is tracked through CSR's and Quick Completes - 2,000 or more per annum.	
		We are capturing all till interactions - 1,200 or less (we would like to get more people to pay on-line)	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Community Outcome	How does Information Management contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Future** We work with our community and our partners to create a better place for future generations	The purpose of Information Management is to design, develop, manage, and use the information of our residents with insight and care, to support decision making, while creating value for our residents, our organization, our communities as reliable custodians of their information	We need to digitise all records, organise our records, set up user access management systems, storage, and retrieval of relevant data, develop access control policies, create storage resources, and implement an effective governance model

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Increased efficiency, performance, responsiveness, compliance – right information/ right time - dealing with all property file and Scan-on-Demand requests	KDC staff work more effectively through ready access to electronic files, producing quicker response times, increasing the customer experience, and meeting legislative reporting requirements.	Property File Requests and Scan-on Demand Requests are 90% within timeframes	

Community development

Community Development is an in-house activity with some services contracted out from time to time. This activity supports our Councils vison – "*Moving Kaikōura forward"*, building a strong well-connected community. A community with robust social networks and local systems is prepared to immediately take action after any disaster.

We will continue to run the Housing Forum to support affordable housing solutions, run the Violence Free Network to raise awareness around family violence, work alongside Kaikoura Health for equitable health care options, work with Te Hā o Mātauranga and the Mayor's Taskforce for Jobs (MTFJ), increasing educational opportunities.

The interaction with local and external community groups will build the foundations for psychosocial wellbeing, coordinating community-led solutions building capacity and capability and supporting the community with new ideas, approaches, or insights.

More and more, local authorities are exploring opportunities for resilience to be a goal in community development, or community development to be a key method in fostering community resilience. Community development—and some of its components such as capacity building, empowerment, and building networks—offers a key approach to building community resilience. Resilience thinking suggests that community development officers can expand their practice to help communities deal with dynamically changing realities.

Major Issues in the 10-Year period

The community development area will need to emphasize building adaptive capacity, managing complexity, enhancing community values and identity, managing multiple level systems, and supporting community agency. We need to offer advice and identify areas for a co-evolving practice.

Within the next ten years this activity will need to grow the mutual acknowledgement between resilience and community development and articulate what each field can learn from the other, especially in terms of the practice of community development and enabling resilience.

What we're working towards

We aim to increase community understanding of community services and grow community connectedness through collaboration and support. This will empower our residents and community groups to have capacity to improve their lives.

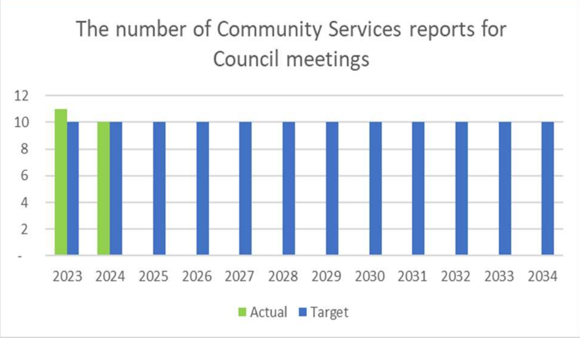
We are working towards community development being the catalyst for positive change: a values-based process which aims to address imbalances in welfare, with our focus on inclusion, human rights, social justice, equity, and equality.

How it's funded

With community development benefitting everyone over the entire district and with no identifiable consumer, there is no practical option for user fees & charges and, therefore, the general rate is the way this activity is funded.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Community Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We engage and communicate with our community	We build and maintain extensive networks with key stakeholders including local and central government, community, iwi/Māori, and other cultural organisations by establishing a positive, credible public profile facilitating local solutions to local needs.	With our focus on community wellbeing, we: • Enable the community to identify and articulate their aspirations for the future, • Develop strategies and plans, • Monitor and map the journey to wellbeing

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The Council facilitates many different community meetings such as the Community Networkers, the Housing Forum, the Aging with Options Group, the Violence Free Network, increasing community capacity and connections	The community's capacity to collaborate and effectively solve problems collectively is increased. This can be gauged by monitoring the quantity and efficacy of collaborative projects, joint initiatives, or successful outcomes derived from collective projects.	Monthly Community services reports to the Council, outlining collaborative projects, including how we are building resilience of whānau and communities. Target: no less than 10 reports per annum.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Emergency management

This activity manages the statutory function of the Council in the planning, training, programming, implementation, and monitoring of Emergency Management within the district. A part-time Emergency Management Officer (EMO) is currently based with the Council, ensuring the Council has strategic and practical plans in place to appropriately manage emergency response across the 'Four R's - reduction, readiness, response, and recovery - in accordance with current relevant legislation.

Major Issues in the 10-Year period

Canterbury Emergency Management may amalgamate as an operation centre out of Christchurch, centralising the responsibility for the delivery of Civil Defence and Emergency Management responses throughout the Canterbury region. Emergency Management Canterbury would then be responsible for the 24/7 operation of the Emergency Coordination Centre which will facilitate the planning and operational activity during an event in our area.

What we're working towards

Our region is vulnerable to a wide range of natural events which may become more frequent and more severe as the climate continues to change. In the next ten years we would like to strengthen our emergency management capacity and capability and embed a community driven 'Response Plan' which enables the Kaikōura community to make sure we are as ready as possible for any adverse event which may affect us, with guaranteed support.

Any Emergency Management change will need to support the Kaikōura community to develop our own Community Response Plans and possibly identify places which can be used as Community Emergency Hubs when needed. The EMO is working towards representing KDC as member of the Canterbury 10 response team. Training is scheduled for 2024.

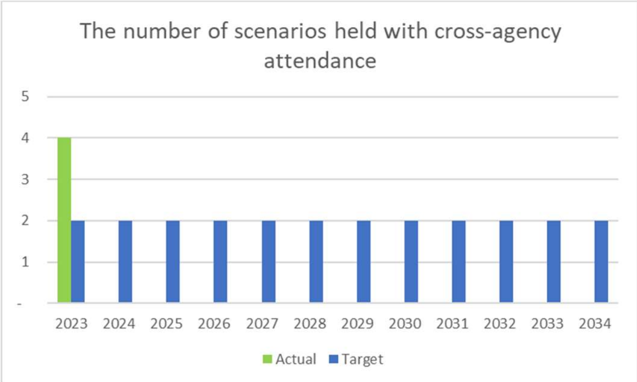
How it's funded

With emergency management benefitting everyone over the entire district and with no identifiable consumer, there is no practical option for user fees & charges. Unless the government opts to fund emergency management through grants to territorial or regional authorities, rates are the only practical way to fund this activity.

In the Kaikōura district, emergency management is funded through the uniform annual general charge (the UAGC), which is a set dollar amount applied to every separately used or inhabited part of property in the district.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Emergency Management contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Future** We work with our community and our partners to create a better place for future generations	The EMO represents the Council with the day-to-day operations of the Canterbury Civil Defence Emergency Management (Group) and manages the strategies and work programmes that result from Group membership	Our community needs to continue to be integrally involved with the internal and external response planning processes. The EMO needs to continue to represent the Council as a member of the Canterbury 10 response team.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We work with our first responders to be trained in emergency management and the latest emergency management response systems and plans.	We know we are succeeding when our first-responders, emergency function managers, leadership team, Mayor and Councilors have received regular training to enable them to support the Emergency Operations Centre during an emergency activation.	The number of scenario's held with cross-agency attendance. Target: not less than 2	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Community grants, events & fundraising

Community grants, events and fundraising all foster community engagement and participation that develop short and long-term community resilience. They further positively support the social, economic, environmental, and cultural well-being of the community and grow our district as a great place to live for locals, and as unique destination for visitors.

The Council administers existing grants which provide funding for sport and recreational funding for youth, contribute to the social, economic, cultural and environment wellbeing of residents, increase participation in the arts for groups and individuals and assist with transport to local sporting competitions.

Generosity NZ offers access to online search tools to many different grants and funding. These databases are available free of charge for Kaikōura residents at the library.

For local events, we are supporting event organisers to help deliver and promote community events in Kaikōura. We work with Destination Kaikōura to promote Kaikōura as an event destination and provide an integrated approach to build a dynamic and vibrant events calendar.

The Council amalgamated all annual grants into one fund called the Council Annual Discretionary Fund and all community groups can now apply for funding annually.

Major Issues in the 10-Year period

Our major issues over the next 10 years will be to continue with a comprehensive and robust focus for community events in the Kaikōura District. We are always under-resourced and yet are expected to provide a supportive environment that ensures consideration of challenges and provides opportunities for event organisers.

What we're working towards

We will set out a future direction for building on the current events programme within the Kaikōura district, will continue to justify a community development and events person across the whole organisation to build on and expand relationships with local and wider organisations, our local iwi partners, and stakeholders, such as Destination Kaikōura (DK).

This resource would also be required to work with DK to increase connections and collaboration with events and organisations close to Kaikōura: Christchurch, Blenheim, North Canterbury, as well as optimise the use of current assets to enhance and broaden community participation.

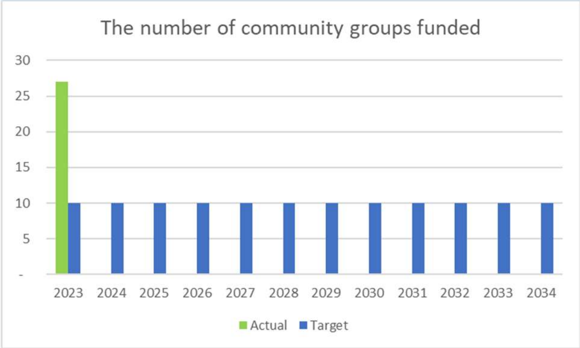
How it's funded

The Council receives funds from Creative New Zealand, Sports and Recreation NZ, and other organisations, and acts as administrator to assess applications for funding from community groups, clubs and individuals and distribute grants accordingly.

The Council Annual Discretionary Grants are funded by general rates.

How we measure our progress to achieving the Community Outcomes:

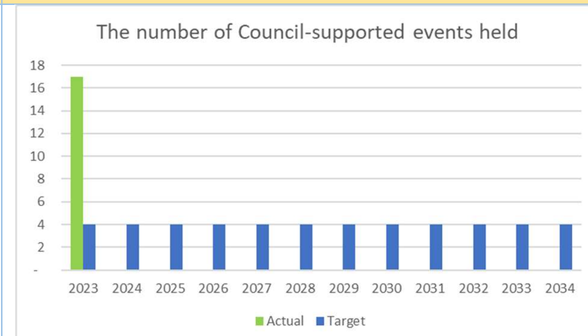
Community Outcome	How do Community Grants contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We communicate, engage, and inform our community	Small grants play a key part in creating opportunities for participation, especially for elderly and youth in the community.	We need to ensure the grants are fully utilised by advertising them regularly to enable communities to engage with and participate in arts and sports activities otherwise not available in our district.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We administer grants for creative arts, sports & recreation, and community initiatives.	We know we are succeeding when social, economic, and cultural equity is promoted and people from all walks of life can attend the funded community art and sports events funded by grants.	No less than 10 individuals or organisations funded to offer an arts or sport opportunity to the community per annum.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How do Community Events contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Future We work with our community and our partners to create a better place for future generations	We can create a sustainable community event environment with information and resources that are cohesive, easily accessible and in plain English, including the printing of resources.	We need to continue to work alongside Destination Kaikoura to support and promote small to medium sized community events all year round.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The Council supports local community events.	We know we are succeeding when KDC continues to encourage participation in communities through events, promoting community leadership and developing community capability and fun.	The number of Council-supported community events held. Target: not less than 4	

Youth development

The Council supports the growing and developing of youth skills and connections young people need to be able to take part in society and reach their potential.

We support Te Hā o Mātauranga to provide opportunities for our young people to become successful learners, confident individuals, effective contributors, and responsible citizens.

We support and encourage youth involvement in community decision-making processes and participation in local community issues, and welcome regular youth representation at Council meetings.

Major Issues in the 10-Year period

Kaikōura used to have an externally funded youth worker based at Te Hā o Mātauranga supporting broad youth development. However, this position is no longer funded, highlighting the vagaries of short-term funding applications.

What we're working towards

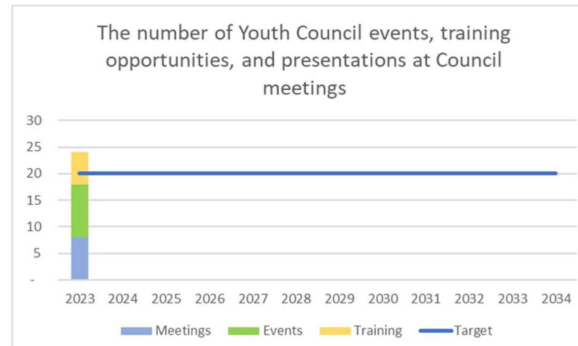
We would like to find sustainable funding for a full-time youth worker on an ongoing basis in the community. This kind of support for the Youth Council strengthens community capacity and enhances relationships with young people.

How it's funded

Youth Development and any grants paid by KDC to the Kaikoura Youth Council is funded by general rates.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Youth Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Future We work with our community and with partner organisations to create a better place for future generations	We provide opportunities for young people to become confident individuals through participation on Council Committees with regular presentations to Council meetings.	Continue to create opportunities for Youth Council members to be part of the democratic process by inviting them to report in person to Council meetings and represent the youth voice on other committees.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The Council funds Te Hā o Mātauranga to run the Kaikōura Youth Council and funds the Youth Council directly to run their various youth events and training opportunities.	We know we are successful when our young people blossom into confident individuals and effective contributors to our community.	Number of Youth Council presentations at Council meetings (target 6+) Number of Youth events (target 10+) Number of training opportunities (target 4+)	

Kaikōura District Library

The vision for our library is `delivering a world class library service which retains its community values'.

We aim to connect our people with information and ideas to foster lifelong learning, improve literacy and creative expression. We work on providing an innovative and vibrant space and service, focusing on literacy-based activities, digital literacy and assistance, and a great space for visitors to visit in Kaikoura.

We were able to increase the diversity of our services as an educational, informational, recreational, and cultural resource which aims to satisfy the developing needs of the Kaikoura community with the assistance of the NZ Libraries Partnership Fund (NZLPP 2020/2022) to aid communities recovering from Covid – 19 pandemics.

The library plays a key role in creating opportunities for the elderly, youth, and families of our community with the resources received from our rate payer contributions.

Major Issues in the 10-Year period

We will need to keep implementing innovative plans to stay relevant digitally in this technology based time and be able to diversify our resources to keep delivering the National Libraries objective of assisting ` New Zealanders at every stage of life' and empowering communities nationally through literacy and life – long learning ' (Public Libraries of NZ Strategic Framework 2020 2025, p9)This will remain a challenge over the next 10 years without extra resources and funding.

What we're working towards

By staying current with our evolving community, their needs, and interests, we will need to continuously adapt and evaluate our services, staffing, programmes, and collection. We now also need to support equitable access to digital information and technology for community and visitors alike.

We are working towards developing the library as a community space where all members of the community can gather, interact, and participate in library run programmes, events, and activities.

We want to keep enhancing the work we do with local Schools and education providers, to encourage a love of reading, and provide and maintain a current collection of resources, including digital and physical, and invest in our staff, technology, and infrastructure to best serve the community's needs. To retain our experienced staff and providing a safe, comfortable space for all. To keep building on the trust we have already established with our regular users of the library.

How it's funded

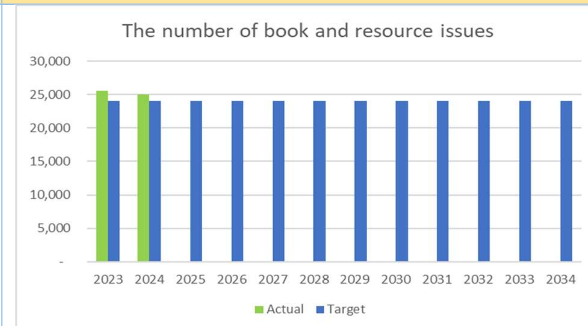
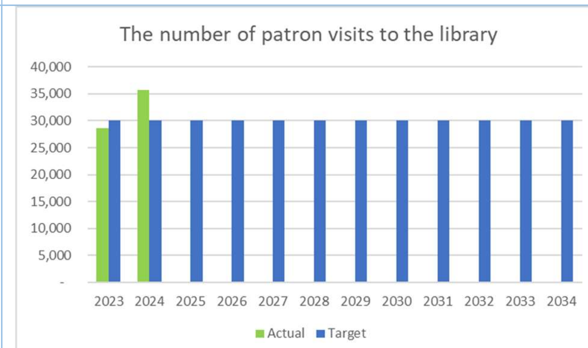
User fees such as photocopying provide a small revenue stream, but the bulk of our library running costs are from general rates. The Council has decided to remove all fees for borrowing books from 1 July 2024, to encourage more users to the library. Fines will, however, apply to all books and other resources not returned by their due date.

Capital projects:

Year ended 30 June:	*2025 $000s*	*2026 $000s*	*2027 $000s*	*2028 $000s*	*2029 $000s*	*2030 $000s*	*2031 $000s*	*2032 $000s*	*2033 $000s*	*2034 $000s*
Replace existing assets										
Library books & resources	32	33	33	34	35	36	36	37	38	38

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does the library service contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We engage and communicate with our community	As champions of lifelong learning, our library is a place to quench curiosity, access technology, and explore new ideas, hobbies, and careers. It also offers patrons a welcoming space to meet people to discuss and resolve important issues.	We regularly connect with our patrons to find out what their needs and interests are, and we adapt and evaluate our services, programmes, and collection. We now also support growing access to digital information and technology.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The library operates between the hours 9am to 5pm on Monday, and Wednesday to Friday. Tuesdays 9am to 8pm and 10am to 1pm on Saturdays:	We continue to have a wide range of books and other media available for our community to enjoy, so that our lending of books and e-resources increases in popularity.	No less than 2,000 issues per month (the annual target is therefore no less than 24,000 per year).	
		No less than 2,500 patrons in the library per month (the annual target is therefore no less than 30,000 per year).	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Forecast funding impact statement for financial years ended 30 June 2024 to 2034: Community & customer services

	2024 ($000) Year -1	2025 ($000) Year 1	2026 ($000) Year 2	2027 ($000) Year 3	2028 ($000) Year 4	2029 ($000) Year 5	2030 ($000) Year 6	2031 ($000) Year 7	2032 ($000) Year 8	2033 ($000) Year 9	2034 ($000) Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	970	1,161	1,194	1,218	1,244	1,267	1,302	1,315	1,341	1,367	1,390
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies & grants for operating purposes	557	232	28	28	29	29	30	31	31	32	32
Fees and charges	25	17	8	8	8	8	9	9	9	9	9
Internal charges & overheads recovered	311	273	356	285	291	298	304	309	315	321	327
Fuel tax, fines & other revenue	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	1,863	1,683	1,586	1,539	1,572	1,602	1,644	1,664	1,696	1,729	1,758
Application of operating funding											
Payments to staff and suppliers	1,639	1,382	1,268	1,218	1,244	1,271	1,302	1,326	1,352	1,377	1,402
Finance costs	25	26	26	25	24	24	23	22	22	21	25
Internal charges & overheads applied	204	229	247	248	254	257	267	261	268	274	275
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	1,867	1,637	1,541	1,491	1,523	1,551	1,591	1,610	1,641	1,672	1,702
Surplus (deficit) operating funding (A – B)	(4)	46	47	48	50	51	53	54	55	57	56
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(14)	(14)	(14)	(15)	(16)	(16)	(17)	(18)	(18)	(19)	(18)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(14)	(14)	(14)	(15)	(16)	(16)	(17)	(18)	(18)	(19)	(18)
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- To improve level of service	-	-	-	-	-	-	-	-	-	-	-
- To replace existing assets	32	32	33	33	34	35	36	36	37	38	38
Increase (decrease) in reserves	(50)	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(18)	32	33	33	34	35	36	36	37	38	38
Surplus (deficit) of capital funding (C – D)	4	(46)	(47)	(48)	(50)	(51)	(53)	(54)	(55)	(57)	(56)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

District development

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

Activities

- District planning
- Environment & climate action
- Tourism & marketing
- Economic development

What we do and why we do it

The Kaikōura District Plan sets strategic direction for how and where development should occur, provides standards for development, and identifies where resource consents are required, whilst seeking to manage the environment, in accordance with our functions under the Resource Management Act 1991 (RMA). The Plan is intended to give certainty for property owners and occupiers, developers, and the environment.

We support our community in this through collaborative processes which seek to empower our community while meeting statutory requirements. We do this to ensure the future of Kaikōura is well planned and our direction is meeting community expectations, as well as regional and national direction.

To achieve sound environmental outcomes and to set future direction we rely on input from iwi, our community, and key organisations. We use a series of tools which range from education, collaboration and support to bylaws and resource management planning rules to guide and support our community.

The Council plays a key role in supporting and promoting economic development for the district. Whilst tourism, directly and indirectly, is the major contributor to Kaikōura's GDP, all businesses and activities contribute to the district's economy and employment. The Councils most important contributions are its provision of infrastructure and services to the district and its planning activities, including the District Plan.

Over the next 10 years, we will be finalising the Spatial Plan and reviewing our entire District Plan, while also dealing with effects of the reform of the RMA promised by the Government.

In addition, the Council directly supports projects and activities outside of our core business – through our Economic Development and Tourism activities. For Kaikōura the importance of support in these areas has been highlighted over the last 8 years where the Council has worked directly with our community to reimagine and rebuild Kaikōura from the Kaikōura earthquake and support tourism through COVID-19. These previous setbacks for our community have provided an opportunity to build back better. We continue to work very closely with iwi and collaborate with our community in our development of a better Kaikōura District.

How does this Group of Activities support our Community Outcomes?

Development

We identify areas which are appropriate for development and encourage businesses and events which benefit our community.

Environment

We are currently following changes in Government Direction and will refocus as legations changes. We assist in managing our environment to allow it to thrive through a range of tools to meet community, regional and national direction.

Future

We set a path for the future direction of our district and the economy and assist development and tourism with targeted assistance.

Negative effects

There are no negative effects identified by this activity.

Changes to level of service

No changes are proposed to the level of service. Grants and budgets have been updated to provide for inflationary increases.

Major assumptions

- The significant changes to Resource Management legislation will not result in significant changes in costs or direction for the Council or the district,
- No other substantial additional costs will be imposed upon local authorities by other legislative or regulatory changes,
- That there is not a resurgence of COVID19 or another pandemic
- That average growth of permanent resident population in the district will be in the order of 1.5% per annum,
- That at least 75% of population growth will be within the existing Kaikōura urban area or within two kilometers of it,
- That the most significant other demographic change will be an increase in the proportion of over age-65 residents, forecast to increase by around 30% over 10 years (an extra 230 residents in this category,
- User pays will not always cover all costs for planning advice or services,
- The Council continues to work in partnership with Environment Canterbury for planning services,
- The Council does not move to a full district E-plan.

District planning

The Kaikōura District Plan, in accordance with our functions under the Resource Management Act 1991, sets strategic direction for how and where development should occur. It sets out standards for development and how we can assist in managing our environment. It also identifies where resource consents are required and attempts to provide certainty for property owners and occupiers, developers, and the environment.

The District Plan is due for a full review. A prioritised rolling review has been started where chapters are reviewed in groups as opposed to reviewing the whole of the Plan at the same time. Reviews are a statutory process open for public submission. We have scheduled the continuation of this review in our Long-Term Plan and budgeted for its costs.

The process will be largely delivered using consultants, and the Council's Planning team is resourced for business-as-usual activity only.

Progress to date to support our community to thrive has included the following:

- Natural Hazards chapter has been reviewed and updated,
- District Plan has been rehoused in accordance with national planning standards,
- A Spatial Plan is under development setting direction for our community based on collaboration with iwi and our community,
- Review of the District Plans lighting chapter with the Council progressing the Kaikoura Dark Sky Trust's plan change,
- Working closely with developers and neighbours to progress the rezoning of rural land to provide for a Light Industrial Business Park and,
- Working closely with Ocean Ridge to ensure the zoning is appropriate to allow for population growth.

The rolling review of the District Plan needs to be sufficiently dynamic to ensure the Government's promised reform of the Resource Management Act is also given effect.

Major Issues in the 10-Year period

The current District Plan is dated and in need of review. Some areas of the Plan no longer meet community expectations or national direction. Uncertainty remains as to the direction of government resource management reform. Regardless of central direction, future planning standards in Kaikoura need to be updated.

Other key issues over the 10-year period include climate change and changes in demographics. Although Kaikōura's planning framework is well prepared for the effects of climate change on natural hazards, additional work is needed to ensure there are ways to address national direction about biodiversity. Our aging population will need planning provisions that enable appropriate housing types.

What we're working towards

At a high level we seek to ensure the District Plan meets iwi and community aspirations, provides for appropriate development, and is in line with national direction.

Some of the more immediate planning issues for our community we are currently considering are:

- Constraints around residential housing including density standards,
- Lack of provision for Papakainga housing,
- The challenge of parking provisions in a small town, constrained by State Highway One through its length,
- Support for biodiversity, heritage, and archaeology,
- Identifying suitable land for development to meet the needs of all demographics of Kaikōura.

How it's funded

The Kaikōura District Plan affects every property in our district, and therefore this activity is funded by rates applied across the entire district. For transparency purposes, this is the district planning rate. Reviews of District Plans are expensive; for that reason, we will borrow for the additional costs of the District Plan review, to spread the costs over time.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does District Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?
 **Future** We work with our community and our partners to create a better place for future generations	District planning sets out the planning rules for place-making, including zones for commercial, industrial, and residential expansion, and these rules help to mitigate the negative effects of activities or development, therefore making Kaikōura a better place to live in.	Our Kaikōura District Plan needs to be updated so that it reflects community needs and aspirations, to ensure that planning rules are in place to enable those needs and aspirations and prevent negative effects.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
During 2020/2021 the Council embarked on a District Plan review, commencing with the Natural Hazards chapter. A draft District Plan roadmap has been developed setting out the priority order and timeframe for the remainder of the chapter reviews to be completed.	The Kaikōura District Plan has been fully reviewed within the next ten years, and meets the community's aspirations for future land use, expansion, and growth. Given timeframes involved this process will be continuous	We progress the review of the District Plan in line with the priorities and timelines set out in the final District Plan roadmap but may need to adapt these depending on emerging priorities in particular meeting new central government direction.	Subject to central government direction: Phase 1 –Creation of direction for areas where population growth will be greatest through the development of a Spatial Plan. Progress the development of Light Industrial Business Park to ensure adequate zoning of land. – by June 2024 Phase 1A Review and revise the following chapters: Strategic Direction, subdivision, residential and commercial zones -by June 2027 Phase 2 – Review and revise the following zones and chapters; Rural, settlement, special purpose, biodiversity, natural features, and landscapes June 2030 Phase 3 – Review and revise the following zones and chapters; Open space and recreation, historic heritage, coastal environment, infrastructure, and transports by June 2033.

Environment & climate action

The Council recognises the ecological importance of Kaikoura's biodiversity, particularly for marine mammal populations, which are crucial for our thriving tourism industry. The most significant contributions of resource and both capital and operational expenditure by the Council towards environmental planning and improvements are made through:

- Appropriate investments in infrastructure, including roading, wastewater, stormwater, and refuse and recycling,
- District planning, including Statutory planning – particularly through the District Plan, and the assessment of activities within the community.

In addition, the Council has a dedicated environmental planning activity. Environmental planning supports and assists landowners and the community with environmental projects. Previously this has included native restoration projects, community beach clean-ups and stream care projects.

Key direction for biodiversity is set by the National Policy Statement of Indigenous Biodiversity (NPSIB). The NPSIB was first proposed in 2010 and gazetted on 7th July 2023. Government coalition agreement in November 2003 has identified an urgent review of the NPSIB is required.

Given the uncertainty of future national direction in this area funding will remain at $20,000 per year. The nature of projects funded will vary from year-to-year dependent on prioritisation. It is also recognised that significant changes in legislation are highly likely to demand additional resources to implement this legislation and resources have been allocated for an Environmental Planner in year 3.

Major Issues in the 10-Year period

The requirement for the protection of areas of significant indigenous vegetation and significant habitats of indigenous fauna has been in place since the Resource Management Act (RMA) was introduced in 1991. How this protection occurs has been subject to differing views. Nationwide, local authorities have used different approaches to comply with the legislation.

Since the introduction of requirements, the Council has provided ecological support to landowners and worked in partnership to ensure landowners are aware of the values associated with their property. This approach has created community awareness although progress has been slow. The NPSIB was intended to provide clear direction and timeframes. The NIPIB includes an implementation timeline over 10-year period. The Council will await the outcome of the direction provided by the coalition agreement before reviewing implication for Kaikōura and changing funding in this area.

What we're working towards

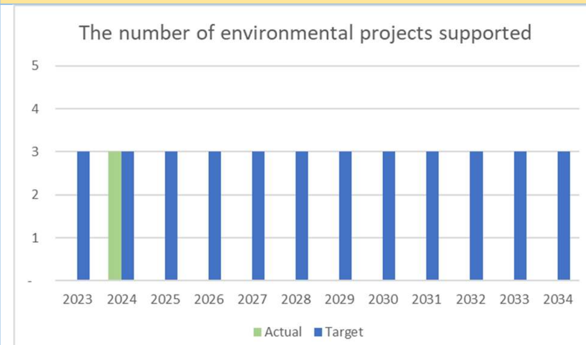
Environmental planning provides opportunity to work with our community to gain better outcomes for our environment. Our community is passionate about the environment and expects the Council to be amongst the lead agencies to ensure our environment is protected, and we will work to meet those expectations. We also aim to support landowners by working in collaboration to create beneficial environmental and biodiversity projects.

How it's funded

This activity is currently funded through general rates. Council staff explore opportunities for external grants, and submissions have also previously been made to Central Government seeking support for landowners.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Environmental Planning contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Environment We value and protect our environment	In addition to the Council's contribution to mitigating or enhancing environmental outcomes through its infrastructure, and District Plan, this specific activity provides discretionary resourcing to environmental outcomes.	Provide endorsement and support, as well as discretionary financial support to events, projects and activities that support positive environmental outcomes.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Provide specific support to projects involving Significant Natural Areas by discretionary funding for supporting environmental initiatives and projects across all years.	Discretionary projects with positive environmental outcomes are supported and funded by the Council.	External environmental projects are supported by the Council, with not less than three environmental projects supported each year.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Tourism & marketing

Tourism is the dominant contributor to the economy of the Kaikōura district. Its benefits flow through the economy across the district, including through direct and indirect income to businesses, employment, and resulting expenditure on goods and services.

Kaikōura is a world-renowned tourist destination, initially focused on whale watching, but now with a range of visitor activities to match the stunning scenery and the near unique proximity of the mountains and the Hikurangi trench.

The marketing and promotion to visitors is achieved not only through direct tourism operators, but also by having a local Regional Tourism Organisation (RTO), Destination Kaikōura.

Destination Kaikōura's role is to lead the promotion and marketing of Kaikōura to domestic and international visitors, and it provides significant assistance and co-ordination for local tourism businesses.

As part of achieving that Destination Kaikōura works with other regional and local organisations.

As with most territorial authorities across New Zealand, the Council assists its local RTO – achieving short-, medium-, and long-term economic development gains, to benefit the community. This assistance is in both sharing efforts and resources where possible, as well as grant funding to support Destination Kaikōura's staffing, subscriptions and involvement with other regional organisations, and marketing and promotion activities.

Major Issues in the 10-Year period

The COVID-19 pandemic fallout will impact the industry for some time to come and the recovery from the effects of the lockdowns will potentially be a significant issue for the community in the early years of the Plan.

With the return of the international traveller however, competition among regions is high. It is important for Kaikōura to continue to be relevant to the traveller when planning their time in New Zealand.

The Tourism Export Council New Zealand (TECNZ) currently predicts that international visitor numbers YE September 2024 arrivals to be tracking towards 87% return of visitors compared to pre-Covid arrivals. By YE September 2025 TECNZ is forecasting New Zealand should be back pre-Covid arrivals of 3.9 million.

With overseas visitors increasing & regional competition the RTO's activities are necessary to be in for recovery to occur as quickly as possible.

What we're working towards

We provide grants and assistance to Destination Kaikōura (www.kaikoura.co.nz) to ensure not only its existence, but also to optimise efforts to support and enhance tourism – for the benefit of the district and its community.

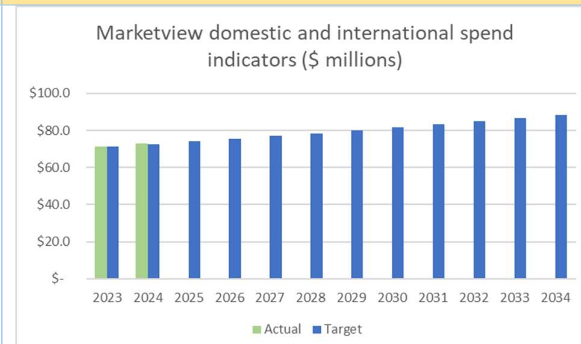
The Kaikōura District Council has endorsed the Kaikōura Destination Management Plan 2022-2032 which Destination Kaikōura completed in September 2022. This Plan aligns with KDC's vision to "Move Kaikōura Forward". The Kaikōura Destination Management Plan provides a roadmap in how we can continue to create a better place for our community to live & thrive and our visitors to enjoy, all the while ensuring we are leaving our district in a better condition for those who come after us.

How it's funded

The grant to Destination Kaikōura is funded through both commercial rates, and the Visitor Accommodation Charge.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Tourism & Marketing contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	Tourism is the dominant contributor to the economy of the Kaikōura district including employment.	Support our tourism sector through the services of the local Regional Tourism Organisation (RTO), Destination Kaikōura.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Provide a grant to Destination Kaikōura for the promotion and marketing of Kaikōura to domestic and international visitors, and assistance and co-ordination for local tourism businesses.	Numbers and spend of domestic and international visitors to the district grows year on year.	Domestic and international spend indicators show year on year increases – as measured through Marketview electronic card transaction spend data. Current 12-month Marketview spend $71.1m (FY June 2023).	
Provide a grant to Destination Kaikōura for the promotion and marketing of Kaikōura to domestic and international visitors, and assistance and co-ordination for local tourism businesses.	Local tourism businesses and operators are provided with assistance and advice by Destination Kaikōura.	Six-monthly reports from Destination Kaikōura setting out activities undertaken including against agreed key performance indicators for that period.	Six-monthly reports are received demonstrating activities and achievements each year.

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Economic development

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

The Councils most significant financial contributions are its provision of infrastructure and services to the district and its planning activities, including the District Plan.

In addition, the Council directly supports projects and activities outside of our core business – through our economic development and tourism activities. For Kaikōura the importance of its support to economic development, both short and longer term, has been highlighted by the devastating effects on the local economy of both the 2016 earthquake and the COVID-19 global pandemic.

The Council also seeks assistance from specialist agencies and organisations in the wider Canterbury region, such as Enterprise North Canterbury and Christchurch NZ.

The economic development activity provides information resources, as well as Council support, resources and funding for events and projects which assist economic development in the district.

The scale of the support and assistance to economic development projects and activities is relative to the funding available for this activity – for year one, we propose $80,000 (including $50,000 to the Whale Trail). The nature of projects funded will therefore vary from year-to-year dependent on prioritisation.

Major Issues in the 10-Year period

Having recovered from the 2016 earthquake, the economic recovery post COVID-19 will be potentially the most significant issue for the community in the early years of the Plan.

What we're working towards

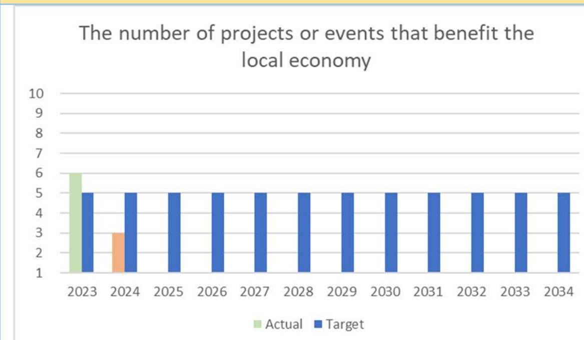
We seek to work with local businesses and event organisers to utilise the discretionary economic development resources to assist recovery and development of the local economy.

How it's funded

This activity is currently funded through a combination of general rates and targeted commercial rates. Council staff explore opportunities for external grants and sharing of resources and costs wherever possible.

How we measure our progress to achieving the Community Outcomes:

Community Outcome	How does Economic Development contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	Our Economic Development activity, in addition to other Council activities, assists business and employment initiatives in the district with specific projects, information and other support, such as marketing and events.	Work with local and regional economic development agencies, and the local community and businesses to identify and support projects and activities that Council involvement can provide additional value for money benefits.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
The Council provides staff, resources, and information, including specific funding towards projects and activities benefitting economic development.	The Council is recognised as contributing to events or projects to inform or assist economic development, over and above the Council's contributions via infrastructure, district planning or tourism.	The discretionary funding allocated through this activity assists with events and other projects benefitting the local economy. Target 5 or more projects or events per annum.	

* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

Forecast funding impact statement for financial years ended 30 June 2024 to 2034: District development

	2024 ($000) Year -1	2025 ($000) Year 1	2026 ($000) Year 2	2027 ($000) Year 3	2028 ($000) Year 4	2029 ($000) Year 5	2030 ($000) Year 6	2031 ($000) Year 7	2032 ($000) Year 8	2033 ($000) Year 9	2034 ($000) Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	160	147	176	220	260	279	286	290	296	302	306
Targeted rates	454	554	652	854	922	999	944	992	1,049	1,088	1,133
Subsidies & grants for operating purposes	50	-	-	-	-	-	-	-	-	-	-
Fees and charges	45	102	12	12	12	12	12	12	2	12	12
Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Fuel tax, fines & other revenue	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	709	803	839	1,086	1,194	1,291	1,242	1,294	1,347	1,402	1,451
Application of operating funding											
Payments to staff and suppliers	730	870	880	1,106	1,212	1,273	1,207	1,250	1,274	1,297	1,279
Finance costs	4	14	23	31	41	50	59	68	76	84	111
Internal charges & overheads applied	129	154	168	171	175	178	186	182	187	193	194
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	864	1,038	1,071	1,308	1,429	1,501	1,452	1,499	1,537	1,574	1,584
Surplus (deficit) operating funding (A – B)	(155)	(236)	(231)	(222)	(234)	(210)	(210)	(206)	(191)	(172)	(133)
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	155	236	231	222	234	210	210	206	191	172	133
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	155	236	231	222	234	210	210	206	191	172	133
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- To improve level of service	-	-	-	-	-	-	-	-	-	-	-
- To replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	-	-	-	-	-	-	-	-	-	-
Surplus (deficit) of capital funding (C – D)	155	236	231	222	234	210	210	206	191	172	133
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Part Three

Strategies & Policies

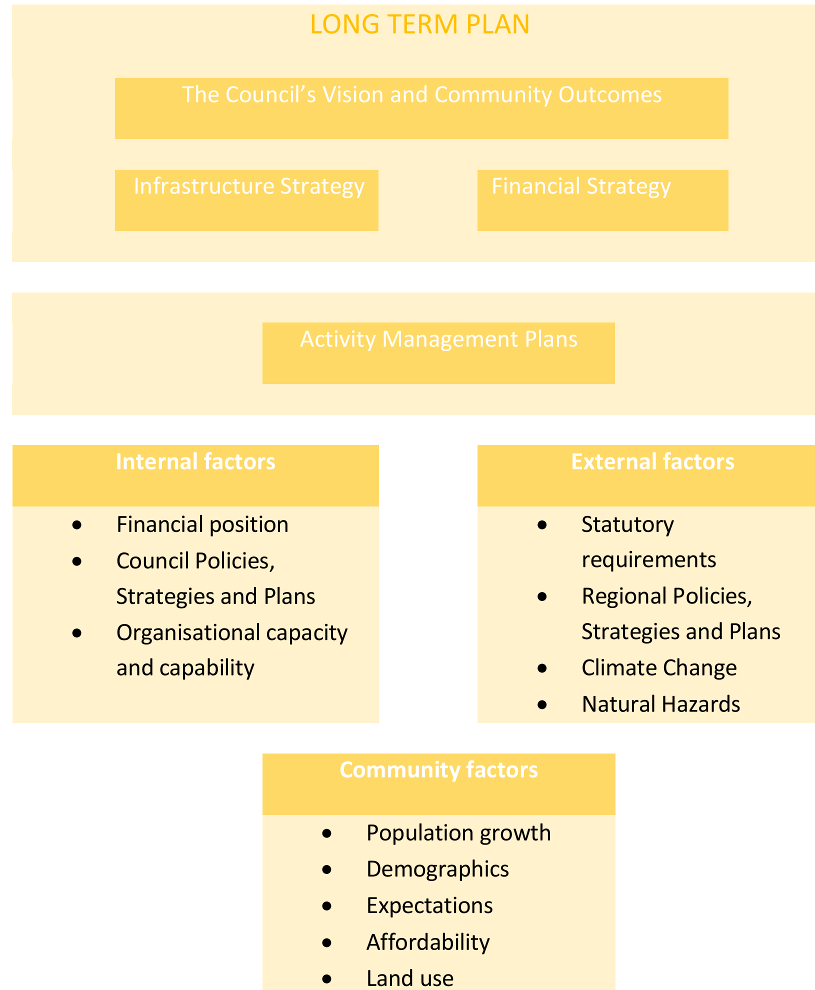
Part three of the Kaikōura District Council's Long-Term Plan 2024-2034

KAIKŌURA
DISTRICT COUNCIL

Contents

Introduction

So as to achieve the Council's community outcomes and provide services that meet the community's needs and expectations, the Council prepares integrated strategies, plans and policies to help move the district forward.



Integration with other strategies and context

The Financial Strategy and the Infrastructure Strategy are key 'pillar' documents in the Long-Term Plan. These two documents together support the Council's vision and community outcomes, and collectively form the basis of the Council's Long-Term Plan.

Both the Financial Strategy and the Infrastructure Strategy are informed by the Council's activity management plans and other asset information. While the Council has prepared a Roading activity management plan, the management plans for water supplies, wastewater, and stormwater systems have been drafted and are subject to independent review. In the absence of finalised management plans for those activities, contracts with service providers and various information about Council's assets (such as asset revaluation reports) have informed our pillar strategies.

Revenue & Financing Policy

This policy reflects the Council's decisions about how each of our activities are funded. These decisions have been made following consideration of who benefits from those activities, and who causes the need for some activities (such as the Council must provide a dog registration service for dog owners). The outcome of this policy then in turn sets the guidelines for the Council's rating system.

Significance & Engagement Policy

This is the policy that sets out how the Council will consult or engage with our community. It guides the Council through a framework to assess the significance of any issue, and then to decide how to consult and with whom.

Treasury Policy

This Policy incorporates the Liability Management Policy and the Investment Policy. It supports the strategic direction of the Financial Strategy, by ensuring that the Council's borrowing is well-managed. It also guides the Council's decisions on its investments, such as forestry, property holdings, and equity shares.

Development Contributions Policy

This policy sets out the framework for the Council to ensure the cost of increasing infrastructural capacity to meet the demands of growth (new subdivisions or new commercial or industrial activity, for example) is met by those developments rather than existing ratepayers.

Rate Remissions & Postponement Policy

This policy sets out the Council's position as to the circumstances where we will provide for the remission of rates, including rates penalties. This policy includes the Council's policies on the remission and postponement of rates on Māori freehold land.

Statement of Accounting Policy

The Council's financial statements are prepared in compliance with generally accepted accounting practice and comply with financial reporting standards. This policy states how we apply these standards.

Financial Strategy

Policy status:	Adopted
Review due:	By 30 June 2027
Legal reference:	Local Government Act 2002 Section 101A Schedule 10, Part 1, Section 9

Purpose of the Financial Strategy

The Financial Strategy sets out how the Council plans to finance its overall operations for the next ten years, and the impact on rates, debt, and levels of service. The Strategy guides the Council's funding decisions and, along with the Infrastructure Strategy, informs the capital and operational spending for the Long-Term Plan 2024-2034 (the LTP).

Executive Summary

For the first three years of the LTP, the Council will focus on finishing what we started, most notably to improve the overall condition of essential assets, such as roads, footpaths, water supplies, and wastewater systems. We will also ensure that the services we provide are appropriate for a community of our size, fit for purpose, and comply with legislation.

In doing so, affordability is our greatest challenge, and we are committed to ensuring that rates are the last option as a funding source. User pays, external funding, and debt will be sourced wherever these are more appropriate.

This LTP 2024-2034 confirms the direction of the last (the LTP 2021-2031), except that – due to high inflation on costs that particularly impact the local government sector – it now costs around 20% more to provide similar levels of service as before. Significant cost drivers include materials and contract prices for roads, the cost to renew pipes, pumps and water-wastewater infrastructure, insurance premiums, audit fees, and more stringent legislative compliance requirements particularly in relation to drinking water.

Fortunately, our Infrastructure Strategy confirms that our asset renewal profile is relatively flat for a very long period – more than 30 years – during which the required renewals will be less than depreciation for certain assets. This is especially true for water, wastewater, and stormwater assets, largely due to the significant rebuild work following the 2016 earthquake.

As signalled in the last LTP, however, there is a significant backlog of renewal work for local roads, which had a low level of service pre-quake due to a 'do minimum' approach in the interests of rates affordability. This Financial Strategy (subject to public consultation) proposes to continue the catchup of deferred roading renewal work, with an accelerated programme of road rehabilitation, sealing and drainage works.

The overall direction of this Financial Strategy is to face up to the true cost of the Council's activities and services, and to meet those costs prudently and according to factors such as the lifespan of assets, availability of external funds, and appropriateness of user fees & charges.

The Financial Strategy has the following overall financial boundaries:

- External borrowings are capped at $15 million,
- Our annual loan interest expense will be no more than 10% of total revenue (and likely to be less than 5% in reality),
- Rates increases are capped at no more than 15% in year one, 10% in years two to four, and the Local Government Cost Index (LGCI) +3% thereafter (excluding growth)
- Rates income does not exceed $12.5 million per annum in years 1-3, $14.5 million in years 4-6, $15.0 million in years 7-9, and $15.5 million in year 10. The reason for the stepped approach is the LTP is reviewed every three years, and this approach provides for known funding

requirements and growth expectations within each of those three-year periods.

Unbalanced budget and non-funding of depreciation

The first two years of this LTP show we expect to generate operating surpluses, but that we are planning for operating deficits for the remainder of the ten years. This is because, once the incoming grants and subsidies for roading, Wakatu Quay, and other capital projects have been applied, the deficits in the remaining years are attributable to depreciation expense. The Council has made the conscious and informed decision not to fully fund depreciation. To do so would mean levying rates from today's ratepayers to pay for capital renewal work that will be done in the future.

With such low levels of capital renewal work required within the next ten years (and no major work until 2050), to require rates to cover depreciation would result in the Council accumulating significant cash reserves from unspent rates. Instead, those future renewals could be funded by loans when they are needed, and rates would then cover the loan and interest costs over time and only once the ratepaying community gets the benefit of the renewed assets. Further, it is conceivable that external grants or subsidies could become available in the future such as occurred with the government stimulus packages and changes in criteria for funding roads and footpaths from NZTA.

The Council considers it is prudent and sustainable, therefore, to provide for these operating deficits in years 2027 to 2034 due to the decision not to fully fund depreciation. This is referred to as an unbalanced budget because revenue does not cover all operating expenses.

Introduction

For the last eight years (since the earthquake of November 2016), the Kaikōura district's economy, our community, and the level of service the Council has provided, has been turned on its head. Our communities and businesses have suffered total isolation from the earthquake damage to road and rail, followed by disruption of rebuild, then the COVID pandemic hit the global economy with an almost total loss of international tourism, and now in 2024, New Zealand suffers from the effects of supply chain disruption, global political tension and war, interest rate increases, inflation pressures, and a cost-of-living crisis.

Notwithstanding this, Kaikōura's summer of 2023/2024 was "absolutely pumping" with the township seen to be the busiest it has been for years. Visitors are back in strong numbers, with more cruise ships stopping than ever before, the new Sudima Hotel now established, and bus services including two-night package stays in Kaikōura. Tourist operators and hospitality outlets are hopefully finally getting the reprieve they have so desperately needed.

Alongside the return of tourism, the Council has been strengthening its level of service to the community, both in terms of building up its internal capability and improving its customer experience. Several projects have been completed or are underway, that will invigorate economic investment and community wellbeing. Those projects include the Link Pathway, the Kaikoura Aquatic Centre, the Wakatu Quay development, the proposed new Hot Pools, the new waste transfer station, road and footpath improvements, and better treatment systems for drinking water and wastewater. Much of this capital work has been completed with grant funding from the likes of NZTA (Waka Kotahi), the Provincial Growth Fund (Kanoa) and the government's three-waters stimulus fund.

Whilst most of those projects are now complete, three projects continue to dominate the Council's focus in the initial years of this LTP and have the potential to significantly impact the Council's financial performance and position.

Not least of these is the $13.6 million rebuild of the Glen Alton bridge over the Clarence (Waiau-Toa) River, destroyed by the 2016 earthquake, the replacement of the bridge is subject to ongoing opposition from the Rūnanga which threatens to undermine the Council's ability to obtain the necessary resource consents and secure its 95% NZTA funding before that subsidy is lost.

Secondly, the withdrawal of a potential co-funder for the Wakatu Quay hospitality, tourism, and retail development has resulted in the Council going alone, and probably reducing the scope from five buildings to just one or two.

Thirdly, the Council proposes (subject to public feedback), to continue its accelerated road renewal and footpath improvement programmes, which collectively represent a more than $2 million increase in annual spend over pre-quake levels. This level of spend is needed to address the backlog in under investment in roads and footpaths in the decade preceding the earthquake.

Purpose of the Financial strategy

Section 101A of the Local Government Act (2002) states:

101A Financial strategy

(1) A local authority must, as part of its long-term plan, prepare and adopt a financial strategy for all of the consecutive financial years covered by the long-term plan.

(2) The purpose of the financial strategy is to—

- (a) facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- (b) provide a context for consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments.

This Financial Strategy is a cornerstone to the Council achieving its goal of providing quality services and improving the condition of assets without placing unnecessary burden on ratepayers. It outlines the key financial parameters and limits that the Council will operate within. This strategy focuses on meeting the true cost of services, applying user fees as appropriate, and making best use of debt as a funding tool where this is fiscally responsible.

It is the Council's view that this financial strategy is prudent and sustainable. In putting this strategy together, the Council grappled with significant increases in costs faced by the local government sector. The outcome is that there is a new baseline of costs that must be met by increased rates, user fees, and borrowing.

The Financial Strategy is strongly influenced by its associated Infrastructure Strategy and is best described as "enhanced business as usual".

Infrastructure Strategy

The Infrastructure Strategy 2024-2034 highlights two significant influences on this Financial Strategy.

Firstly, since the 2016 earthquake close to $1 billion has been spent to repair or renew sections of State Highway roads, bridges, and rail networks in the district. Over $40 million has been spent on similar remedial works to roads, three-waters assets, and other facilities owned by the Council. These rebuild projects have been very helpful in that the assets that suffered the most damage were those that were most fragile in terms of their age or other deficiency. Almost all the asset renewals that would have been required within the next 20-30 years have, effectively, already been replaced.

Secondly, prior to the earthquake the Council had the foresight to increase the capacity of its critical assets, such as water reservoirs, wastewater pump stations and treatment ponds, to accommodate a peak population of up to 7,500 people. As a result, there are few growth-related capital projects for at least the next ten years.

The major costs identified in the Infrastructure Strategy are the backlog in road renewals, drainage improvements to mitigate the impacts of climate change, and the improvements to drinking water and wastewater treatment systems to meet legal requirements and national standards.

This Financial Strategy serves to enable all the projects identified in the Infrastructure Strategy, but where some of the projects have peaks and troughs in their renewal profile, this financial strategy smooths the cost of those projects, especially in the years beyond year 3 (2028).

Financial & Corporate Sustainability Review

In 2018 the Department of Internal Affairs, initiated a review into the long term financial and corporate sustainability of the Kaikōura District Council, largely seeking assurance of the capacity and capabilities of the Council given the substantial government funding assistance that was needed following the Kaikōura earthquake.

Since the review concluded in 2020, the long-term infrastructure requirements and financial projections of Council have become clearer. Other than the identified backlog of roading expenditure, the infrastructure renewal profiles for the future are such that it may be over 30 years before any significant renewal projects are required. The resulting rates and debt projections are far better, and far more affordable, than those envisaged from the FCS project.

The Council considers that the Kaikōura District Council is financially sustainable for the foreseeable future, and that our debt levels, the condition of our core assets, and our knowledge about those assets puts the district in the best position it has ever been in. Corporate sustainability is challenging to maintain, however, with staff recruitment and retention, and inflationary cost pressures such that Council services and compliance will continue to be delivered on a no-frills basis.

Principles

The Financial Strategy has been based on the following foundation principles:

1. Council activities are affordable for the community, and fit for purpose,
2. Debt (both external and internal) is used as a funding tool where this is appropriate, and surplus cash is either used to repay debt, to invest in activities that generate a return, or to lessen overall costs to ratepayers,
3. Users meet the cost of services when the benefits of those services are available to be enjoyed by an identifiable group of users (the user pays principle),
4. Rates are the last option as a revenue stream.

Strategic goals

This Financial Strategy aims to plan for our community to be in the position by 2034, where:

- Our levels of service meet the expectations of our communities,
- Our assets are upgraded, renewed, and maintained as appropriate,
- There is capacity for growth, and investment is enabled in the district,
- Our services and activities meet legislative standards as a minimum,
- Our internal processes are efficient and effective,
- Our Infrastructure Strategy projects have been completed,
- Our consented activities comply with their conditions.

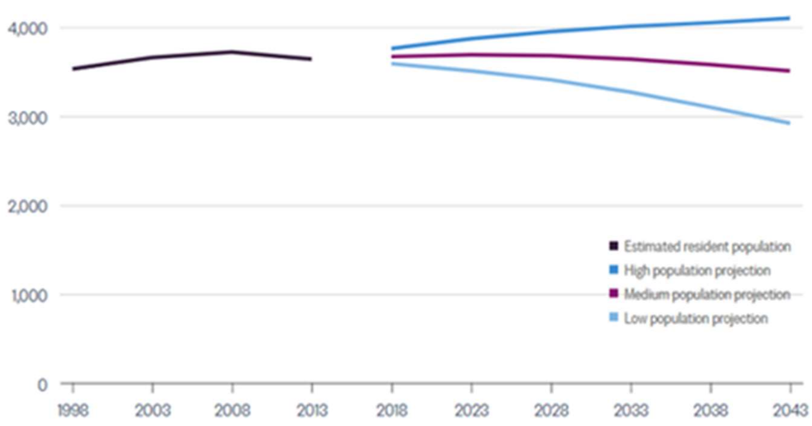
Context and strategic issues

The purpose of the Financial Strategy is to enable the Council to plan for anticipated future changes to our district's population and land uses, noting our context in terms of climate change and natural hazards, and other contextual issues. This Strategy will guide the Council's future funding decisions, and along with the Infrastructure Strategy, informs the capital and operational spending for the Long-Term Plan 2024-2034.

We have planned for ongoing renewal of our assets and to respond to anticipated demographic trends in our Infrastructure Strategy, whilst at the same time remaining within the rates and debt limits set out in this Financial Strategy.

Changes in population

Statistics NZ released its population growth projections in 2018, per the graph below, which shows the medium projection for resident population is a decrease at an average rate of around 0.4% per annum. This trend is however so weak that even relatively modest changes in a broad range of factors influencing growth could cause significant deviation from it.



Source: Statistics New Zealand population growth projections (Kaikōura)

Much has changed since these population growth projections were prepared in 2018. Since then, the earthquake rebuild has been completed, there are new developments in and around the township, including the 120-room Sudima Hotel, the new business park will attract light industry, and areas for residential expansion have been (or will be) enabled at the business park as well as at the Vicarage Views, Ocean Ridge, and Seaview subdivisions.

We anticipate that population will grow at 1.5% annually as a result of the above developments, and that there will be close to 300 new lots created within the next 10 years, the majority of which will be in Vicarage Views and Ocean Ridge. We expect, however, that 1/3rd of residential properties will not be permanently occupied, as the trend continues for houses to be owned by ratepayers living outside the district (holiday homes).

We anticipate the demographics within our resident population to change over time. Our demographic statistics show we have an aging population, and we are likely to see people living longer, living relatively active lives for much longer than before, and holiday homeowners relocating to Kaikōura to enjoy our relaxed lifestyle in retirement. For as long as there is no specialist aged care facility, however, we expect that those with higher needs will by necessity have to move to another district.

Notwithstanding this, we also acknowledge that new residential development, and being a community that bases much of our economy on tourism which brings with it vibrancy and energy, Kaikoura can attract younger families as well as vibrant entrepreneurs to establish new business offerings.

In summary, we do expect an increase in our usually resident population in the 2024-2034 period of this LTP, as urban expansion frees up areas for more housing, and there are likely to be subtle changes to our demographic profiles.

The cost of providing for changes in population

The expected small increase in population should not, by itself, create any additional demand on Council services that we do not already have capacity for. Instead, our ageing population raises concerns about rates affordability, particularly amongst those with lower, fixed incomes such as pensions. Similarly, a reliance on tourism means we have many hospitality businesses with seasonal peaks and troughs, and lower than average incomes for staff.

Overall, any people-related costs would be nominal, and offset by there being more individual incomes circulating in the local economy, more users of Council services, and more people using state-funded services such as schools and the hospital, thereby presumably attracting more government funding to the district.

Any real increase in growth-related costs would be associated with the urban expansion occurring at Vicarage Views and Ocean Ridge. These subdivisions collectively represent an additional 400 new residential sections, each of which will require connection to Council-owned water and wastewater services. While the cost of installing these services is being met by the developer and the government's Infrastructure Acceleration Fund (the IAF), our Infrastructure Strategy has identified that the current urban water source is likely to require extending to the Ludstone Road, Green Lane area and as far as Ocean Ridge to ensure these suburbs continue to enjoy a secure water supply with capacity to serve an enlarged urban area. Similarly, wastewater pump stations are likely to need upgrading to pump more sewage from those areas to Mill Road and to the wastewater treatment plant. An application has been made to the IAF for additional support, yet to be confirmed.

Natural hazards & emergency events

The Kaikōura district, like much of New Zealand, is subject to natural hazards. The November 2016 earthquake reminded us that we live in a tectonically active zone. The quake itself exposed 105km of fault rupture within the district and resulted in new faults being identified. There were several positive effects which resulted from the earthquake. For example, the Kaikōura Peninsula rose over one metre in uplift, with greater uplift elsewhere in the district, alleviating concerns about sea-level rise, eliminating the need for beach renourishment and coastal protection work in the medium term.

Other positives include the science and research which followed, which enabled the Council to obtain up to date information about our natural hazards. We now have more detailed information about the active faults within our district, and this has allowed for the identification of fault avoidance and awareness overlays. Our understanding of liquefication has improved and we can now meet the Ministry of Business Employment and Innovation (MBIE) guidance, 'Planning and engineering guidance for potentially liquefaction prone land'. New LiDAR information has allowed for more accurate modelling of potential flooding. Research undertaken by GNS science supported by the Endeavour Fund has allowed areas subject to potential debris inundations (landsides and debris flows) to be identified.

To ensure the future development of our community is more resilient, Council planning staff successfully used this new natural hazard information to complete a natural hazards plan change for the Kaikōura District Plan.

The cost of providing for natural hazards & emergency events

Much of the costs involved with gathering information on our natural hazards has already been done, in so far as fault lines, liquefaction, debris flows and flood modelling. As discussed above, the cost of beach renourishment and coastal protection has been eliminated from Council budgets for the foreseeable future.

The Council has established a Roading Emergency Work fund that may be called on immediately following a flood or similar event that damages local roads and bridges. The fund is relatively small (approximately $200k) however the Council has committed to adding $70k per annum from 2026 onwards to keep the fund topped up to meet the immediate cost of a minor event. It is assumed that emergency subsidies would be available from Waka Kotahi (NZTA) to offset some of the costs of a larger event, as well as other Council sources of funding.

The Council has already introduced the Earthquake Levy, a targeted rate at a set dollar amount per rateable property, which is used to repay earthquake-related loans in the first instance, and then once those loans are repaid, the Levy will start to build an Emergency Events reserve fund.

The opportunity cost of creating fiscal buffers (or emergency reserves) can be significant, because accumulating buffers implies forgoing other rates funded expenditure geared toward better levels of service and spend on asset resilience. Therefore, rather than relying solely on emergency cash reserves, Waka Kotahi (NZTA), and the earthquake levy, the Council keeps at least $2 million in borrowing headroom, by keeping well within our self-imposed borrowing limits as well as the Local Government Funding Agency (LGFA) covenants so that we have access to at least $2 million at short notice for any kind of emergency or unforeseen event.

Climate change

The Council has a moral and a legal responsibility to incorporate Climate Change response into its day-to-day business and decision making. It is important that the Council aligns its activities to reduce carbon emissions across all its areas of influence and creates the conditions for a low-carbon economy that is smart and innovative and can meet or exceed the targets set within the Climate Change Response (Zero Carbon) Amendment Act 2019.

The Council has long been a supporter of greenhouse gas reduction, through various initiatives such as solar-powered streetlights in low density areas, our past benchmarking achievements in the Earthcheck programme, and more recently our installation of an electric vehicle fast-charger in the West End.

We are fortunate that the Council does not have any activities or services that are linked to high carbon emission, such as use of coal or fossil fuels for heating. In August 2022, we closed our landfill and commenced transporting solid waste to Kate Valley. Solid waste is no longer stored in open landfill cells where it produces greenhouse gasses, and the cost of carbon emissions is paid to the Kate Valley operation on a per tonne basis. The Council has therefore applied to the Environmental Protection Agency (the EPA) for a ruling that it is no longer obliged to purchase carbon credit and surrender them to the Government through the Emissions Trading Scheme (the ETS). That ruling is still pending.

As disastrously demonstrated by Cyclone Gabrielle in the North Island in 2023, and the multiple rain events in the Buller region on the West Coast, Ashburton area, Queenstown Lakes and the Dunedin coast, severe weather events are becoming more prevalent – and these events may include flooding, severe winds, damaging hail, storm surges, as well as high temperatures causing fires and droughts.

The cost of providing for climate change

While most of the damage from these events is to privately owned assets, where the responsibility falls to landowners and their insurers, the Council has a responsibility to mitigate the damage caused by these events. One of the most effective ways to do this is to increase the capacity of roadside drainage and stormwater systems, and to undertake regular clearing of these systems to ensure high rainfall events do not result in overflows or damage to roads and properties.

The Council has committed to spending up to $155k in upgrading drainage works and increasing its road drainage and environmental maintenance budget by more than $200k to address this issue, and this is one of the main reasons for the large rates increase in year one of this LTP.

The Council does not consider that events such as drought, fire, windstorms, or hail, can be mitigated through infrastructure work, but that instead the Council may be called upon for financial assistance through mechanisms such as rates relief or the Mayoral Fund. The Council plays a key role in community recovery in large events.

Changes in land use

Commercial activity

The 4.5-star Kaikōura Sudima Hotel opened in October 2022. This 120-room waterfront hotel includes conference facilities, a bar and restaurant, and is a welcome addition to the accommodations on offer for visitors. The Sudima has already secured bus tour packages providing two-night stays, which means more visitors are staying for longer in the township, and spending on activities, local hospitality, and retail. In the future the hotel may broaden its offering, to attract a new conferences and events market for Kaikōura.

In 2021 the Council was granted $10.88 million from the Provincial Growth Fund (now Kanoa) – up to $9.88M to develop Wakatu Quay, and up to $1M for a feasibility study on how South Bay Harbour could be developed. The South Bay study is now complete, however the development vision suggested not less than $30 million would be required to provide for all expectations, which will require significant external funding support. The vision for Wakatu Quay is to create a vibrant mixed-use space with cultural, tourism and community aspects incorporated in its design. A separate consultation process took place with the community, with road access proving to be one of the key issues for property owners in the area. A potential funding partner had been found for the project; they withdrew their interest in 2022 however, due to increased costs of construction and their need to focus on projects they already had in progress.

The project itself had been managed to date (early 2024) by the Kaikōura Marine Development Governance Group, which functioned independently from the Council. That Group has now been disestablished and the project brought inhouse. With the Council now likely to go alone, the initial phase is likely to be limited to one – or maybe two – buildings, with the Council committing $800k in loans to complete. Whatever the final design, the intention is that this will become an iconic facility that enhances economic development, creates sustainable jobs, and boosts social inclusion.

A private developer has lodged a plan change with the Council to enable a business park near the corner of State Highway One and the Kaikōura Inland Rd, surrounded by a 21-lot subdivision (19 of which are residential). This idea has been discussed with the Council before, but this time the developer is making significant progress, with all of the residential lots already sold and with interest from businesses considering relocating to the development.

Rural land use

Changes in activities in rural areas, such as dairying and subdivisions, can have a large impact on resources (especially water) and impact the size and volume of traffic on our local roads. The Vicarage Views and Ocean Ridge expansion is a significant increase in residential sections and will enable residents of Ocean Ridge and Green Lane to stay off the state highway to access the township, especially to go to the High School. The urbanisation of these areas, such as connecting to Council water and/or wastewater services, will trigger a change to the boundary of the urban area for rating purposes.

Other than these subdivisions in progress, contact made from other private developers suggest there could be more residential expansion to follow. Almost all of it is likely to be within 2kms of the urban area and may or may not occur within the next ten years.

The cost of providing for changes in land use

The cost of changes in land use will be met by the developer/landowner, particularly for any future commercial and residential developments. The Council's Development Contributions Policy requires a contribution from every additional housing equivalent unit (HEU) to contribute to the cost of growth-related infrastructure projects. However, because there are few growth projects required in the next ten years, the dollar value of the contributions themselves are quite small.

The Kaikōura District Plan is the document that deals with land use zones and the restrictions or other control measures that apply to those zones. A Spatial Plan is currently underway, and the District Plan is subject to an ongoing review of its chapters, progressing over the next ten years. This rolling review will be funded by loans to help ease the burden on ratepayers.

Primary purpose for capital projects

The Council is required under the LGA to identify whether a capital project is intended to provide for growth or increased demand, to improve a level of service, or to renew existing assets. Only one (primary) purpose is to be selected regardless of whether the project could fit more than one of these definitions.

These definitions might be difficult to apply in practical terms, and so to clarify, an example of a capital project to meet the demands of growth might be construction of a new water reservoir, where more storage of water is required due to an increase in population. A project that is an increase to a level of service might be a new water treatment system to improve the quality of drinking water. Renewal of assets is easier to define, as it is the replacement of existing assets up to their as-new condition. The following two pages classify the Council's capital projects into these categories as required by the LGA.

NZTA subsidies for roads and footpaths

Due to the timing of when NZTA provide their Funding Assistance Rates (FAR) for roading works vs when we needed to develop our budgets for the LTP legislative requirements, we have had to make an assumption on the level of funding we will receive from NZTA. Based on previous experience we have assumed that approximately 80% of the proposed relevant works will be funded at 51%. We also assume that the replacement of the Glen Alton bridge will receive a subsidy of 95% for up to $13.65 million total cost of the project. Should the actual funding be less than this then we would need to either reduce the proposed scope of works or look to self-fund the difference subject to council approval. Any proposed approach will depend on the level of funding gap magnitude.

Providing for growth and increased demand

As discussed in this Financial Strategy, there is limited impact of increased demand placed on our essential services attributable to growth that is not already provided for within the design capacity of these essential assets.

The only growth-related projects we have identified in the budget forecasts are for:

- wastewater pump station overflow prevention
- prevention of stormwater infiltration to wastewater (South Bay)
- Wakatu Quay commercial, retail & hospitality development

The cost of providing for growth and increased demand

Group of activities	2024/2025 (,000s)	2025/2026 (,000s)	2026/2027 (,000s)	2027 - 2034 (,000s)
Capital projects to develop new or increase capacity of existing assets				
Roading	6,439	5,550	-	-
Water supplies	-	-	-	1,451
Wastewater	-	-	-	504
Stormwater	-	-	-	-
Refuse & Recycling	-	-	-	-
Facilities	3,891	3,091	-	98
	10,330	8,641	-	2,053

Improving levels of service

The Council's Infrastructure Strategy highlights projects that will improve on current levels of service, and these are listed in more detail in that Strategy.

The main projects are:

- the shared pathway, widened road and road extension to Ocean Ridge from Ludstone Road (the IAF project),
- roading safety improvements
- footpath upgrades and new footpaths
- Kincaid water treatment upgrades
- Closure of the landfill and further work on the waste transfer station
- Completion of the Link Pathway
- Establishment of a new water supply and wastewater treatment system for the airport

The cost of providing for improvements to levels of service

Group of activities	2024/2025 (,000s)	2025/2026 (,000s)	2026/2027 (,000s)	2027 - 2034 (,000s)
Capital projects to develop new or improve existing assets				
Roading	410	418	428	2,676
Water supplies	126	-	21	116
Wastewater	100	5	-	3
Stormwater	5	5	26	96
Refuse & recycling	400	197	-	-
Facilities	623	69	266	43
	1,664	694	741	2,934

Maintaining existing levels of service

The Council proposes to spend over $13 million renewing the roading network over the next 10 years (excluding the bridge and emergency resilience projects). This level of spend looks likely to be sustained in order to keep local roads to an appropriate standard. The Infrastructure Strategy notes that inadequate road renewals between 2010 and 2019 have created backlog, including a risk that adverse weather conditions could cause road surface failures. It is the Council's preference that the accumulated backlog be addressed within this LTP, which carries with it a moderate risk of road surface failure, but that this is able to be mitigated by the prioritisation of renewed sections of road. These projects will be funded by NZTA subsidies in the first instance, with the balance of the reseals backlog funded by loans, and the remainder funded by rates. The result is a significant increase in roading rates, and in loans, particularly in the first four years of this LTP.

Following the 2016 earthquake, much of our essential water and wastewater infrastructure has been rebuilt, leaving the Council in the enviable position of having a very low renewal profile for the next ten years. The only major renewal project that has been identified is the replacement of approximately 9km of asbestos cement (AC) main in the Kaikōura township that is currently theoretically near the end of its useful life. Fortunately, there is little evidence of any increased maintenance due to breaks or leaks, nor is there evidence of any other short-term risk. It is the Council's preference to progressively renew these AC mains over a 15-year period, basing priority on condition assessments and recent repair history.

Another significant renewal project is the replacement of the Glen Alton bridge over the Clarence (Waiau-Toa) River, which failed during the 2016 earthquake, resulting in a loss of all-weather access for around 15 people in the Clarence Valley. The only solution that Waka Kotahi (NZTA) has agreed to fund is construction of a new bridge downstream with an engineered ford over the old river channel and associated work to protect connecting roads. This $13.6 million project is to be 95% funded by NZTA, but while this is the only solution that NZTA have confirmed they will fund, it remains uncertain due to strong opposition from the Runanga. The project is reflected in the LTP budgets but at the time of writing, these issues remain unresolved.

The Puhi Puhi and Blue Duck Valley Roads require significant emergency resilience works to prevent further damage from flooding and rainfall events. Our Infrastructure Strategy and this Financial Strategy assume that this work has been completed prior to the start of this LTP period.

The cost of renewal and replacement of existing assets

Group of activities	2024/2025 (,000s)	2025/2026 (,000s)	2026/2027 (,000s)	2027 - 2034 (,000s)
Capital projects to renew or replace existing assets				
Roading	3,603	10,010	2,772	8,085
Water supplies	213	379	600	5,070
Wastewater	379	283	328	2,928
Stormwater	5	5	5	41
Refuse & recycling	0	0	59	11
Facilities	612	101	170	1,070
Other	93	126	97	952
	4,905	10,904	4,031	18,157

Other assets in the above table include library books, office furniture, computer hardware, software, equipment, plant, and vehicles.

Limits on rates and debt

The Local Government Act requires the Council to set quantified limits on rates, rate increases, and borrowing. These caps are useful for agreeing with the community the boundaries to the Council's financial envelope and provides some certainty on rates and debt levels.

The district faced large rates increases in the years immediately following the earthquake to enable the rebuild to be completed and to step up into our new normal. When the COVID-19 pandemic hit in early 2020, the Council heavily moderated the rates increase down to 4.0% for 2021 (instead of the planned 10%). Further moderations have occurred in the last few years to smooth the impact of cost increases, using reserves and debt, as the local economy continued to suffer from border restrictions for visitors.

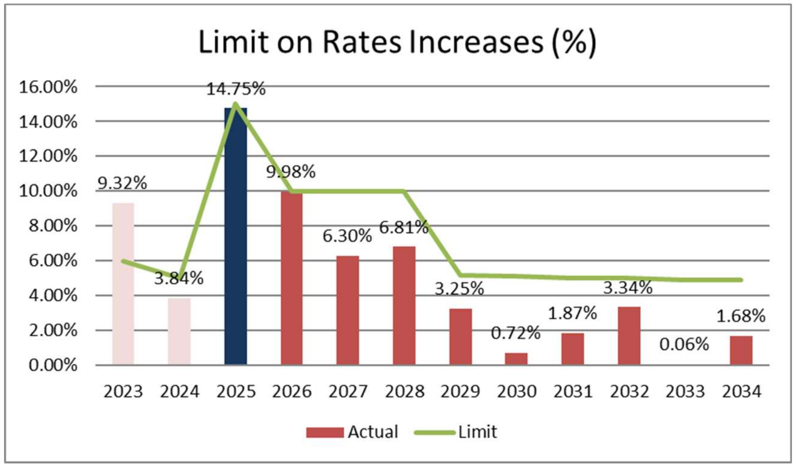
Now in 2024, the Council needs to face up to the true cost of services, which have continued to escalate, and with global tensions and supply disruptions, cost pressures have intensified. We estimate that the base cost of operations has increased more than 20% within the last two years, without making any improvements to the level of service we provide.

Roading is a significant driver for these increases and comes at a time that the Council has committed to dealing with an accumulated backlog of road repairs and renewals. Alongside this, the Council has committed to increasing spend on drainage renewals and maintenance, because heavy rainfall events have the potential to scour out roads, damage bridges, and cause flooding to properties.

Another significant driver for cost increases is the difficulty the Council faces in attracting suitably qualified personnel to the district, like building inspectors, asset managers, accountants, and planners. This forces the Council to rely on external resources – consultants and contractors – which come at greater cost.

Limit on rates increases

The Council has capped its total annual rates requirement increases to 15% for the 2025 financial year (including targeted rates by water meter). This is the largest rates increase the district has ever faced. Following the rates review conducted during the 2024 financial year, the incidence of rates across the district has also changed somewhat, such as a new fixed rate and new differentials for roading, and so the increase in rates for individual properties could be either above or below the 15% (the 15% is the increase in total rates revenue that the Council needs to operate).



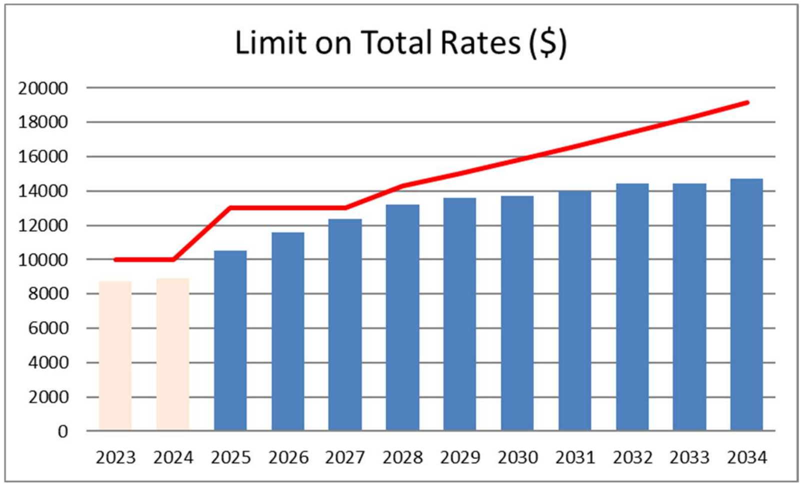
The main factors contributing to the rates increase are;

- Roading renewals and maintenance,
- Challenges recruiting qualified staff forcing use of external resources,
- Increased insurance premiums, professional services, and audit fees,
- Special reserves that offset rates requirements in the past are now depleted.

The Council is also signalling that rates increases in the years 2026 through to 2028 continue to trend at high levels because of ramping up of the District Plan review work, plus the timing of several capital projects, and has capped increases at no more than 10% for those years accordingly. The Local Government Cost Index (LGCI) +3% applies to the remaining years 2029 to 2034.

Limit on total rates

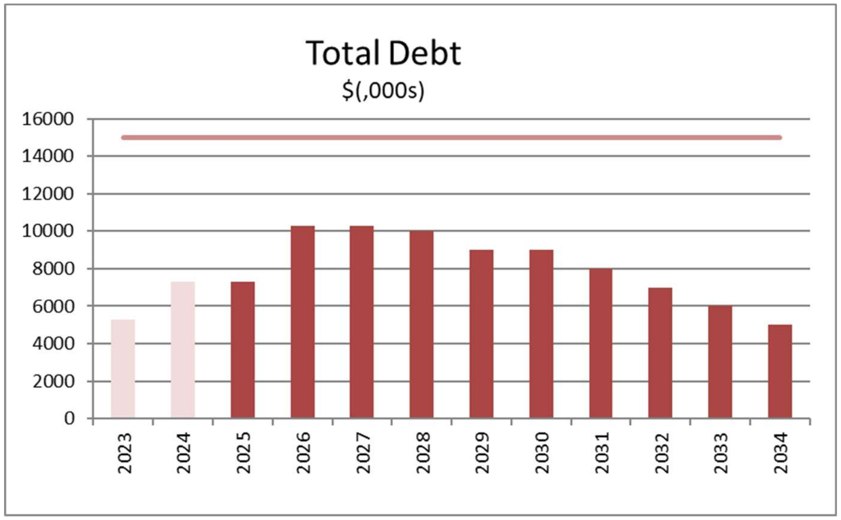
Whereas the above graph depicts our limit on rates increases (as an annual percentage) the following graph shows that rates will be no more than $13 million in the first three years of the Long-Term Plan (years 2025 to 2027).



The remaining seven years are then limited by the LGCI +3% limit out to the 2034 financial year.

Limit on total debt

The Council has set a self-imposed limit on our total borrowings of $15 million in today's dollars. At this level, forecast interest expenses would remain less than 10% of total revenue even if interest rates rose to 8% (which at this stage seems extremely unlikely).



Total borrowings (or debt) increase by $3 million from 2025 to 2026, where the Council is borrowing to deal with the backlog of roading reseals, pavement rehabilitation and footpath upgrades, as well as Wakatu Quay, completing the waste transfer station, the District Plan reviews, and implementing a new core software system. Borrowing reaches a peak in 2026 and 2027 of $10.3 million and then starts to gradually fall as past loans are repaid.

The above assumes that the Council will use available cash rather than borrow, to reduce the cost of loan servicing.

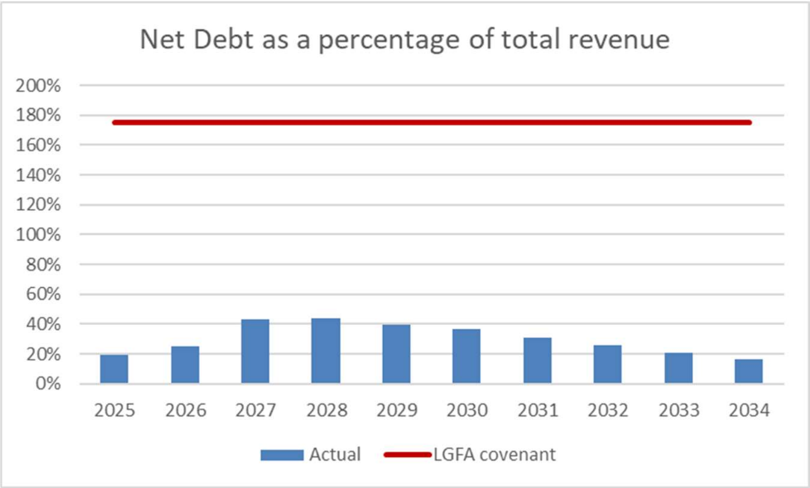
The Local Government Funding Agency (LGFA) stipulates its financial covenants. If the Council were to exceed the covenant limits, the cost of borrowing could increase significantly, and the LGFA may even refuse to lend funds.

LGFA's covenants are that:

- Net debt does not exceed 175% of total revenue, and
- Net interest does not exceed 20% of total revenue, and
- Net interest does not exceed 25% of total rates income, and

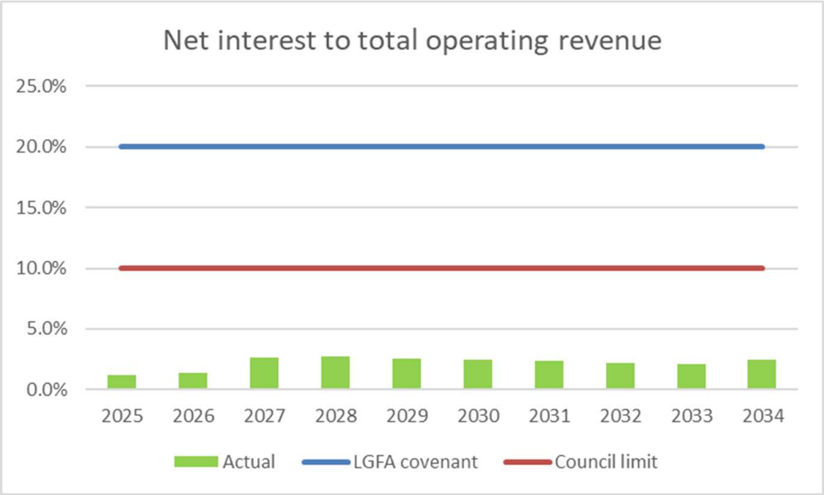
- Liquidity is not less than 110%

The Council has self-imposed caps that are more stringent than those of LGFA. The following graphs highlight the extent to which we are within LGFA limits.



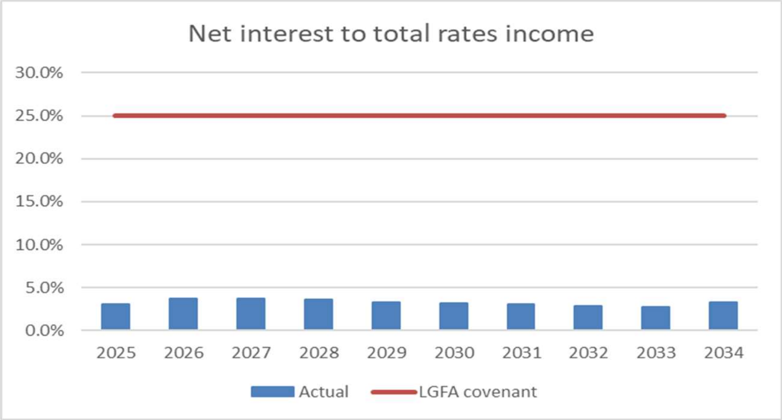
LGFA covenant: net debt does not exceed 175% of total revenue

Net debt is the total borrowings less cash & cash equivalents and other financial assets/cash investments. The Council reaches a peak of 44% in 2028.



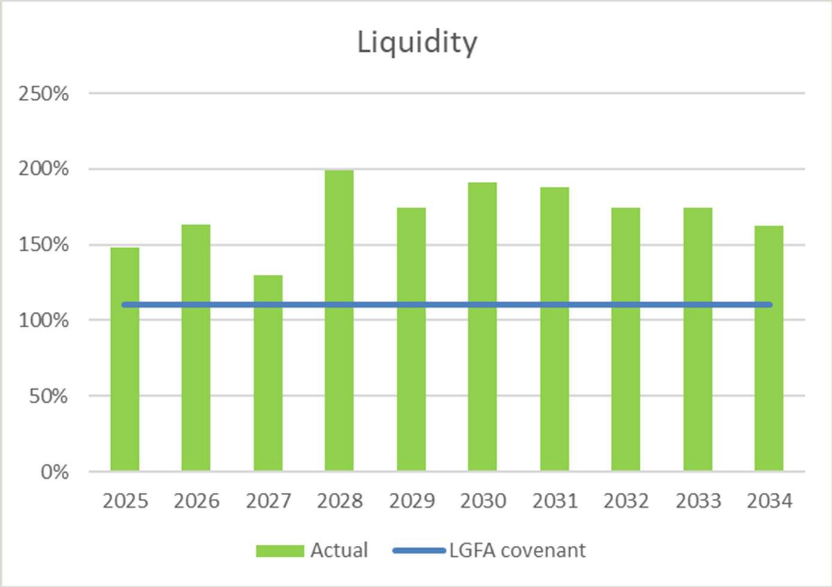
LGFA covenant: net interest does not exceed 20% of total revenue

The Council is currently forecasting that net interest will not exceed 3% of total revenue in the ten years of this LTP.



LGFA covenant: net interest does not exceed 25% of total rates income

The Council is currently forecasting that net interest will not exceed 5% of total rates income in the ten years of this LTP.



LGFA covenant: liquidity is not less than 110%.

Liquidity is calculated as cash, cash equivalents, financial assets, and unused loan facilities (assets that can easily be converted into cash), divided by payables due within the 12-month period (including loan principal).

If the Council were ever to fall below the 110% requirement, the Council would apply for additional borrowing facilities from a bank. It is unlikely, however, that the facility would ever be drawn on – its purpose would be simply to meet this liquidity covenant.

The above graphs show that borrowing will be well within the Council's self-imposed limit as well as the LGFA covenants and highlights the extent of borrowing headroom that is available for emergency events.

Asset sales

The Council aims to sell properties that are not part of the Council's normal business operations and that do not generate a return to the community. Properties that might be considered for sale include closed roads, esplanade reserves and unused/unoccupied land. Once sold, the proceeds from sale will be used at the Council's full discretion, which might be to repay debt, or be set aside for future asset purchases. The Council could use these proceeds to offset the rates requirement, but this is artificial smoothing of rates and tends to cause higher rates increases in subsequent years, and so this action is not recommended.

The Council has demolished the former Council offices at 34 Esplanade and has offered the land to Te Rūnanga O Ngai Tahu to purchase, however a price is yet to be agreed.

Securities for borrowing

Like any other borrower, the Council has to offer lenders some security, and like other Councils, we secure our debt against our rates income. The Council has a debenture trust deed that provides the mechanism for lenders to have security over our rates income. The Council raises its loans with the LGFA and could also arrange separate lending facilities with the BNZ or other banks for short-term requirements and/or swaps. It also has two suspensory loans with Housing Corporation NZ, which are secured by the property at 95 Torquay Street (the pensioner flats). Those loans will only need to be repaid if the Council ever sells the flats.

Managing our investments

Equity securities and trusts

In 2024, the Council disestablished the Kaikōura Enhancement Trust (KET) and transferred KETs shares of Innovative Waste Kaikōura Ltd (IWK) to the Council. This means the Council is now the owner of IWK. IWK is a Council-Controlled Organisation (CCO).

IWK has entered into contracts with the Council to manage the landfill and resource recovery operations, deliver recycling services, provide public toilet cleaning services, and deliver water and wastewater services within the district.

The Council has a minor shareholding in Civic Financial Services Ltd (trading as Civic Assurance), these shares are not tradeable, and Civic has withdrawn from the insurance market which had been a significant source of trading revenue, and now focuses on Super Easy and Super Easy Kiwi Saver superannuation schemes.

From time to time as opportunities arise, the Council may consider future equity investments if they fulfil strategic, economic, and financial objectives. Any purchase or disposal of equity investments requires Council approval by resolution.

Financial investments

The Council manages its cash, borrowings, financial investments, and financial instruments as part of an integrated treasury function, and as part of our day to day working capital management. We will monitor the progress of our capital projects and other approved projects, and only borrow what is required to fund them if we need to.

So as to minimise external borrowing, we will often offset funds in hand and borrowing requirements internally between different funds or special reserves where those funds are not currently required. This reduces overall borrowing, and in turn minimises the level of financial investments, particularly as reserve funds are no longer held in cash. This means the Council will only borrow as cashflows require, reducing loan servicing costs and thereby benefitting ratepayers.

Commercial properties

The Council owns land at Wakatu Quay, with the buildings that were formerly leased to commercial fishery operators now demolished. Funds from the Provincial Growth Fund of up to $9.88 million will be used to develop a new commercial hospitality and public space, with plans currently underway as to what this might look like. The Council expects that, as a minimum, the new development will function in such a way that it supports its own operations and capital programme, and provide a return to the Council and lessen the dependency on rates.

Forestry

The Council owns 11.5% of the Marlborough Regional Forestry joint operation (MRF), with the Marlborough District Council owning the balance 88.5%.

Historically the Council's forestry assets provided reasonably substantial cash inflows in those years where logging was undertaken. Due to the nature of forestry (trees must be mature, and ideally, timber prices should be good), there may be several years of cash outflows between the years of logging. MRF is in the middle of a seven-year period where trees are not mature enough for viable logging, and the Council is contributing to the cost of forestry operations until logging recommences (forecast in 2029).

Further, the Council plans to harvest the South Bay pine forest during 2025, but any net yield from logging will be lost in the cost of surrendering carbon credits. The Council has applied to the Environmental Protection Agency for a ruling that it would not be liable for carbon credit surrender, as the cost of that would be prohibitive. The harvest is being done to free up the area for alternate recreational uses and provide ocean views for the Ocean Ridge subdivision, rather than to generate revenue. The Council has also provided for replanting some of the plantation in 2027/2028.

For the above reasons, other than a planned sale of carbon credits in 2025 as suggested by the MRF joint operation, the target return on investment for forestry is zero until 2029. It is intended that surpluses from forestry be used to cover forest operations in the first instance and may then be held in special funds for future strategic purposes (which may include purchasing other investments, reducing total debt, or used to offset general rate requirements).

Targeted return on investments and trusts

Our investments	Objectives	Annual targeted net return
Innovative Waste Kaikōura Ltd (IWK)	Efficiently manage landfill and recycling facilities and deliver three-waters and other services under contract.	IWK will be operated on a break-even basis, no dividend will be paid. Costs will be minimised in the Council contracts.
Civic Assurance	Financial services including superannuation schemes	Civic has withdrawn from the insurance market, dividends are unlikely to be paid
Financial investments	Treasury management	Borrowing costs are minimised
Commercial properties	Optimise value and return, while providing social, cultural, economic and environmental benefits to the community	Commercial property will provide a financial return to Council, as well as providing benefits to the community and/or local economy.
Forestry	Generate cash surpluses after having covered all costs associated with the activity, to be used to reduce the Council's rates requirement or any other purpose at the discretion of the Council	Capital distributions are paid to KDC once logging commences (anticipated from 2029 onward)

Balanced budget

All Councils must ensure each year's projected revenues are sufficient to cover all operating costs unless that Council resolves that it is financially prudent to do otherwise. Historically, the Council has never fully funded depreciation in collecting rates, and other Councils have varying policies. Funding depreciation involves accumulating cash reserves from today's ratepayer to pay for asset renewals in the future. Where reserves are accumulated, the effect is that current asset users fund future asset use (in full or part). Where reserves are not accumulated, future users may be required to fund the asset renewal.

A key component of the Council's Financial Strategy – based on the reliable information we now have about our assets and their condition – is that there are extremely low levels of asset renewal work required over the next ten (if not thirty) years. With that information, the Council's asset renewal profile has now been confirmed as extremely low for at least the next 30 years.

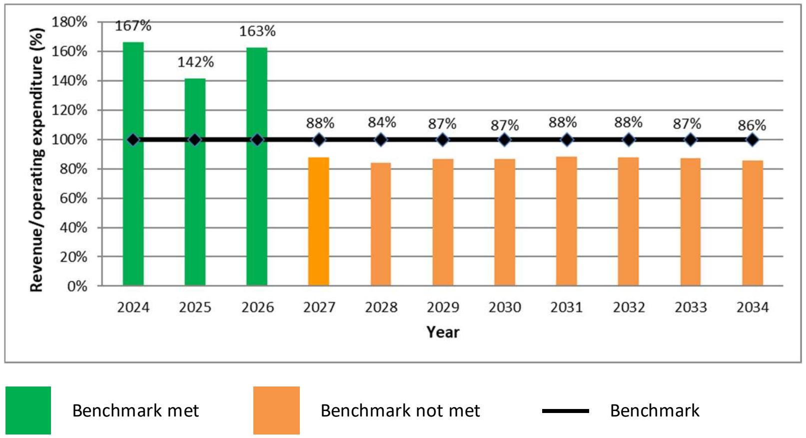
The Council will continue its deliberate policy not to fund depreciation. This LTP, therefore, projects an annual deficit from the 2027 financial year, attributable to depreciation. The annual amount of depreciation is in the range of $6.1 to $6.8 million per annum, and the deficits range from just under $1.0 million in 2033 to just over $3.0 million in 2028. The average surplus/(deficit) over the ten years is a surplus of $297k, mainly because the first three years, 2025 to 2027, show significant revenue from grants and subsidies the Council will receive for several capital projects, such as from Waka Kotahi (NZTA) to construct the Glen Alton (Clarence River) bridge, from the PGF for the Wakatu Quay development, and from the Infrastructure Acceleration Fund (the IAF) for road extensions and shared pathways from Vicarage Views to Ocean Ridge. The subsidies are categorised as revenue to the Council, but the cost of these projects are capital costs, not operating costs.

The Council's policy not to fund depreciation considers that when assets do need to be replaced, we will seek alternative sources of funding such as grants or subsidies. The following fiscal levers will be also used to move progressively towards achieving a balanced budget (beyond the 10 years of this LTP):

- fees and charges; and
- lifting rates revenue, and
- efficiencies.

These options will be deployed in the first instance or raise loans if no other funds are available. Rates may be used to fund the net cost of renewals on an ongoing basis provided the annual renewal cost is equal to or less than the annual depreciation for that asset category. The Council continues to believe the gradual changes proposed will result in the best fiscal and most sustainable outcome. As we move towards maximising our revenue potential, particularly from fees and charges but also from rates revenue, this will enable us to support the capital investment projected while maintaining the levels of service that residents expect.

Balanced budget benchmark



The balanced budget benchmark is met if revenues are at least 100% of expenses. The Council meets the benchmark in the first two years of the LTP.

Assumptions

The main assumptions underlying the forecast information, based on predictions from both internal and external sources, are described in full in Part Four: Financial Information & Rates chapter of this Long-Term Plan.

Infrastructure Strategy 2024-2054

Policy status:	Adopted
Review due:	30 June 2027
Legal reference:	Local Government Act 2002 Section 101B Schedule 10, Part 1, Section 9

1 Introduction

An Infrastructure Strategy is intended to outline how a Council intends to manage its infrastructural assets, having regard to matters such as when assets need to be renewed or replaced, funding options and other matters, such as the need to improve health or environmental outcomes and to manage risks from natural hazards.

Section 101B of the Local Government Act 2002 requires the preparation and adoption of an infrastructure strategy for a period of at least 30 consecutive financial years. Key legislative requirements include the following:

(2) The purpose of the infrastructure strategy is to—

(a) identify significant infrastructure issues for the local authority over the period covered by the strategy; and

(b) identify the principal options for managing those issues and the implications of those options.

(3) The infrastructure strategy must outline how the local authority intends to manage its infrastructure assets, taking into account the need to—

(a) renew or replace existing assets; and

(b) respond to growth or decline in the demand for services reliant on those assets; and

(c) allow for planned increases or decreases in levels of service provided through those assets; and

(d) maintain or improve public health and environmental outcomes or mitigate adverse effects on them; and

(e) provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.

(4) The infrastructure strategy must outline the most likely scenario for the management of the local authority's infrastructure assets over the period of the strategy and, in that context, must—

(a) show indicative estimates of the projected capital and operating expenditure associated with the management of those assets—

(i) in each of the first 10 years covered by the strategy; and

(ii) in each subsequent period of 5 years covered by the strategy; and

(b) identify—

(i) the significant decisions about capital expenditure the local authority expects it will be required to make; and

(ii) when the local authority expects those decisions will be required; and

(iii) for each decision, the principal options the local authority expects to have to consider; and

(iv) the approximate scale or extent of the costs associated with each decision

An Infrastructure Strategy must cover infrastructure provided by the local authority for roading, footpaths, water supply, wastewater and stormwater, and any other types of assets that it wishes to include.

This Infrastructure Strategy reflects the small size of the district and its infrastructure. The scope of the Strategy is limited to the essential asset classes described above, which make up the large majority of the Council's capital and operational costs.

Important Note

Unless specifically stated otherwise, all budget and cost projections in this Infrastructure Strategy are presented in uninflated 2023-dollar terms. The Financial Strategy has been adjusted for inflation to ensure adequate funding is available for all planned projects.

For the above reasons, the Infrastructure Strategy and Financial Strategy are therefore not directly comparable.

2 Summary & significant issues

The Council's roading assets comprise approximately 210km of roads, 52 bridges, 38km of footpaths and various associated structures.

The Council's three-waters assets comprise seven water supply systems (Kaikōura Urban, Ocean Ridge, Fernleigh, Peketa, Oaro, Kincaid and East Coast), one reticulated wastewater system (serving Kaikōura including Ocean Ridge) and one reticulated stormwater system serving those same two areas.

Valuations of the component assets as at 30 June 2022 are presented in the tables below:

	Replacement Cost	Depreciated Replacement Cost
Roading assets		
Bridges	$42,803,467	$21,033,850
Pavement Formation	$76,028,826	$76,028,826
Pavement Basecourse	$12,952,542	$5,699,119
Pavement Subbase	$30,732,475	$30,732,475
Pavement Surfacing	$10,133,447	$3,548,437
Footpaths	$6,848,776	$3,077,462
Signs / Traffic Facilities	$943,730	$431,289
Streetlights	$1,069,608	$733,275
Drainage	$7,699,265	$3,823,719
Surface Water Channels	$3,570,667	$1,907,228
Seawalls	$3,354,463	$1,649,745
Total Roading	**$196,137,265**	**$148,665,426**
Three-waters assets		
Water Lines	$41,432,775	$23, 397, 860
Water Point + Structures	$13,586,588	$6,601,695
Wastewater Lines	$23,633,748	$8,573,727
Wastewater Points	$5,001,231	$3,334,291
Wastewater Structures	$15,685,227	$11,168,267
Stormwater Lines	$9,359,501	$6,155,110
Stormwater Points	$2,614,578	$1,833,525
Total Three-waters	**$111,313,648**	**$61,064,475**

Further details of assets and networks can be found in the relevant Asset Management Plans.

Because of its small population, close proximity to mountains and large separation from other substantial urban centres the Kaikoura is in a relatively unusual situation, which is in turn reflected in some fundamental challenges in respect of infrastructure provision.

Very limited potential for economies of scale, isolation from larger and potentially more competitive markets for works and services, together with a geographic setting where there is significant risk of damaging natural events, including flooding and ground instability, creates an environment where the provision and maintenance of infrastructure is often relatively expensive.

An understandable consequence of such high costs and limited population and associated ability to pay has been that a basic ‘do minimum’ approach has been widely adopted in respect of both levels of service and renewal of infrastructural assets.

In the case of roading the effect of this approach has also been exacerbated by a previous practice of using renewals budgets to fund unforeseen road repairs necessitated by severe rainfall events, and the direct and indirect effects of the 2016 Kaikōura earthquake.

The resulting deferral of road asset improvements or renewals has in some cases created a need for an increased amount of such work to be conducted in the future to catch up and the commencement of a multi-year program of works to achieve this was a key feature of Council’s previous 2021 to 2024 Long Term Plan.

Good progress has subsequently been made towards this catch-up, but a significant amount remains to be done and delivery of this program will continue to be a focus of Council for much of the following LTP period.

Whilst the 2016 earthquake caused extensive damage and disruption to some council assets, it was also generally beneficial to the community in respect of the management of KDC assets in the longer term, as many older or poorer condition assets were damaged to the extent that they had to be replaced, and much of this replacement was funded by central government or insurances.

These replacements significantly enhanced the inventory of Council’s 3 waters assets in respect of average residual life, performance, and resilience. Further recent significant enhancement of these assets has also been achieved through use funding granted by the Department of Internal Affairs to support the 3-Waters reform program proposed by the previous Labour government.

The extensive renewals that have occurred since the earthquake or which are envisaged to occur within the next 5 years (which potentially includes a renewal of the Glen Alton bridge over the Clarence/Waiau-Toa River) have had a very substantial effect on projected future renewal requirements. The available data suggests there will be a long period – in excess of 30 years – during which the cost of required renewals will be less than the very long-term averages, as reflected in depreciation amounts. There also appears to be little need to increase asset capacity or levels of service.

The National Policy Statement on Urban Development

The Council is conscious that urban areas in some parts of New Zealand are developing quickly, and that to support productive and well-functioning towns and cities, it is important that there are adequate opportunities for land to be developed to meet housing and economic needs.

Within the Kaikōura district, growth is however not expected to be much of a factor over the period of the Long-Term Plan and there appears little need to increase asset capacity or levels of service.

As and when we foresee a period of growth outside of the norm, the Council will identify and plan to address constraints in our infrastructure to ensure our systems enable growth and support well-functioning urban environments.

Despite this generally positive situation there are however some asset related challenges or risks that need to be addressed, which are summarised in Table 1. All of these issues, with the possible exception of the Glen Alton (Clarence River) bridge, are considered to be relatively straightforward to manage, without placing unacceptable burdens on the community.

KDC’s Infrastructure Strategy can be best described as an ‘enhanced business as usual’ approach, focussing on effective delivery of core functions, without taking any major new directions.

Table 1: Significant Infrastructure Issues

Issue Type	Issue	Principal Option(s) For Response	Implications	Certainty of Response
Roading				
Renewal Decision on response required by start of 2024/25 year	Inadequate annual resealing programmes between 2010 and 2019 have created a backlog of roads with surfacing near to or beyond the end of its life, very worn or brittle. This creates a risk that under adverse conditions – for example a wet winter – there could be extensive surface failures which then result in water entry and damage to the underlying pavement, with very high repair costs	Undertake reseals at a level consistent with depreciation, only otherwise resealing roads at the point of imminent failure.	A large backlog of roads near to failure would continue to remain, with unacceptably high risk that a large extent of roads could simultaneously fail.	Not favoured
		Address backlog completely in 2024/25 year.	Cost of approximately $2.45 million in 2024/25, significant rates impact, excessively risk averse	Not favoured
		Undertake larger volumes of resealing work over the next 5 years to eliminate the accumulated backlog.	Moderate risk of road failures, mitigated by prioritisation of resealed sections	Likely; reflected in LTP budget estimates and programme submitted to NZTA.
Renewals & Level of Service Decision on response required by start 2024/25 year, could be revisited in future	Approximately 8km of footpaths currently assessed to be in poor or very poor condition. Negative community perceptions (41% satisfaction rating in 2022/23) of the current level of service.	Status quo renewals and maintenance budgets, constructing new footpaths in concrete.	$100k capex & $60k opex. Progress limited due to higher-than-expected concrete path construction costs. Potential renewal of only around 4km of paths in LTP period. Work less likely to qualify for NZTA subsidy.	Not favoured
		Continue renewing footpaths in concrete, but with increased budget.	$250k capex, $60k opex. Potential renewal of 8km of paths during LTP period. Less likely to qualify for NZTA subsidy because of path type.	Not favoured

Issue Type	Issue	Principal Option(s) For Response	Implications	Certainty of Response
		Increase budget, constructing most paths as asphalt overlays.	$250k capex, $60k opex, less expensive form of path construction and more likely to qualify for NZTA subsidy because of path type. Potential renewal of 12km of paths in LTP period.	Likely; reflected in LTP budget estimates
Emergency Works Decision on response required by start of the 2024/2025 year	A number of district roads are potentially susceptible to severe damage during extreme natural events that would have high cost to rectify, but the forecasting of such events and their costs is extremely difficult, creating a financial planning challenge	Annual budget allocations are made with the intention of covering the full costs of emergency works in that year	Potential large variances from these budgets have previously resulted in other important works being deferred or not undertaken.	Not Favoured
		Use of debt funding where necessary to meet costs of extreme events	Financial impact on the community is smoothed across years	Likely; reflected in LTP budget estimates
Renewal Decision on response required by start of the 2024/2025 year	Inadequate area wide treatment programmes have created a backlog of roads with significantly deteriorated pavements, resulting in rough roads and high maintenance costs.	Program of area wide pavement treatment at a level equivalent to basecourse depreciation.	Expenditure of $259k per annum, continuing existence of small backlog of poor condition pavement.	Not favoured
		Continuing accelerated basecourse renewals program for LTP period.	$330k per annum for period of LTP, thereafter reverting to matching depreciation.	Likely; reflected in LTP Budget Estimates and programme submitted to NZTA.
Renewal/ Level of Service Suggested that decision on response	Jordan Stream bridge on Puhi Puhi Road has a very low vehicle weight limit of 1500kg making it unsuitable for most vehicles.	Install a new bridge, leaving existing bridge in place as a historic artifact.	Estimated capital cost of $800,000	Possible, not yet reflected in the LTP.
		Prevent access to existing bridge, leaving ford as only means of crossing stream.	Road access is more frequently interrupted	Possible

Issue Type	Issue	Principal Option(s) For Response	Implications	Certainty of Response
required by start 2026/27 for next LTP		Do nothing until bridge is deemed inadequate for any vehicles	Potential hazard if drivers ignore weight restriction	Not favoured
Level of Service / Resilience Decision on response required by start of the 2024/2025 year	Poor definition and associated limited capacity of roadside drains in rural areas contributes to increased damage to roads in heavy rainfall events. Extent of effect has increased in recent years, perhaps in response to climate change.	Retain roadside drains in current form, with increased annual budget for more frequent post-event pavement repairs.	Ongoing additional annual OPEX of circa $30k Continuing or increasing level of post rainfall event damage and disruption to roads.	Not favoured
		Three-year programme of increased roadside drainage improvements commencing in 2024/25, then returning to previous levels	Increase annual drainage maintenance and renewal budgets by $113k & $83.5k respectively for those 3 years. Reduced future extent of pavement damage.	Likely; reflected in LTP Budget Estimates and programme submitted to NZTA.
Renewal Decision timing dependent on external factors	The Glen Alton bridge over the Clarence (Waiau-Toa) River failed during the 2016 earthquake, resulting in a loss of all-weather access for around 15 people in the upper Clarence Valley.	Construction of a new bridge downstream of the old structure with an engineered ford over the old river channel with associated works to protect connecting roads.	Likely CAPEX upwards $13.6 million, to be 95% funded by Waka Kotahi NZTA.	Uncertain; reflected in LTP budget estimates but some issues still unresolved.
		Status quo (access via 'Southern Access Route')	Range of significant legal and financial risks	Not Favoured
		Reestablishing bridge at original bridge site	Broadly preferable but affordability uncertain	Some further investigation of cost being conducted

Issue Type	Issue	Principal Option(s) For Response	Implications	Certainty of Response
Water				
Level of Service Decision to be made by Kincaid scheme committee	Kincaid water supply disrupted by high turbidity stream intake; potentially need to shut down for several days until water clears.	Establish alternative ground water source	Potentially provides full resilient solution but technical feasibility and cost uncertain	Not favoured
		Increase treated water storage capacity	Duration of benefit depends on storage capacity and cost	Not favoured
		Upgrade UV treatment process to handle higher turbidity water	Circa $100k CAPEX	Currently favoured
Renewals Decision on response required by start 2024/25 year, but potential to revise in future in response to field observations	There is approximately 9km of Asbestos Cement water main in the Kaikōura community that is currently theoretically near or beyond to the end of its useful life, though there continues to be little evidence of increased maintenance requirements or other short-term risk.	Undertake all theoretically indicated renewals immediately	Expenditure of approximately $4 million in 2024/25 year, which is potentially unnecessary	Not Favoured
		Reactive replacement of pipe sections in response to observations of failures or other serious deterioration	Uncertain annual costs; greater potential for service interruptions	Not Favoured
		Progressively increasing annual renewal program commencing in 2025/26, to have replaced >50% of pipes by 2033/34	Likely expenditure of $2.375 million over LTP period	Likely; reflected in LTP budget estimates, but schedule may potentially be revised
Growth Decision on response required by start of 2026/27 for next LTP	Limited capacity to supply water to some areas of the Fernleigh water scheme where further development is occurring	Maintain status quo (no changes to asset capacity and restrictions only on new major connections)	Some existing and new consumers may experience inadequate supply at time of high demand.	Not favoured
		Not permit any further connections to scheme in affected areas	Compromises intent of scheme to support rural development. Requires additional effort to monitor and enforce.	Which response is most appropriate is still under consideration

Issue Type	Issue	Principal Option(s) For Response	Implications	Certainty of Response
		Progressive upgrading of reticulation serving affected areas	Potential expenditure in the order of $200,000 during LTP period, to be recovered through development contributions.	Unlikely; investigations suggest pipework extensions may not be viable in this area
Demand No particular timing for decision on response, likely after 2030	Whilst at present there is ample water supply for Kaikōura, if a major acceleration of growth occurred capacity could be challenged. A significant contributor to this is however a lack of efficient water use in the community	Introduction of universal metered water charging for properties connected to the Kaikōura Supply and/or development of additional raw water source and associated treatment and reticulation upgrades	Potential capital cost of either option probably between $1.0m and $3.0m	Very Uncertain; A speculative allocation of $2m in 2042
Wastewater				
Demand/ Level of Service Decision on response required by start 2028/29	Potential for overflows from the Mill Road, Hawthorne Road, and Lyell Creek pump stations if any significant interruption of pumping because of limited storage capacity. Some further investigation required for selection of best option.	Retain status quo	Risk of wastewater overflows which could potentially enter creeks and streams.	Not favoured
		Install fixed back-up generators at each pump station, improve control systems.	Provides resilience against power supply failure. Likely cost around $320,000.	One of these two options favoured; $350k reflected provisionally in LTP for 2028/29
		Construct additional underground storage tank at Mill Road to give additional 1 to 2 hours storage capacity.	Provides broad resilience improvement. Likely cost in the order of $400,000	
Level of Service No decision required –	Abatement notices from Environment Canterbury are currently in effect regarding the operation of the treatment plant. Most issues appear to be due to	Obtain new resource consents for the activity. Process to do so underway but may not be completed in 2023/24 year.	Re-consenting process and cost may spill into 2024/25 year.	Uncertain

Issue Type	Issue	Principal Option(s) For Response	Implications	Certainty of Response
compliance required	potentially inappropriate resource consent conditions.		Possible effects of new consent conditions on future CAPEX and OPEX requirements	
Demand/ Level of Service Decision on response required by start 2024/25	Some sewer pump stations operating at close to full capacity during heavy rainfall events, potentially limiting further development in those catchments	Retain status quo	May need to restrict development in some areas, increasing overflow risk.	Not favoured
		Continuing focus on identifying and reducing direction of stormwater to sewer.	Smoke testing to locate private stormwater connections to sewer; owners to rectify, low cost to Council.	Certain, ongoing
		Progressive upgrade of sewer pumps at time of renewal to provide additional capacity	Estimated additional cost of $131,000 over 10 years, proposed to be recovered through development contributions	Favoured; reflected in LTP
Demand No particular decision or response time – likely after 2030	Possibility that even once pumps upgraded & stormwater infiltration is reduced that capacity of main sewers in Esplanade/ Torquay /Avoca Street catchment will offer little potential for further development	Capacity upgrading of approximately 1500 metres of trunk sewer between Brighton Street and Lyell Creek Pump Station in circa 2032	Capital expenditure of approximately $500,000, potentially largely funded from development contributions	Uncertain

3 Strategy Context

3.1 District Geographic Context

Kaikōura is one of New Zealand's smallest territorial authority areas with a land area of 2,048 km^2. It is bounded on three sides by mountains and on the eastern side by the Pacific Ocean. To the north and south the mountains run to the coast in steep cliffs and bluffs.

The district is commonly referred to as "where the mountains meet the sea". At its centre is a relatively flat gravel outwash plain of approximately 110 km2 which houses the majority of the population in the Kaikōura township and the surrounding areas.

Its boundaries with the neighbouring authorities of Hurunui and Marlborough are located in steep mountain ranges and difficult terrain. There are only three roads that link to the district's neighbours. SH1 North, SH1 South and Inland Road (Route 70). As such the district is geographically isolated and highly vulnerable to being cut off from the rest of the region.

This small size and geographic isolation also pose a range of other challenges in respect of the operation and management of infrastructure.

Assets associated with roads and water services make up the overwhelming majority (around 95%) of Council's infrastructural assets by value, with other asset holding activity groups such as other buildings, facilities, land and parks and reserves being of relatively minor value. Because of this this infrastructure strategy focusses only on those two largest asset groups.

3.2 Demographic Context

Over the last 40 years there has been relatively little change in the permanent resident population of the Kaikōura District, having varied only in the range between 3270 and 3730 people, with no well-defined long-term trend. An apparent increase to over 3912 recorded in the 2018 census is believed to have been a temporary effect due to the presence of a significant number of people being employed by the North Canterbury Transport Infrastructure Recovery alliance (NCTIR) to undertake post-earthquake repairs, who subsequently left the district.

Projections of current and future population of the district have been based on extrapolation of previous weak or inconsistent trends and as such their reliability is uncertain. These projections, such as that presented in Figure 1, do not suggest substantial change, with the medium projection almost static.

The previous trends are however considered to be so weak that even relatively modest changes in a broad range of factors influencing growth could cause significant deviation from it, and at present there are proposals for a number of relatively large new residential subdivisions which it is believed could potentially be a catalyst for increased growth of the community.

Accordingly, it is currently believed that the high population projection shown in Figure 1, with annual growth of approximately 1.5% may best represent likely future growth of the community.

Within the previous relatively stable population size there have however been other significant actual or projected demographic changes.

One such strong trend is in respect of the age distribution, as shown in Figure 2, which highlights the very large increase in the number of older (65+) residents that has occurred in the last 30 years. As shown in Figure 3 this trend is projected to continue, with more than one-third of the population forecast to be over 65 by the mid 2030's.

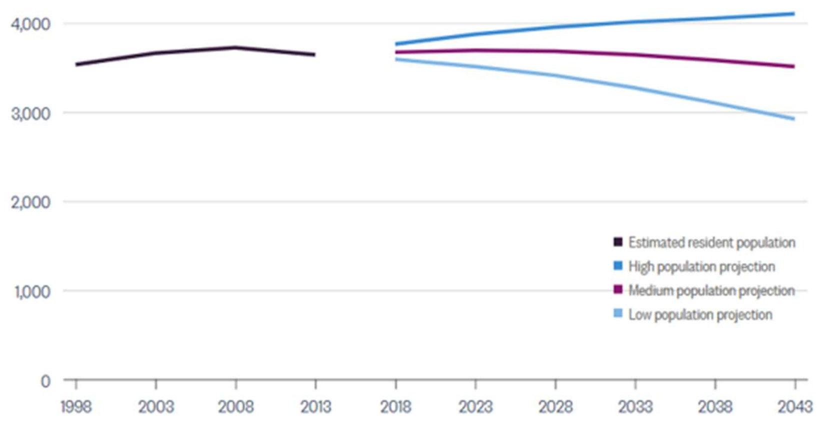


Figure 1: Projected Kaikōura District Permanent Resident Population

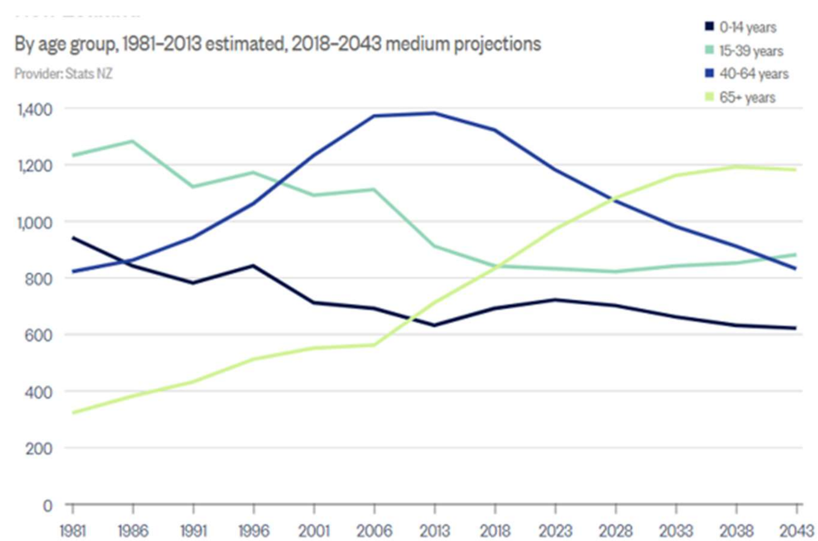


Figure 2: Historical Age Demographic Trend

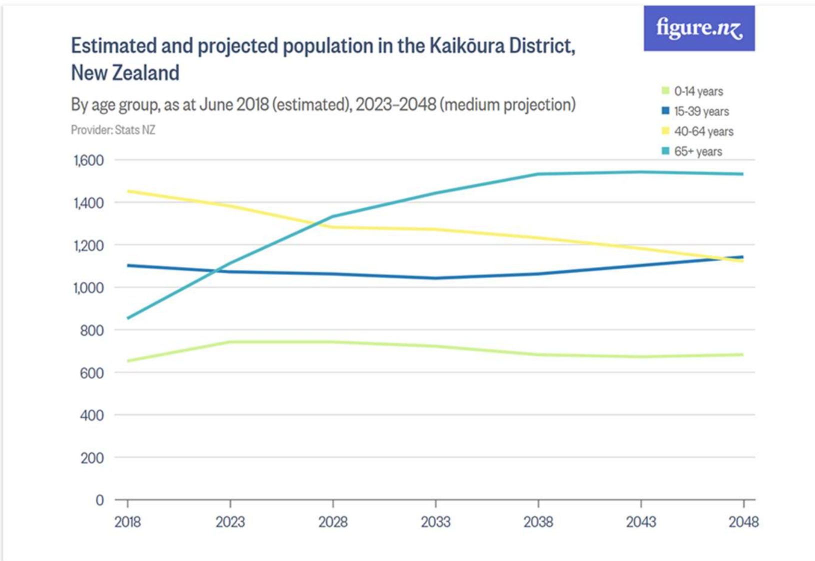


Figure 3: Predicted Kaikōura District Age Demographics

A further trend, that may further compound the increasing average age of people in the community is the high and apparently increasing proportion of dwellings within the district that are not permanently occupied, the majority of which are holiday homes. The most recent census indicates this proportion to be just over 32%, having risen by 4% over the preceding 5 years, which appears to be a continuation of a trend that has existed for some years.

Such high proportions of temporarily occupied properties are only found in a few districts viewed as lifestyle destinations, and likely effects include a probable compounding effect on population age (as holiday homeowners are often older) and greater seasonal variations in the demand for certain services.

During the peak summer season month of January tourism bed-night statistics have indicated associated population increases of up to 1,600 persons, and this does not take account of owner occupancy of holiday homes and other unrecorded occupancy.

It appears probable that the total number of people staying in the district at these peak times can easily exceed 6,000.

The increased proportion of temporarily occupied properties is one of the factors which explains why permanent resident population has remained relatively static despite some significant new property development in the last 20 years such as the Ocean Ridge and Seaview subdivisions. Another contributor to this is the increasing average age, which is accompanied by diminished average household sizes.

Whilst this aging of the resident population is likely to have significant social impacts, its effects on the roading and water services infrastructure currently operated by Council is however expected to be limited.

3.3 Development Opportunities

The demographic projections presented in the previous section are largely based on an extension of pre-existing trends, and it is recognised that the possibility could exist for entirely new trends to be established during the relatively long period covered by this strategy.

Significant changes in national or regional policy settings, changes of local or global demand for certain commodities or services and/or other major events could, over a 30-year period, potentially confer some relative advantage or disadvantage on the district, particularly in relation to population growth.

The Kaikōura District is considered to be unusual in a number of respects. Whilst its small population and relatively isolated location may disadvantage it in respect of some types of economic development it is also a place of outstanding natural beauty and it has been seen elsewhere that strong community growth can potentially be based upon such attributes, even where other logistical factors appear unfavourable.

Whilst in recent times there has been little local economic growth Council believes that there is latent potential for lifestyle led development of the district that could be transformational. The growing economic inequality of NZ society has created increased demand for properties in lifestyle locations, with associated perceptions of those locations changing, and it seems conceivable that by virtue of its outstanding natural environment that Kaikōura could, to an even greater degree, become such a place at which people wish to be.

It is believed however that such a transformation would require Kaikōura to gain sufficient critical mass in respect of population, services and activities for it to reach a tipping point after which further development is naturally attracted by a buoyant local economy creating a self-sustaining circular process with rapid growth, well above the 1.5% per annum that is currently projected.

At the present there is not yet anything to suggest that the district is close to such a tipping point, and for this reason relatively conservative growth assumptions have been made for the period of KDC's 2024-33 Long-term Plan, which include the following:

- The makeup of the Kaikōura economy will remain relatively unchanged with agriculture and tourism related activities continuing to be the dominant elements
- That average growth of permanent resident population in the district will be in the order of 1.5% per annum
- That opportunities for economic and population growth are likely to be primarily rooted in the physical environment and recreational strengths of the district
- That the most significant other demographic change will be an increase in the proportion of over age-65 residents, forecast to increase by around 30% over 10 years (an extra 230 residents in this category)
- That approximately two-thirds of dwellings in the district will be permanently occupied, with the large majority of the remainder being holiday homes
- That average property development growth will not substantially exceed 30 Household Equivalent Units (HEUs) per annum
- That at least 75% of population growth will be within the existing Kaikōura urban area or within 2 kilometres of it.
- That there will be no significant change to the structural delivery of water services. Whilst the government has repealed the previous

government's proposed reforms of three-waters services and has indicated that it will be implementing some different form of model, because there is not yet clarity regarding what this model will be no change has been assumed.

- That the technical requirement for compliance with the NZ Drinking Water Standards and/or the Drinking Water Quality Assurance Rules are not further increased, but that compliance with those standards will be more vigorously pursued by the new Drinking Water Regulator
- No increased pressure from Waka Kotahi NZTA (NZTA) for increased level of service from roads. NZTA 'One Network' standards do not become mandatory
- No substantial change to NZTA Financial Assistance Rate for the District
- That the revaluation parameters of asset age and expected life used in the 30 June 2022 roading and three-waters revaluations are sufficiently reliable overall to guide both a current valuation of the assets and future renewals schedules
- No changes to environmental standards that will significantly impact KDC's infrastructural services[8]
- No other significant changes to targeted levels of service for roads or water services other than those required for statutory compliance[9]
- No other substantial additional costs will be imposed upon Council by other legislative or regulatory changes[10]
- That climate change will not have any very major effects on the district that could realistically be mitigated by actions taken by Council[11]
- That major costs remedying damage to Council infrastructure caused by extreme events will, where necessary, be debt funded
- That there is not a resurgence of COVID19 or another pandemic[12]
- Cost inflation adjustors as per BERL

It is however recognised that beyond the period of the LTP it becomes even more difficult to predict what might happen to the district, and that within such a 30-year time frame dramatic change could potentially occur, and an attempt

[8] *Associated with this is the need for KDC to hold and comply with conditions of the Resource Consents required for the undertaking of its infrastructural activities. Details of the consents associated with the activities covered by this Infrastructure Strategy can be found in the relevant 2024 KDC Asset Management Plans*

[9] *Further details of proposed levels of service can be found in KDC's 2024 Asset Management Plans for Transportation, Water Supply, Wastewater and Storm Water. These levels are service are in general little changed relative to what has been targeted previously. The focus in future is to more reliably achieve these targeted levels, which in some cases will require additional resources to be applied to address backlogs of work and better coordinate responses.*

[10] *KDC's infrastructure activities generally have little impact on surface waters. As such the potential for water related legislation such as the National Policy Statement for Freshwater Management to have impact on KDC'S costs is believed to be limited. This is discussed further in the water services Asset Management Plans.*

[11] *The Council will consider climate change impacts in planning for infrastructure assets. 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; nor that any major effects could be mitigated by actions taken by the Council. We consider that the potential effects mitigated by some of the actions proposed in this infrastructure strategy (for example the improvement of roadside drainage) are minor effects. We assume that climate change predictions do not differ materially from current expert reports. 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. Additional funding for major costs to remedy damage to Council infrastructure will, where necessary, be debt funded.*

[12] *KDC's essential infrastructure workers in particular those involved in providing drinking water and sanitary services have previously demonstrated the ability to operate effectively even at the highest lockdown levels – observing social distancing and hygiene rules.*

has been made in this Infrastructure Strategy to recognise that this is a possibility and not make any assumptions or plans that would prevent it.

3.4 Other Assumptions

The full list of assumptions can be found within Part Four: Financial Information & Rates of this LTP.

3.5 Organisational Objectives

The Council is working towards the delivery of five key desired community outcomes, which have originated from sources including community feedback, interactions with our partner agencies and key stakeholders, and from Reimagine Kaikōura, our Recovery Plan developed post-earthquake. These Community Outcomes are as follows:

Community
We communicate, engage, and inform our community

Development
We promote and support the development of our economy

Services
Our services and infrastructure are cost effective, efficient and fit-for-purpose

Environment
We value and protect our environment

Future
We work with our community and our partners to create a better place for future generations

It is intended that the Council's delivery of infrastructural services contributes towards all these outcomes, with particular emphasis on the 'Services' and 'Development' categories.

To do so the following objectives will be pursued:

- Gathering reliable information on the form, extent, condition, capacity, performance, and criticality of existing infrastructural assets
- Understanding current and likely future demands in terms of both quality and capacity for infrastructural services
- Establishing and monitoring appropriate levels of service to ensure that current and future demands can be met
- Procuring, operating, maintaining, and renewing infrastructure in a way that achieves the desired levels of service and an optimised combination of efficiency and cost effectiveness.
- Planning and implementing new or improved infrastructure to ensure that future needs can be met.

3.6 Data Quality

A consequence of the previous very lean approach to the management of the Council's infrastructural assets has been that little effort was invested in strategic asset management, including the collection of asset data. As a result, the data sets available immediately after the 2016 earthquake were neither complete nor verified.

Significant effort has however been devoted to attempts to improve the quality of the available asset data in preparation for development of Council's 2021-2031 Long-term Plan. Asset assessments conducted as part of the earthquake rebuild have yielded useful data on existing assets and a further project was conducted to upgrade the Council's 3-Water asset inventory, with 'ground truthing' against as-built plans or other historical records.

Work has also been conducted to evaluate the condition of pavements, road surface and footpaths. Details of these assessments are contained in the 2024 Transport Asset Management Plan, with results summarised in Appendix 1.

The resultant improvement has been reflected in the independent peer review of the Council's most recent (30 June 2022) asset valuation, which assigned an overall confidence rating of 'B' ('Reliable') to the data on which the valuation was based. This is a significant improvement on previous valuations, for which assigned confidence levels had ranged from 'C' (uncertain) to 'D' (very uncertain).

The asset data on which the valuation was based has also been used in the development of the Infrastructure Strategy, and it is believed that the strategy is relatively soundly based, though it is recognised that there remain a number of areas where improved data – particularly in respect of asset condition – would be desirable.

Following the 2016 Kaikoura earthquake extensive work was conducted to identify and replace assets damaged by that event. This work included widespread CCTV pipe inspections. The older and more fragile pipes were often identified as being damaged by the earthquake and were subsequently replaced, but condition data was also gathered on the other better pipes.

Whilst the general conclusion of these post-earthquake investigations (that the pipes unaffected by the earthquake are in good condition) are reflected in the relevant Asset Management Plans and this Infrastructure Strategy, there is an opportunity for the collected pipe condition data to be used more directly in planning future asset renewals.

Another three-waters aspect where improved condition data would be desirable is in respect of the older water treatment plants, component inventories and conditions could be usefully reviewed.

For roading the condition of pavements is currently based on subjective assessments by very experienced roading engineers, but it is recognised that it may be beneficial to compare these assessments with the results of some physical testing such a SCRIM survey, in addition to the routine roughness measurements.

3.7 Critical Assets

Critical assets are defined as those considered to have a high consequence of failure, and are often also considered as being those assets whose failure would compromise the performance of the entire network.

Some previous (and current) KDC interpretations of what are critical assets have however been inconsistent between different networks. For example, on some of Council's small rural water supplies the largest diameter water pipes (supplying the whole of that system) have been considered critical on this basis, but are only of 100mm diameter or less, and a definition of criticality based on similar pipe sizes has been extended to other larger supplies which is potentially inappropriate since such pipes only serve a fraction of the network in these schemes.

It is therefore believed that a more appropriate and specific definition of critical assets would be those which, should they fail, are likely to result in a substantial number of people completely failing to obtain an essential level of service for an extended period of time.

It is suggested that an appropriate threshold for a KDC asset being considered critical is where there is potential for the asset to fail completely and the product of number of people affected, and the duration of the effect exceeds 250 person-days.

Accurately assessing exactly which assets meet this criterion is difficult, in particular because of uncertainties regarding both how many people would suffer a complete loss of service rather than a reduction, and low long the effect would be likely to persist for.

In many cases even if a particular asset completely fails, some degree of service can be maintained by using other assets.

More work is required to be done to identify and manage these critical assets, but currently only the following assets are considered likely to meet the above definition of criticality:

- Water mains of diameter greater than 200mm diameter

- Trunk wastewater reticulation downstream of the Lyell Creek pump station

No roading assets are considered to meet this definition of criticality because in most cases alternative routes are available. No-exit roads such as Blue Duck and Puhi Puhi have such low numbers of residents that the 250 person-day threshold is still unlikely to be exceeded.

3.8 Infrastructure Procurement, Delivery and Management

Works on roading or three-waters assets make up a large proportion of the Council's costs, but the scale of those works is small by local authority standards and the relative isolation of the district diminishes competition for them. This is particularly so for routine operation and maintenance works, where it is necessary to always maintain a certain level of human and equipment resources in the district, even though the extent of work required may often be low.

The Council's previous experience has indicated that for such services to be cost effective delivery needs to either be combined with other non-council works in the district or be undertaken locally on a not-for-profit basis.

The former approach is reflected in the current arrangements for routine operation of maintenance of local roads, where Downer Ltd undertake the necessary works for KDC in conjunction with the State Highway maintenance work that they undertake for NZTA under the North Canterbury Networks Outcomes Contract.

The latter approach is reflected in the delivery of 3 waters operations and maintenance, where this work is undertaken by Innovative Waste, a Council Controlled Organisation of KDC, which also currently provides Council's solid waste services.

It appears likely that because of the lack of competition these means of delivering operation and maintenance activities – roading in conjunction with the North Canterbury NOC, and three-waters by the CCO – will continue in the future unless there are substantial changes to the way that these services are delivered at the regional or national level.

Somewhat greater opportunities for competition do however exist in respect of non-routine capital works, and current practice is to conduct open procurement processes for these, though again it is recognised that only a small number of suppliers are likely to respond to requests for quotes or tenders.

Many of the indicated annual renewal requirements for particular groups of KDC assets are too small to interest external contractors' interest and achieve cost efficiency if delivered individually, and it is therefore sometimes preferable to instead bundle multiple years of scheduled work (or multiple types of work for a particular year) into a single contract to be undertaken at the same time.

This bundling approach has been adopted for KDC's roading works in the past, but an unfortunate consequence of this may have been the resultant intermittent schedules were perhaps sometimes perceived as decreased urgency to undertake works which also contributed to the deferral of renewals that has created the current backlogs.

For this reason, whilst the expenditure profiles presented in this Strategy in some cases smooth large expenditures by distributing costs over multiple years (up to a maximum of 5 years for very long-life assets) in no case has the opposite – a consolidation of forecast works for multiple years into a larger single package – been undertaken.

Whilst it is recognised that there may be significant benefits in such consolidation, and that it may indeed be undertaken, the presentation of data in this strategy is intended to indicate that the need for asset renewals is an ongoing one.

In addition to minor capital renewals, Council is undertaking two more substantial infrastructure projects, these being the reconstruction of a bridge over the Clarence (Waiau-Toa) River, and works funded by the central government Infrastructure Acceleration Fund to support additional residential development in Kaikōura (the IAF Project).

Both of these projects are of scale that makes it appropriate (and necessary) for management and delivery to be undertaken or supported by out-of-district contractors and consultants, and as such the delivery of these projects is not expected to have any adverse effect on the Council's ability and resources to deliver other 'business as usual' works.

Challenges associated with the small scale and isolation of Kaikōura also exist in respect of the planning and technical management required for this infrastructure. Recruitment and retention of technical engineering staff is difficult for Council, sometimes with adverse effects on capability. Whilst at present KDC's engineering team has some significant local government engineering experience there is no assurance that this will continue in the future.

Potential delivery of engineering planning and management through means other than direct staff employment by Council have also been considered, but options such as use of contractors, consultants or shared services typically have attendant disadvantages in respect of cost, and in the case of the latter, capability. KDC will inevitably be a junior partner in a shared service arrangement and as such is unlikely to receive the services of the most able people in the larger organisation.

Further details on asset procurement and management approaches are contained in the relevant Asset Management Plans.

3.9 Strategy Funding

As stated in section 2.0 the overall strategy in respect of roading and 3-Waters can perhaps be best described as an 'enhanced business as usual' without major changes to activities or levels of service, or a need to accommodate substantial growth.

This continues the direction that was established in the previous Infrastructure Strategy.

Because of this the proposed associated funding model is also assumed to largely maintain the status quo, which is the funding of roading from the District Wide General rate and NZTA subsidy, and the funding of 3-water services through a mix of targeted rates and user charges.

Development contributions will be levied, but the level of charges will be relatively low because most of the previous growth-related projects have now been fully funded and there is currently very little planned growth expenditure in future years.

Whilst the sources of funding are proposed to be little changed, the amounts of funding indicated to be required are significantly greater than in the previous infrastructure strategy. This is primarily due to two reasons, being:

1. A comprehensive revaluation of assets on 30 June 2022 indicated asset replacement costs that were substantially higher than what had previously been assumed, in some cases almost doubling the value of particular asset groups.
2. Significant general inflationary movements in recent years, with particularly strong effects on infrastructural services.

This scenario of increasing cost is of course not unique to KDC, with severe cost pressures currently being common across the entire local government sector.

4 Roading Infrastructure

The Council's roading network comprises 210km of roads, of which 53% (110km) are sealed. 87% of roads by length classified as rural, and 48% of the network is classified as low volume roads, carrying less than 200 vehicles per day.

4.1 Levels of Service Issues

The levels of service provided by Kaikōura's local roads are generally reflective of the relatively small population served and associated low traffic volumes, but in some cases, they also reflect a previous short-term focus on their management, where the potential for immediate cost savings has been put ahead of long-term sustainability.

Even allowing for the low-volume nature of local roads, the level of expenditure on them has been very low. For example, the Council's 2018-2021 sealed road maintenance program was based on annual expenditure of around $3,000 per kilometre per year, whilst the average for the Provincial peer group of local authorities is $5,775.

In recent times this short-term focus was also exacerbated by a range of issues associated with the 2016 earthquake.

This approach has had several adverse consequences in respect of levels of service. Inadequacy of previous budgets since around 2009 combined with substantial unforeseen but unavoidable costs (for example emergency works) resulted in some scheduled renewal work not being undertaken. This has created a backlog of overdue work, which has seen some assets go so far past their due renewal dates that very substantial decreases in level of service have occurred.

In doing so substantial risks were created that some assets were in such a poor condition that any further accelerating deterioration that would render them in a non-functional state.

Since 2018 significant attempts have been made to move away from this situation. Prior to this, technical level of service targets set by Council in its Annual Plans had generally been achieved, but those targets were not ambitious and masked localised deficiencies.

More recently higher level of service targets have been set that are more comparable with other similar local authorities, as shown in Table 2.

	2023/2024 Target (Last year)	2024/2025 Target (Year One LTP)	2033/2034 Target (Year Ten LTP)
Roads & bridges			
The percentage of the sealed network that is resurfaced per annum	> 7%	> 5%	> 5%
The average quality of ride on the sealed local road network, measured by smooth travel exposure	92%	92%	92%
The average quality of ride on the sealed road network measured by NAASRA roughness2	< 97	< 95	< 95
The percentage of customer service requests relating to roading, footpath and associated faults responded to within timeframes: Urgent – 1 day Other – 1 week	> 90%	> 90%	> 90%
The change from the previous year in the number of fatalities and serious injury crashes on the local road network expressed as a number (from having zero fatalities or serious injury crashes in the previous period).	0	0	0
The percentage of regulatory road signs incorrect or missing during an audit of the road network (whether a full or partial audit is completed)	< 0.5%	< 0.5%	< 0.5%

	2023/2024 Target (Last year)	2024/2025 Target (Year One LTP)	2033/2034 Target (Year Ten LTP)
Footpaths			
The percentage of footpaths that are poor condition (grade 4 or 5)	< 5%	< 5%	< 5%
Resident satisfaction with footpaths	50%	53%	69% (to improve by at least 3% per year)
Streetlights			
The percentage of streetlights not functioning during an audit of any part of the network	< 1%	< 1%	< 1%

Table 2: Performance Targets

4.1.1 Technical Levels of Service

Significant improvements have been made in recent years in respect of road condition as reflected in roughness and smooth travel exposure (the percentage of road length that is considered to be 'smooth').

In regard to roughness (where lower values are better) very good progress has been made during the last 5 years in respect of reducing the roughness of all four categories of local roads, as shown in Figure 4.

Figure 4: Roughness Trends – KDC Roads

These improvements have resulted in KDC's roads now becoming fairly similar to (and in some cases better than) other comparable groups when assessed on an 85th percentile basis, as shown in Figure 5 below.

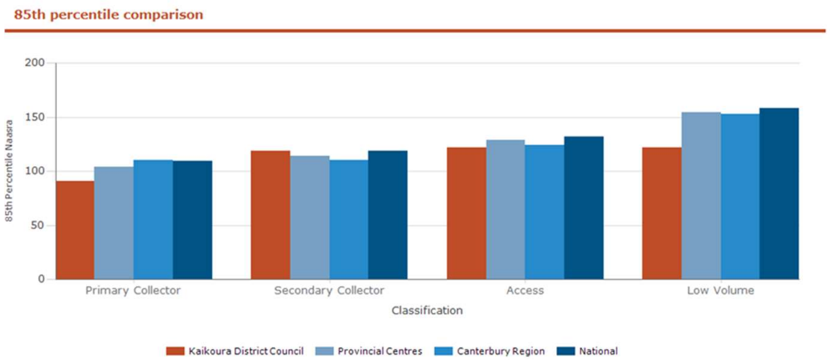


Figure 5: Roughness Comparison – 85th Percentile

Similarly good progress has been made in increasing Smooth Travel Exposure (trend shown in Figure 6 and comparison in Figure 7) with local figures now generally significantly better than these averages.

Figure 6: Smooth Travel Exposure Trends – KDC Roads

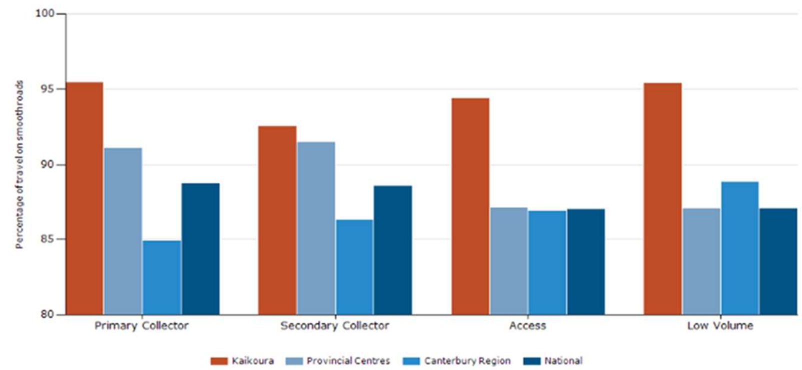


Figure 7: Smooth Travel Exposure Comparison – KDC Roads

Whilst the overall smoothness of KDC's roads has much improved over the past 5 years, it should however be noted that there are still many sections of road that have very old surfacing, which whilst currently able to provide smooth travel will be entering the latter stages of life, and as such could deteriorate rapidly.

Until these very old sections are all replaced the potential remains for overall network smoothness to decline despite the conduct of a strong renewal programme.

4.1.2 Road Safety

In part because KDC's network is small, it has a low incidence of fatal and serious injury (DSI) crashes on its network when measured on an absolute number basis as reflected in Table 3 and it is statistically inaccurate to determine trends as the number is less than 6 / year.

As shown in Table 4, whilst the Collective Risk (the number of reported serious crashes against the length of roads for particular road categories) is typically low in comparison to broader averages, the converse applies in respect of Personal Risk, which reflects the number of fatal and serious injuries against the total number of kilometres travelled on the network roads by road users.

DSI Counts	Primary Collector	Secondary Collector	Access	Low Volume	Total
2013/14			1		1
2014/15		2	2		4
2015/16		2			2
2016/17	1				1
2017/18					0
2018/19	1				1
2019/20		1			1
2020/21					0
2021/22					0
2022/23		2		1	3

Table 3: Fatal and Serious Injuries 2013 to 2023 – KDC roads

The locations and causes of the relatively few serious crashes which occur on local roads are very variable, and road factors are seldom identified as a primary causal factor, making effective targeting of safety responses difficult.

There are however a few locations where there is considered to be significant latent risk, such as certain rural intersections and works to address some of these are planned to be undertaken.

Classification		Personal Risk per 100M VKT	Collective Risk
Primary Collector	Kaikoura District Council	7.586	0.013
	Provincial Centres	5.374	0.040
	Canterbury Region	5.053	0.048
	National	5.739	0.048
Secondary Collector	Kaikoura District Council	5.975	0.007
	Provincial Centres	6.796	0.016
	Canterbury Region	5.398	0.012
	National	6.912	0.016
Access	Kaikoura District Council	10.785	0.004
	Provincial Centres	7.422	0.006
	Canterbury Region	6.596	0.004
	National	8.360	0.006
Low Volume	Kaikoura District Council	0.000	0.000
	Provincial Centres	9.088	0.002
	Canterbury Region	7.770	0.001
	National	11.210	0.002

Table 4: Personal and Collective Risk – KDC Roads, 2013-2022

The statistics are therefore not considered to provide a clear indication of the relative safety of KDC's network, but there are considered to be few safety hazards on local roads that are substantial and practically reduceable. In making this statement it is recognised that because of the topography of the district there are some roads in the district – and a notable case would be the Puhi Puhi Road– that are always likely to have the potential for serious injury if not driven with proper regard to the conditions.

In somewhat similar vein it is also recognised that significant safety issues exist for cyclists on the section of Beach Road (State Highway 1) between Hawthorne Road and West End, but despite extensive previous consideration there no practical solution has been identified because of other constraints that exist at that location.

For these reasons, only relatively modest annual budget allocations have generally been made throughout the period of this strategy to address safety issues as they arise.

4.1.3 Customer Perceptions

Technical measures of levels of service do not always reflect customer perceptions.

Some of KDC roads (and sealed rural roads in particular) have deteriorated to the point where their deficiency is very obvious to users, and whilst the proportion of the network that is in this very poor state is relatively small, this inevitably shapes perceptions of the network as a whole.

Works undertaken on roads to remedy damage caused by the 2016 earthquake (including replacement of 3-Waters reticulation) and other disturbances such as the recent laying of the broadband fibre network in the Kaikōura community, have also contributed to negative perceptions of the network as a whole.

The levels of community satisfaction with KDC roads over the past 10 years is shown in Figure 8 below.

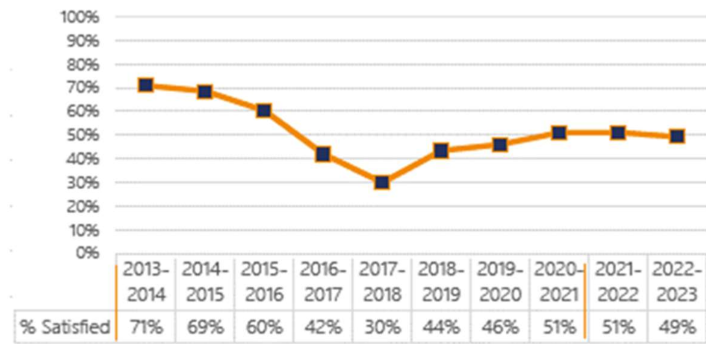


Figure 8: Community Satisfaction Levels (Roads)

It is believed that the progressive (and accelerating) decline of levels of community satisfaction between 2013/14 and 2016/17 shown in Figure 8 may be reflective of the fact that the condition of many roads was so poor that they were commencing rapid deterioration towards complete failure.

As shown in Figure 9 community satisfaction in respect of footpaths show a similar though less pronounced decline from 2013/14 to 2016/17, and have since remained at relatively low levels.

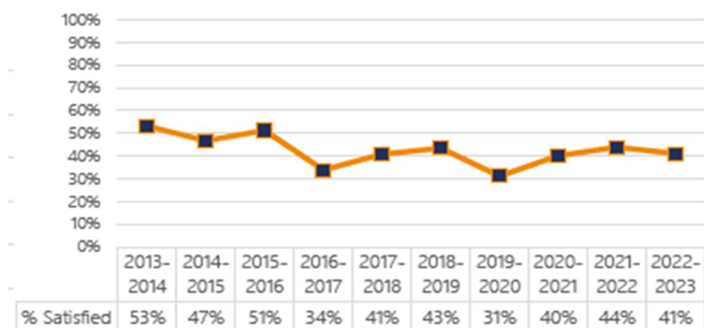


Figure 9: Community Satisfaction Levels (Footpaths)

Whilst a structural assessment of KDC's footpaths conducted in May 2019 indicated that a very large proportion (over 92%) of the network length was physically in a good or excellent physical condition, it is believed that this assessment was seriously flawed as it did not recognise the existence of some footpaths because they were so severely deteriorated or overgrown.

A recent visual condition rating has instead indicated that 20% of the network (around 8km in total) is in poor or very poor condition and needs urgent replacement.

The proposed strategy in respect of roading levels of service is therefore primarily to promptly address the most significant current deficiencies (which are particularly in respect of severely deteriorated pavement surface, structure and footpaths) and thereafter to ensure that sound levels are consistently maintained.

In essence, the overall strategy for roading levels of service is considered to be one of restoration and maintenance of sound basic levels of service rather than ongoing improvement. Roading is, and will remain, a very substantial cost to ratepayers of the district, and substantial improvement of levels of service beyond sound basic levels is not considered to be realistically affordable (or necessary) with such a small population.

4.2 Demand

Relatively low levels of previous or forecast population and economic growth in the district have created little pressure on the capacity of Council's roading assets.

Data from NZTA on vehicle kilometres travelled in the district (including State Highways) shown in Figure 10 also fails to indicate a strong trend of increasing traffic volumes.

Under normal circumstances there is almost no traffic congestion on these roads, with the only location where minor congestion occurs being in the Kaikōura town centre, where the presence of State Highway 1, the railway, Lyell Creek, Ludstone Road and existing developments greatly constrain the options available to manage this.

Potential development or extension of significant subdivisions such as Ocean Ridge, Seaview and Vicarage Views would only be expected to result in modest increases to traffic volumes and upgrading of immediately connecting roads is in some cases going to be undertaken by the subdivision developer with financial support from central government.

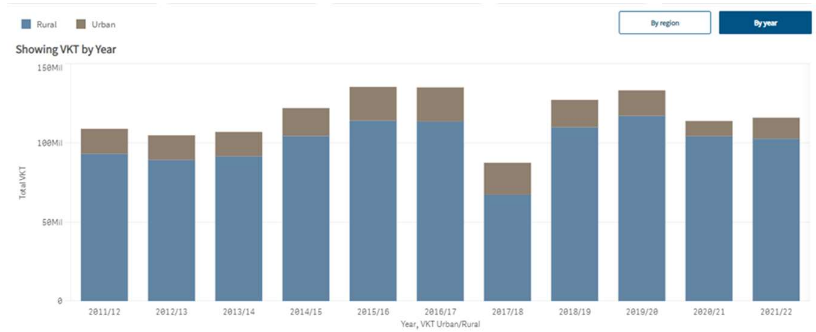


Figure 10: Annual Vehicle Kilometres Travelled in Kaikōura District (includes State Highways)

As noted in section 3.3 it is however considered possible that in the longer term there could be a significant acceleration of growth in the district, driven by its natural attributes. This is however currently only speculation, and no expenditure is at this time proposed to accommodate it.

4.3 Asset Condition and Renewals

Undertaking an appropriate program of asset renewals in response to deteriorating asset condition is key to maintaining levels of service, and a previous failure to do so in respect of Council's roading assets is believed to have been the primary contributor to customer dissatisfaction with the network.

Broad assessments of the condition of the main categories of KDC's roading assets can be found in the 2024 Roading Asset Management Plan (AMP). The following sections outline these condition assessments and expected renewal issues and requirements for these assets.

4.3.1 Sealed Pavement Surfaces

This category represents the top layer of a road, with which vehicles are directly in contact. The total replacement value of these assets for KDC is $10.13 million, which is 10.9% of the total value of depreciable roading infrastructure.

For the sealed roads of the district this normally takes the form of a thin chip seal surface.

Relatively good information is held on this category of assets, which is helpful since because of their relatively short operating lives (typically 5 years for an unsealed metal running course or 14 to 25 years for a sealed surface depending on the type of surface and the road traffic volume) the associated level of depreciation is high, representing 28.6% of the total for roading. The visibility of pavement surfaces also simplifies condition assessment and associated renewals planning.

Details of the condition assessment of KDC's pavement surfaces can be found in the 2024 Transport Asset Management Plan, with a summary of this assessment provided in Appendix 1. Good progress has been made in addressing the backlog of deferred renewals that developed during the previous decade, with most of the surfacing that was in the poorest condition having now been replaced.

The current long-term surfacing renewal requirements based upon RAMM data are shown in Figure 11. For practical purposes some smoothing of this indicated expenditure is however likely to be conducted, particularly in later years.

As noted previously some surfacing does however remain that is very old (20 years plus) and as such is likely to have become weathered into a brittle and fragile state, making it at risk of rapid deterioration even if the traffic volumes on the road are relatively low.

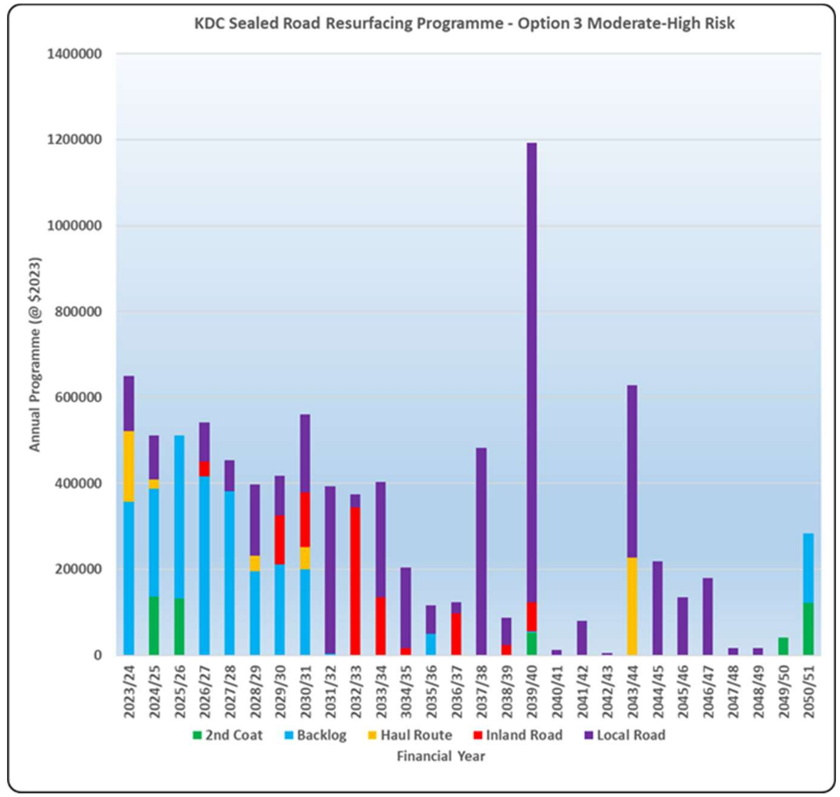


Figure 11 – Historic and Projected Annual Sealed Pavement Renewal Expenditure

4.3.2 Basecourse Renewals

This is the structural layer of the road immediately below the pavement surface, typically between 100mm and 150mm thick, which is very firmly compacted to provide a stable base on which the surface can be applied. The total replacement value of this asset group for KDC is $12.92 million, 14.6% of the depreciable total.

Unlike the pavement surface, relatively little information is available to guide future basecourse renewal requirements, and some significant assumptions have therefore been made.

Sealed road construction commenced in the urban areas of Kaikōura in the 1940s and in the rural areas in the early 1950's. Significant sealing of rural roads continued until well into the 1980s. The age of Council's sealed pavements appears to range from 30 to 80 years. It is suspected that the majority would be in the 35- to 70-year range.

In the Kaikōura District (and with the notable exception of the earthquake rebuild) traffic volumes and loads on local roads are generally relatively low (60% of roads by length have traffic of less than 200 vehicles per day). Good road building aggregates are readily available and (again with a few exceptions) underlying ground conditions are generally quite favourable.

Prior to the intense traffic loadings caused by the earthquake rebuild there had been relatively limited observable deterioration of subsurface pavement layers, even on roads on the Kaikōura Flats which were built on softer ground conditions. That there had been little evidence of pavement failure prior to the earthquake rebuild loadings suggests that most local basecourse (even if not laid in the most effective way, for example where seal extensions would have been simply an application of seal to a previously unsealed road without reconstruction of the pavement) must have a life of at least 70 years and potentially significantly longer, up to 100 years. In the development of our Roading Asset Management Plan it was assumed that the average basecourse life was this upper figure of 100 years.

Unfortunately, even though it appears that only a limited amount of pavement deterioration had occurred prior to the earthquake, little if any rehabilitation work was undertaken to remedy this, and as was the case with reseals, a backlog of pavements requiring area wide pavement treatment was created, which has been exacerbated by the heavy vehicle loadings following the earthquake.

A RAMM pavement rating survey of our local roads was undertaken in March 2020, details of which are contained in the 2021 Transport AMP, with a summary of this assessment provided in Appendix 1. Based on this survey, the following guideline assessment was made of the condition of KDC's pavements by proportions of network area:

Condition 1 (Minor faults only)	79%
Condition 2 (Satisfactory)	9%
Condition 3 (Acceptable)	3%
Condition 4 (poor)	2%
Condition 5 (Very poor)	7%

Of the 9% of length that is in conditions 4 or 5, 4% was subsequently remedied in 2022 as part of the remediation works to the NCTIR haul routes that was fully funded by NZTA. The remaining 5% backlog of condition 4 and 5 pavement was proposed to be reconstructed over 5 years with a total cost of approximately $1.65 million.

Accordingly, budgets of $330,000 per annum are proposed for each of these 5 years.

Whilst it would be hoped expected that once this backlog is addressed renewal requirements would be reduced, because of the lack of information available it is proposed that a conservative approach would be the retain this same level of annual renewal budget for the full 10 years of the LTP, after which renewal budgets are set at the level of annual depreciation for these assets indicated by the 2022 valuation, which is $259,051.

It is recognised that because of the apparently favourable profile of the pavement condition expenditure at this lower level may not even be necessary, but this can be reviewed in future years

4.3.3 Sub-Base Renewals

The lowest structural layer of the road is the sub-base, which lies between the road formation (natural ground) and the basecourse. The total replacement value of this asset group for the Council is estimated to be $30.7 million.

The sub-base is subjected to smaller loads than the basecourse, and typically has a longer operating life. In the case of Council-owned roads, that means a life greater than 100 years.

It is not believed that any renewal of sub-base on Council-owned roads has yet been undertaken or is envisaged to be undertaken within the period of this Infrastructure Strategy.

In practice sub-base materials are not physically replaced but are instead substituted by the existing basecourse above it at the time that this is renewed. For that reason, the renewal of sub-base is not a real financial cost, and whilst basecourse is assigned a value for accounting purposes it is not depreciated. Unless the road network is extended it does not have any financial impact on the Council.

4.3.4 Drainage Renewals and Improvements

Road culverts, kerb and channel and other associated drainage features have a total replacement value of $7.7 million - approximately 8% of the depreciable replacement cost for roading.

All these assets are expected to have long expected lives of between 80 and 90 years, with an average across the group of 84 years. The associated annual depreciation is $90,040.

The Council does not have reliable records of the ages of many of these assets, and assumptions have been made that existing assets for which ages are not known are in the middle of their operating lives. An assessment of the condition of assets in this group taken from the 2021 Transport AMP is provided in Appendix 1.

A lack of extensive failures or other evidence that a substantial proportion of drainage assets are in a poor condition supports the assumption that most assets still have significant residual life, with extensive replacement not required until the late 2050's. A small exception to this exists in the case of kerb and channel, for which there are some sections in Kaikōura (in particular along the Esplanade) where these assets are severely deteriorated and replacement is currently required.

Whilst few drainage assets appear to require renewal soon some improvements are proposed, in particular to roadside drains in the rural areas, and $155,000 per annum has been budgeted for this purpose over the first three years of the LTP period, with $77,050 per annum proposed for the following 7 years, after which expenditure has been aligned with indicated renewal dates.

4.3.5 Bridge Renewals

Council owns and maintains 47 structures classed as bridges (which includes culverts over 1.2 metres in diameter). These assets collectively have an estimated replacement value of $42.8 million, 46% of the depreciable roading asset total. It is the second most valuable asset group after pavement formation.

Because road formation is non-depreciating bridges are however Council's most valuable group of depreciating assets.

A broad assessment of the condition of assets in this group taken from the 2021 Transport AMP is provided in Appendix 1. A large proportion of Council's bridges were constructed in the 1960s and 1970s and are in the middle stages of their expected lives. The 2016 earthquake resulted in the replacement of a number of bridges that were relatively fragile. The projected renewal profile for Council's bridges based on 'raw' inventory age data is shown in Figure 12, with little renewal expected to be required during the period of this strategy.

Whilst this age data suggests that renewals of the small Humbug, Black Stream, Smiths, Ote Makura & McInnes bridges are required within the LTP period, practical justification for such replacements does not appear to exist.

Urgent consideration does need to be given to replacing the bridge over the Jordan Stream on Puhi Puhi Road, and a provisional budget allocation of $300,000 for this has been indicated for 2025, and $500,000 for 2026.

A first renewal of a large bridge (Kahutara on the Inland Road) is indicated by this data to be required in 2050.

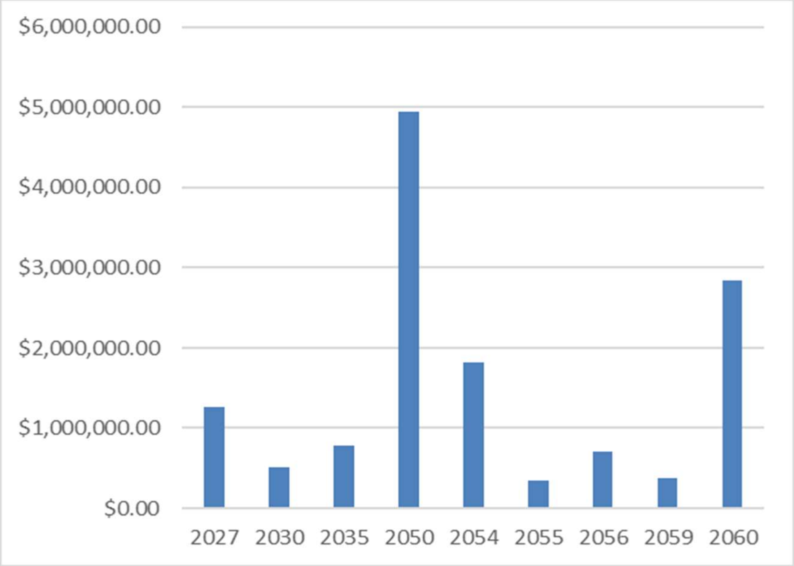


Figure 12: Bridge Renewal Requirements based on Raw Inventory Data

The foregoing discussion and figures do not include the potential replacement of the former Glen Alton bridge over the Clarence (Waiau-Toa) River.

The replacement of this bridge, which was destroyed in the 2016 earthquake, is currently proposed, but significant uncertainty remains regarding the form, cost, affordability, and timing of the works.

An initial estimate of the cost of replacing the bridge was $12.9 million, but NZTA has subsequently approved financial subsidy of the project at a rate of 95% up to a maximum project cost of $13.65 million.

Recently it has become apparent that the actual project cost may exceed this value, and that other questions regarding the project need to be answered.

In addition to its construction being a very large capital expenditure, a new bridge at Glen Alton has potential to create substantial additional ongoing maintenance costs.

Because of the high level of uncertainty that currently exists regarding this project, and the potential for the quantum of these costs (in particular the capital cost) has potential to dominate the early years of the Infrastructure Strategy financial projections, those costs have not been included in overall projections.

4.3.6 Footpath Renewals

As noted in section 4.1.3 footpaths in Kaikōura have suffered from previous under-investment and as a result in the order of 20% of Kaikōura's 38km of paths are overdue for replacement.

It was initially hoped that these replacements could be higher quality concrete paths, but the costs for such paths were higher than expected and it is now proposed that most renewals use lower cost asphalt overlays.

Footpath renewal budgets are set at $250,000 per annum for the period of the LTP, and thereafter reflect theoretical replacement needs.

The $250,000 budget allocations are based on an assumption that NZTA subsidy at 51% will be applicable, and that such budgets should enable the identified 8km backlog of renewals to be largely addressed by the end of 2028/29.

As is the case with some other activities these budgets and the associated scope of works may have to be revised based on the extent of NZTA subsidy provided.

4.3.7 Overall – Roading Renewals

With roading assets comprising such a large part of KDC's overall infrastructure inventory, renewal expenses could potentially have a major impact on Council and the community.

As observed in previous sections, limited data on some asset classes makes accurate projection of future renewal expenditures difficult. In some instances, valuations have been based on assumptions of a common average age for a large number of individual assets, which cannot reasonably be used directly to generate a useful renewal profile.

Pavement basecourse has the greatest deficiency in this respect, being a relatively high value asset for which there is very little reliable age data. Attempting to define any renewal profile for this material therefore requires some significant assumptions.

Other asset classes for which comprehensive and reliable age or condition data does not exist are retaining and sea walls and traffic facilities and streetlights, but these have much lower values and it seems reasonable to assign uniform annual renewal expenditure equal to depreciation or some multiple of it, though in the case of streetlight luminaires, all of which will be replaced with new units in 2021, a progressive increase of renewal cost has been assumed for the earlier years of the strategy.

Potential renewals expenditure over the next 30 years (excluding the potential replacement of the Glen Alton Bridge over the Clarence (Waiau-Toa) River, for the reasons set out in section 4.3.5) is shown in Figure 13. This incorporates a degree of smoothing to reflect that there is a significant degree of 'bulking' in the available asset inventory data, where multiple assets have been assumed to have common installation years, and it is believed that a more realistic renewal schedule would be one based on a smoothing of some of the associated peaks of renewal activity.

A large peak in this projection exists in 2050, largely due to a forecast cost of $4.9 million to renew the Kahutara Bridge on the Inland Road.

Except for that peak, there are only 5 years in the 30-year Infrastructure Strategy period when total annual roading renewals exceed $2 million, these being in 2026 (driven by replacement of the Jordan Stream Bridge), 2042/43/44 (driven by 'echoes' of the substantial amount of resealing work undertaken in the years following the earthquake) and a theoretical $1.8 million replacement of the Linton Creek Bridge on the Inland Road in 2054.

It is stressed that the timing of this latter bridge replacement is very much a theoretical figure, because the bridge is being affected by gravel migration from slips created during the 2016 earthquake, which could potentially necessitate other substantial activities at an earlier date.

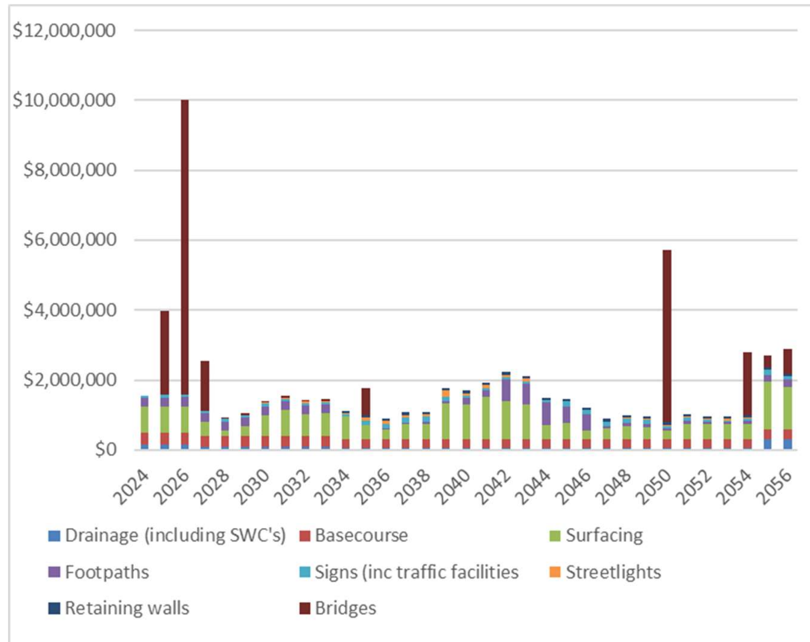


Figure 13: Smoothed Roading Asset Renewal Cost Projection (2023 Dollar Terms)

Such an expenditure profile appears relatively easily manageable. Details of the assumptions underlying these projections, including factors such as estimated renewal costs and expected asset lives can be found in the valuations conducted of KDC roading and three-waters assets as at 30 June 2022.

4.4 Resilience Issues

The resilience of council's roading assets is variable, but in some cases low.

Many areas of the district are potentially prone to flooding or landslides in an extreme rainfall event, and the extent of damage caused to roads may be very large.

Roads such as Puhi Puhi, Blue Duck, and the Clarence (Waiau-Toa) River Southern Access Route, have precipitous sections where slips or dropouts could be extremely difficult and expensive to remedy, whilst roads such as Clarence Valley may be subject to severe erosion by very dynamic rivers.

Substantially reducing these risks is generally not economically viable since doing so would require extensive major realignments or very large protective structures, the cost of which are difficult to justify for roads which have such low traffic volumes.

With the exception of some limited improvements to roadside drainage as described in section 4.3.4, it is believed that the most practical approach is generally to remedy damage as it arises. Planning for this is also difficult however because of the uncertainty regarding event frequency and extent, and other funding sources may also become available in an extreme event.

In the past annual operational budget allocations have been made for roading emergency works with the intention that all associated costs would be expensed in the year that they were incurred. A consequence of this approach has been that in years where severe events have resulted in very high costs that exceeded the allocated budget, the shortfall was recovered by reducing expenditure of other roading budgets. This is one of the factors that has contributed to the backlog of resealing work that is currently faced.

Because of the difficulty in reliably budgeting for responses for these events it is proposed that where very large costs are incurred the impact of these costs will be smoothed using debt funding.

Debt funding does of course have to be repaid, and these repayments have to be incorporated in long-term planning. In this respect an assumption has been made that on a long-term average basis $50,000 per annum will be spent on roading emergency works. In making this assumption it is recognised that whilst this will initially reduce the financial impact on ratepayers, that over time those costs will rise, and this is reflected in the financial projections contained in this strategy.

This debt funding of emergency works has at this time been assumed to only commence in 2025/2026 since there is at present, approximately $200,000 held in a reserve fund that could initially be used to fund such works.

The potential effects of climate change have not been factored into financial projections, largely because of high levels of uncertainty. The topography of the district and its surrounds can make the water draining from the mountains a powerful force, but also a very unpredictable one, and attempting to make meaningful predictions of potential resilience issues that also take account of possible climate change is not considered realistic.

The 2016 earthquake also caused uplift of the coastal areas of the district that in an instant offset any potential sea level rise over the next century, therefore coastal climate change effects have not been incorporated into this Strategy.

4.5 Operating and Maintenance Costs

With only relatively minor changes to proposed levels of service, little change to routine operation and maintenance costs other than adjustments for inflation are expected during the period of this strategy, as shown in Figure 14.

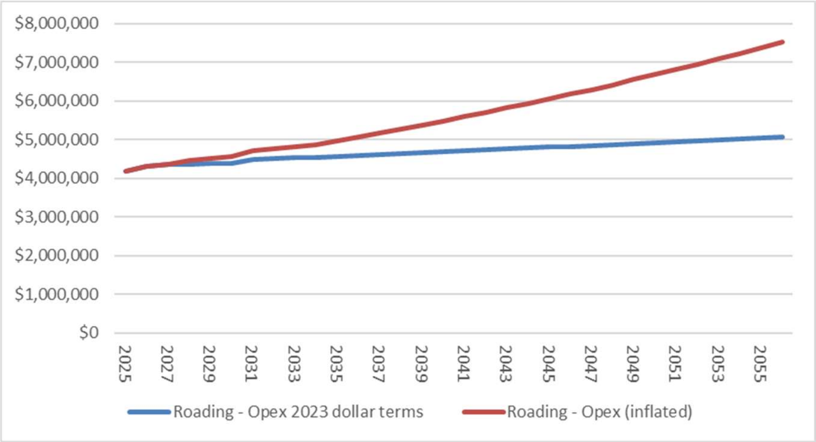


Figure 14: Projected Annual Roading total OPEX Costs

4.6 Funding

A very significant impact on KDC's delivery of roading activities is the extent of financial subsidy from NZTA, for which the current Funding Assistance Rate is 51% (plus a 95% subsidy for the replacement of the Glen Alton Bridge).

A particular challenge that our Council faces is to escape the previous local underfunding of roading that occurred prior to the 2016 earthquake. To do so requires expenditure to be significantly lifted, which in turn would be hoped to be accompanied by similar proportional lifts in NZTA subsidy.

KDC made a very strong application for such an uplift in subsidy when it submitted it proposed NLTP program for 2021-24, which was supported by an expertly prepared Activity Management Plan which was understood to be considered as an exemplar by the Agency.

Unfortunately, that application proved to be unsuccessful, with KDC understood to have received a similar proportion of requested funding to all other councils in the region, with little apparent regard to the particular circumstances of each authority. The result of this was that KDC was meeting over 70% of the cost of roading activities which was considered unsatisfactory.

In its application for NZTA funding for the 2024-27 NLTP period Council again sought the full (100%) value of its proposed program to be funded at 51%, reducing the overall local share to 49%. To achieve this in an overall programme that was slightly larger than that for 2021-24, and which had also been adjusted for inflation, would have required the NZTA subsidy to be increased by 67% and it was considered very unlikely that such an increase would be approved.

Accordingly, a more realistic assumption was made for LTP planning purposes that KDC would receive 51% subsidy on 80% of the total program costs for which subsidy application had been made.

This assumption has proved to be a sound one, as at the time of finalising this Infrastructure Strategy the Council has been advised that 51% subsidy will be granted on a similar (around 80%) proportion of KDC's submitted 2024-2027 NLTP roading program, with the indicated funding only $202k short in total over the three years from what was hoped. It is likely that the Council can manage that shortfall by prioritising spend and/or managing cash flow.

5 Water Services Infrastructure

The Council's water services comprise the following:

- Water supplies serving the Kaikōura, Ocean Ridge, Oaro and Peketa urban communities and the Kaikōura Suburban, Kincaid, Fernleigh and East Coast rural areas.
- Wastewater drainage and treatment systems serving the Kaikōura and Ocean Ridge urban areas.
- Stormwater drainage systems serving the Kaikōura and Ocean Ridge urban areas.

The assets associated with these activities have a total depreciable replacement value of $100.5 million, comprising water supply ($48.5 million). Wastewater ($41.2 million) and stormwater ($10.8 million).

5.1 Levels of Service Issues

The Council's proposed levels of service for water services are presented in Appendix 3.

5.1.1 Technical Issues

The technical levels of service provided by these services are generally satisfactory, with treatment facilities and reticulation functioning as they are intended to. Significant improvements to these services in respect of performance and resilience has been recently achieved using funding made available through the Department of Internal Affairs (DIA) Three-Water Reforms.

This investment combined with previous renewal and improvement works undertaken as part of the earthquake rebuild and a lack of growth pressures is considered to have left the Council's Three-Water services in a strong position for the future.

5.1.2 Public Health Issues

In part using financial assistance from the Department of Internal Affairs, all the previous significant public health issues in respect of the Council's water services have now been resolved, with the water treatment plants of the Fernleigh and East Coast rural water supplies upgraded so that they are able to achieve compliance with the NZ Drinking Water Quality Assurance Rules.

The boil water notices that were previously permanently in place for these schemes have been uplifted.

Whilst council's water infrastructure is now better able to achieve regulatory compliance it should be noted that with the introduction of the water regulator, Taumata Arowai, water supply activities are now being conducted in an environment where there is ongoing and increased emphasis on compliance being maintained.

5.1.3 Environmental Issues

Resource consents relevant to three-waters are listed in Appendix 4.

A previous belief that no significant environmental issues were associated with any Council water services has been somewhat undermined by Environment Canterbury's issuing of abatement notices to KDC in respect of non-compliance with conditions for operation of the Kaikōura wastewater treatment plant.

It does however continue to be the belief of Council staff that the very unusual nature of the Kaikōura wastewater treatment system, where effluent is discharged to land rather than water and the potential effects on the environment are extremely limited and should be assessed with regard to this rather than on a more administrative basis as happens under the current consents.

Despite this view it is recognised that Council will need to find a path towards compliance that is acceptable to ECan, and this appears likely to require obtaining a new set of resource consents for the activity, which may have a significant cost.

5.1.4 Customer Perception

A number of issues with regard to water supply in the period since the 2016 earthquake diminished satisfaction with these services This has since improved with the most recent resident survey seeking feedback on these activities (in 2021) indicating satisfaction ratings of 70% for water, 79% for wastewater and 66% for stormwater.

Since those issues were resolved there has been little evidence of community interest in or dissatisfaction with these services. As tends to occur, when water services are operating effectively, they are largely taken for granted by the community and little thought is given to them.

Accordingly, it was not felt useful to include questions on water services in the most recent community satisfaction surveys conducted by Council.

It is believed that the only significant community-perceived issue in respect of Council's water services are the supply interruptions that occur to properties served by the Kincaid rural water scheme, which are related to highly turbid water in the Waimangarara Stream source of the supply during heavy rainfalls, which can require the treatment plant to be shut down.

The Kincaid scheme is distinct amongst the water supplies administered by KDC in that it has both an active management committee comprised of users and holds some financial reserves, and therefore there are resources to make decisions and implement measures to address this issue.

5.2 Demand

There are no well-defined trends in growth of demand for 3-Water services. Generally generous system capacities, combined with low levels of previous and projected population growth and the expectation that the majority of growth will be in Kaikōura or its immediate surrounds, leads Council to believe that there are no substantial immediate demand issues in respect of these services, though some additional reticulation capacity would be desirable on two rural water supplies and the Kaikōura wastewater system

The ground water source supplying Kaikōura and its surrounds has capacity and is consented to draw water continuously at a rate of 100 litres per second. Its theoretical capacity is in excess of 8000m3 per day, which is a very substantial supply quantity for an area that would typically have a population (including temporary residents) of less than 4000 and does not include many significant water-using businesses.

An apparent consequence of the relative abundance of supply capacity in Kaikōura and elsewhere has been relatively high – and in some cases wasteful – use of water. Whilst annual average quantities of water supplied to the community are around 3000m3 per day, peak takes approaching 7000m3 per day have been recorded in periods of drought, which are believed to be attributable to extensive lawn and garden irrigation.

These are very high levels of consumption on a per-capita basis, and it is believed that there is substantial potential for increasing the efficiency of water use through implementing controls on excessive water use, reducing system leakage and greater application of user-pays charging principles.

While this potential exists, it is not considered necessary to otherwise increase water treatment or reticulation capacity, and it is suspected that an increase of Kaikōura's resident population by up to 50% could be easily accommodated by current means.

Efforts have recently commenced through measures such as education and the implementation on controls on the wastage of water through a Water Services Bylaw to improve the efficiency of water use in the community, though it is recognised that in the longer-term further action might be required to free up the water supply capacity need to support substantial growth (possibly implementation of universal metered water charging). Such growth is however at present considered aspirational, and for this reason no associated budget for major initiatives have been included in the Long-term Plan.

A provisional budget allocation of $2 million has been provided in 2045 to support universal water metering of the community and/or development of a new water source for Kaikōura if that was needed to support growth.

Generally similar comments apply in respect of wastewater. The wastewater system that serves Kaikōura was substantially rebuilt and upgraded following the 2016 earthquake and the resultant treatment infrastructure has capacity to handle a load well in excess of that currently generated by the community.

This excess capacity has been recently reflected in the need to deactivate some elements of the treatment system because the available biochemical loading was insufficient to make operation of the fully commissioned system efficient. It is believed that the wastewater treatment system could effectively accommodate at least a 50% increase in population.

A lesser degree of confidence exists in respect of the ability of some elements of the wastewater reticulation system to accommodate greater flows.

A key feature of the infrastructure rebuild work that was conducted following the 2016 earthquake was that gravity sewers along Beach Road and adjacent areas were replaced with pressure sewers. In doing so the storage capacity that previously existed - in particular in the large diameter trunk sewer that fed the Mill Road pump station - was lost, leaving only the capacity of the pump station wells to buffer flows.

This new configuration functions effectively providing all components of the system are working properly, but there is a very small margin of safety in the event of any failure of pumping, because the limited well storage capacity that exists will quickly be filled, after which an overflow may occur.

Some initial mitigation of this risk is proposed to be achieved by providing a back-up electrical generator at Mill Road, but a better and more resilient solution would be to provide additional well storage capacity, and a provisional allocation of $350,000 has been provided in the 2028/29 year to achieve this.

Another area of concern regarding wastewater reticulation capacity is the Esplanade/Torquay/Avoca Street catchment.

Information collected from pump operation during severe rainfall events suggest that at these times the pumps in this area are operating almost continuously, and that there is limited capacity to accommodate additional development in this area without some upgrading of the wastewater system.

It is however believed that some capacity upgrading for this area could be relatively easily achieved by progressively installing more powerful pumps when the existing pumps become due for renewal. Such an approach would have a very modest additional cost, and for this reason has not been identified as a significant issue in this strategy, though it is believed that a proportion of the pump renewal costs could reasonably be recovered through development contributions.

Stormwater infrastructure is only provided by Council in Kaikōura and Ocean Ridge. The networks are of relatively limited scale, with no substantial deficiencies observable at present, though the Ocean Ridge system has greater maintenance requirements associated with the incorporation of wetlands, retention ponds and vegetated swales which require periodic management.

The capacity of some low-lying parts of the network have also been significantly increased by the 2016 earthquake, which lifted most of the land in and around the town by at least 1.0 metre relative to sea level.

The most significant effect of this is that the gradient and associated flow-carrying capacity of Lyell Creek has been increased, which in turn lowers water levels in the creek, enabling easier full pipe flow into it during storms.

It is believed that the benefit to stormwater drainage of the land rise caused by the 2016 earthquake will in effect largely offset any likely climate change associated sea-level rise to 2100, even under the most adverse internationally envisaged greenhouse gas emission scenario (Representation Concentration Pathway 8.5) or an exaggerated variant (‘H+’) both of which are shown in Figure 15.

For these reasons no significant expenditure to increase stormwater system capacity is envisaged to be required during the period of this strategy.

Further details on proposed levels of service for KDC’s 3 waters activities can be found in the relevant 2024 Asset Management Plans.

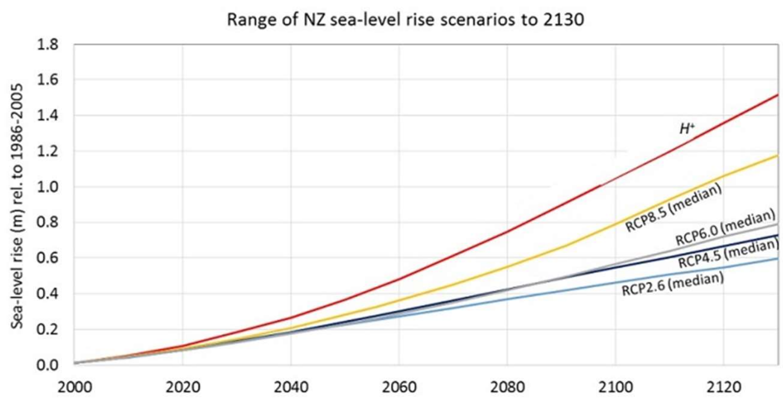


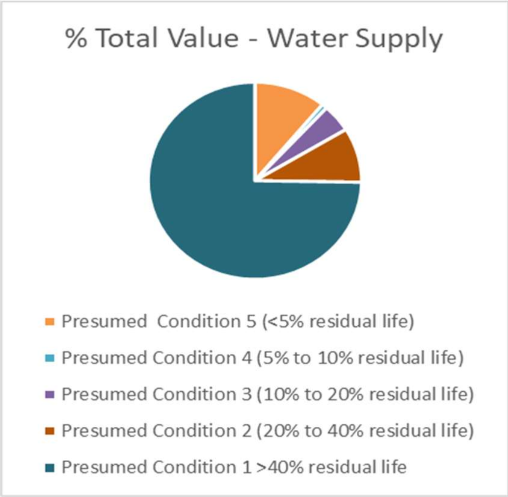
Figure 15: Sea Level Rise Predictions

5.3 3-Water Asset Condition and Renewals

The earliest Council water infrastructure in the district (water mains in Kaikōura from the 1920s) has now all been replaced, and most of the other pipe infrastructure was put in place between the late 1950's and late 1980's, and hence is generally in the mid-stages of its expected life.

The overall condition of 3 waters reticulation was also improved by the replacement of sections of more fragile pipe damaged by the 2016 earthquake. As discussed in section 3.5 some good pipe condition data has been collected but this has not yet been effectively used for planning purposes, and long-term renewal forecasts have instead been largely based on asset ages and expected residual lives.

Possible relationships between the theoretical residual life proportions of water and wastewater assets and their likely condition, such as that shown in Figure 16, align relatively well with actual observations of limited significant pipe deterioration. 100% of stormwater assets are currently believed to be in condition 1. Further comments on asset condition are contained in the relevant Asset Management Plans.



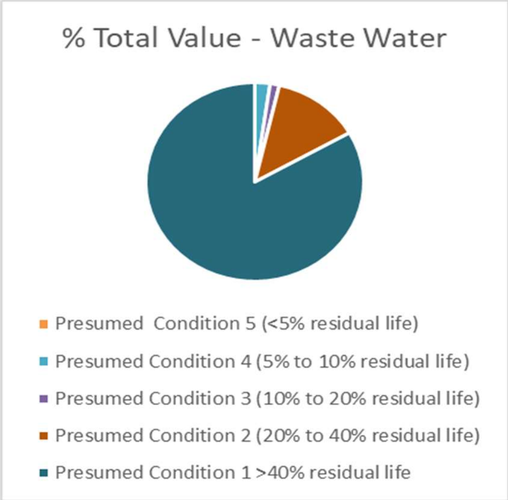


Figure 19: Potential Indicative Condition Distributions (by % total value) for water and wastewater assets

As identified in the significant issues section of this Strategy a significant length of Asbestos Cement water main is theoretically at the end of its life, and it is this which contributes most of the water asset value indicated to be at Condition 5 in Figure 16, but practical experience and some recent physical testing suggests that all of this length does not yet require replacement, and it is instead currently budgeted to be progressively renewed over the next 15 years.

Some examples of long-term forecast annual renewal expenditure profiles for the higher value asset categories are provided in the following figures. For reticulation assets relatively little renewal or than that of the Asbestos Cement water mains is expected to be required in the term of this strategy, with associated expenditure typically well below the associated annual depreciation.

Substantial reticulation asset renewal phases are instead forecast to commence in the late 2050's.

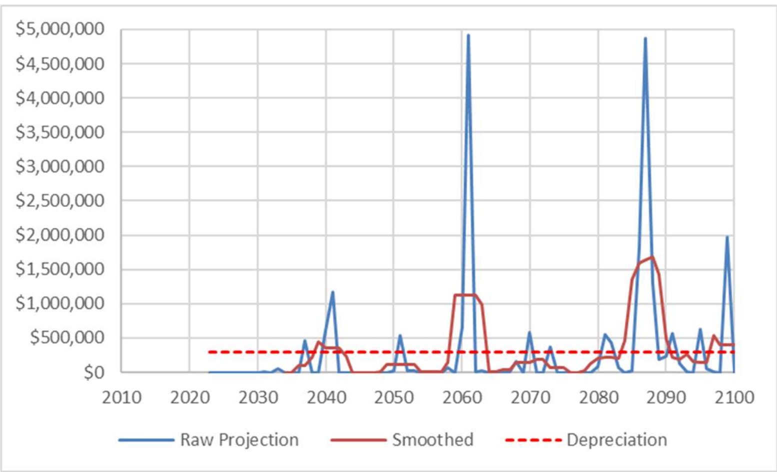


Figure 17: Long-term Annual Renewal Cost Profile – Wastewater Pipes

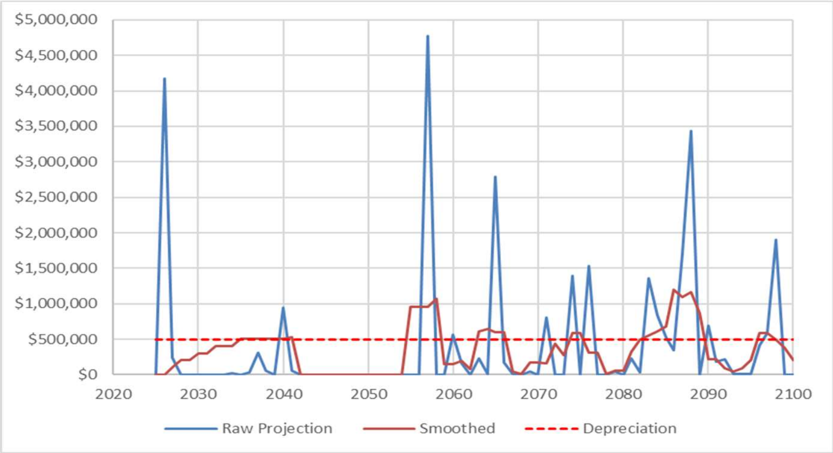


Figure 18: Long-term Annual Renewal Cost Profile – Water Pipes

For structure asset classes which include shorter life equipment profiles are predictably more regular, with annual expenditures closer to depreciation, as exemplified by Figure 19 and 19A.

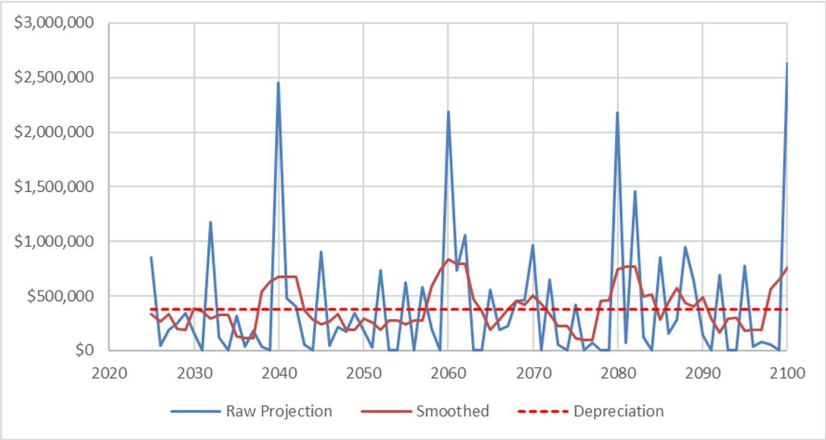


Figure 19: Long-term Annual Renewal Cost Profile – Wastewater Structures

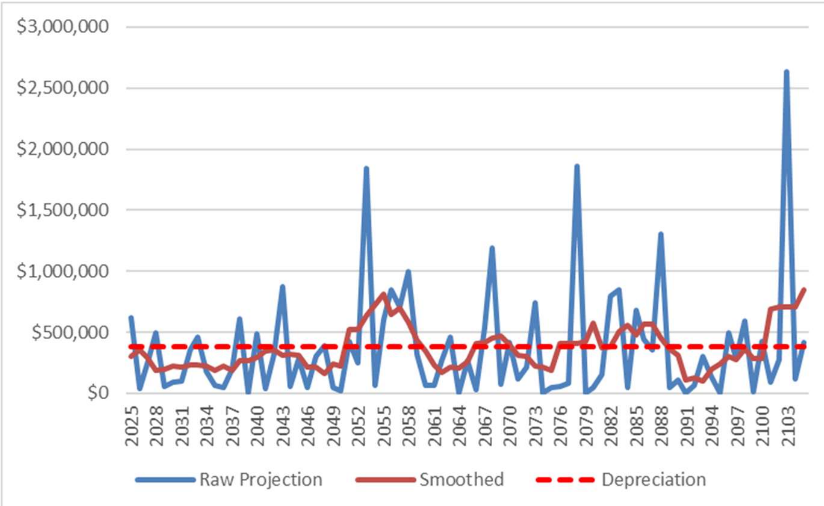


Figure 19A: Long-term Annual Renewal Cost Profile – Water Supply Structures

Figure 20 shows projected annual renewal expenditure on all Council-owned water services assets (water, wastewater and stormwater) and associated current depreciation over the 2025-2050 period, with a small degree of smoothing applied. The first half of this period sees a notably low level of renewals required, and whilst there is some increase over the final half of the period, expenditure generally remains below depreciation.

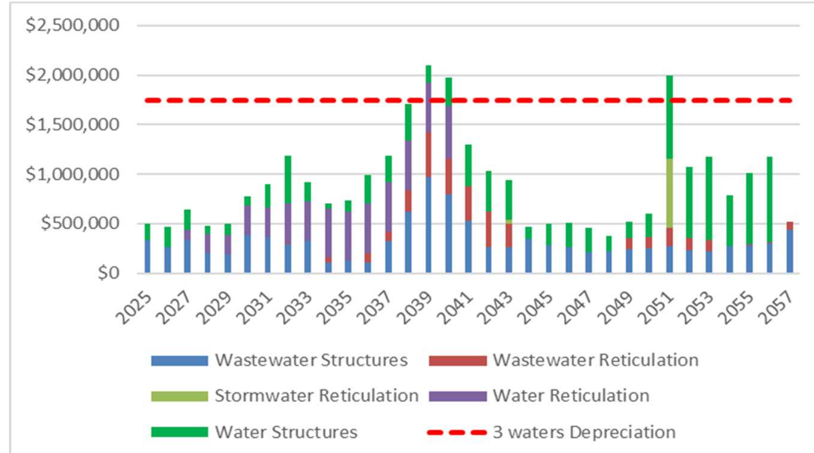


Figure 20: Forecast Annual Renewal Cost – All Three-Water Services (Raw Data)

Figure 21 shows total 3 waters CAPEX and its purposes, including some limited expenditure to improve levels of service or to accommodate growth.

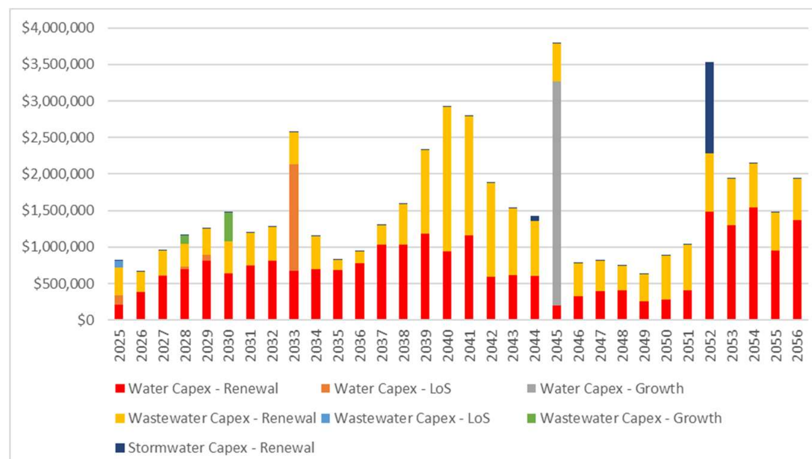


Figure 21: Forecast Annual Three-Waters CAPEX and Purpose (2023 Dollars)

5.4 Resilience

In general, the level of resilience of the Council's water services infrastructure is considered to be relatively high, and works being undertaken using the DIA's Three-Waters Reform funding having further improved this.

Whilst the 2016 Kaikōura earthquake caused significant damage to some of the Council's Three-Waters infrastructure, it proved possible to restore essential services very quickly, and the subsequent rebuild resulted in replacement of several fragile assets.

Most of the water supplies draw water from groundwater sources that are not vulnerable to flooding, and water storage tanks are of wind and earthquake resistant construction.

Earthquakes are the main threat to Three-Waters infrastructure, and it is recognised that a more damaging event than that of 2016 could potentially occur.

The Council does however have insurance to cover associated losses in these circumstances, and it would be expected that some form of temporary arrangement to restore essential water services could again be relatively easily put in place after such an event.

5.5 Operating and Maintenance Costs

As was the case with roading, with only relatively minor changes to proposed levels of service, little change to routine operation and maintenance costs other than adjustments for inflation are expected during period of this strategy.

Expected total OPEX costs for these activities are shown in Figures 22 and 23. These totals include costs of debt and overheads and as such are subject to some complex minor variations.

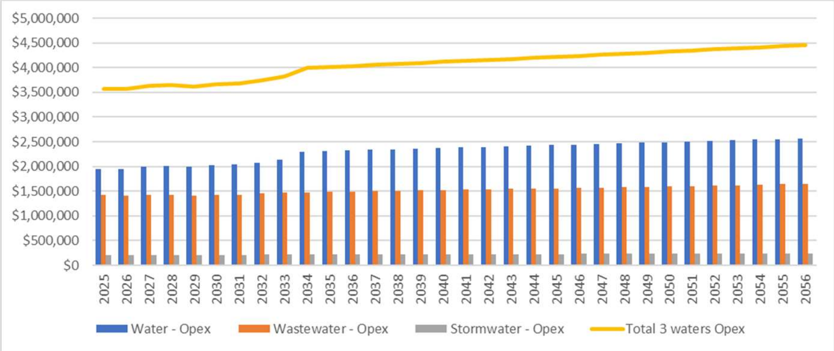


Figure 22: Forecast Annual 3-Waters Total OPEX Costs (2023 dollars)

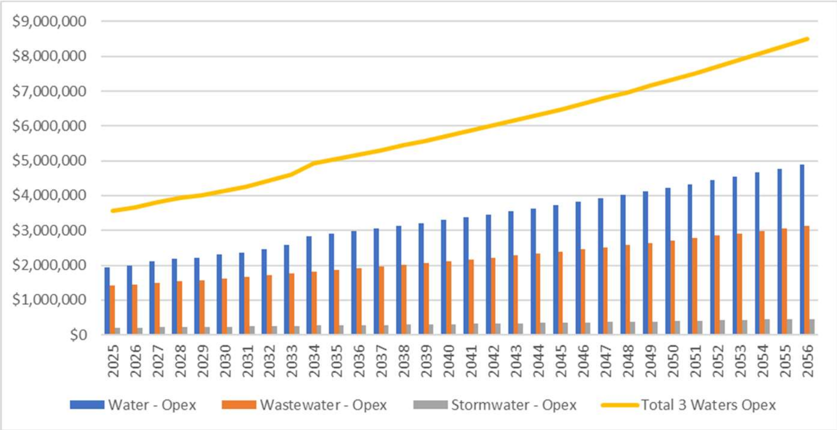


Figure 23: Forecast Annual 3-Waters Total OPEX Costs (Inflated)

6 Overall Infrastructure Investment Program

Estimated total capital and operational expenditure on roading and water services over the 30 years period of this strategy are listed in the table below in 2023 Dollar and inflated 'money of the day' terms.

	Uninflated	Inflated
Stormwater - CAPEX	$1,104,751	$1,778,660
Stormwater - OPEX	$7,093,128	$9,819,509
Wastewater - CAPEX	$13,543,974	$18,758,960
Wastewater - OPEX	$48,431,744	$66,965,065
Water Supply - CAPEX	$19,139,070	$26,237,967
Water Supply - OPEX	$72,532,824	$101,145,740
Road & Footpaths - CAPEX	$73,071,234	$92,002,498
Roads & Footpaths - OPEX	$153,068,000	$210,664,820

Table 5: Capital and Operational Expenditure

The breakdown of operational and capital expenditure on a year-by-year basis in 2023 dollars is presented in Figure 24, and in inflated terms in Figure 25.

Further breakdowns of CAPEX by purpose for roading and 3-Waters activities are provided in 2023 Dollar terms in Figures 26 and 27.

As explained previously the growth or demand related capital expenditure is very limited, being largely confined to some enhancement of reticulation capacity for the Kaikōura wastewater system, and possible development of an additional water source for Kaikōura if the need was to arise, for which as yet there are no supporting signals.

Capital expenditure associated with level of service improvements is also very modest, being largely confined to a small continuing program of road improvements. As such overall expenditure is dominated by operating and renewal costs.

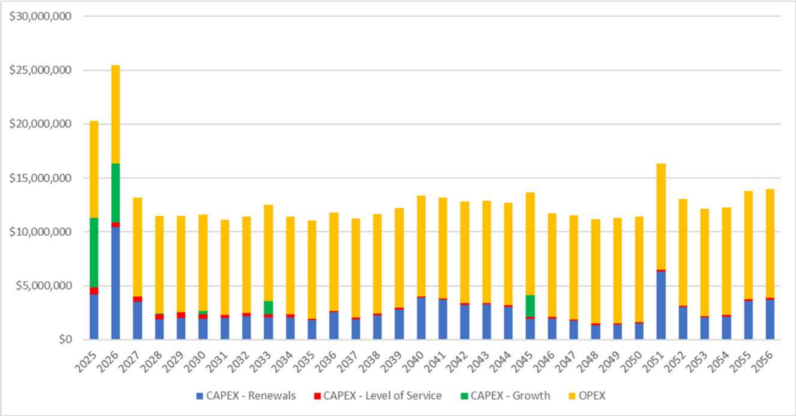


Figure 24: Forecast Total Expenditures – Roading and Water – 2023 Dollars

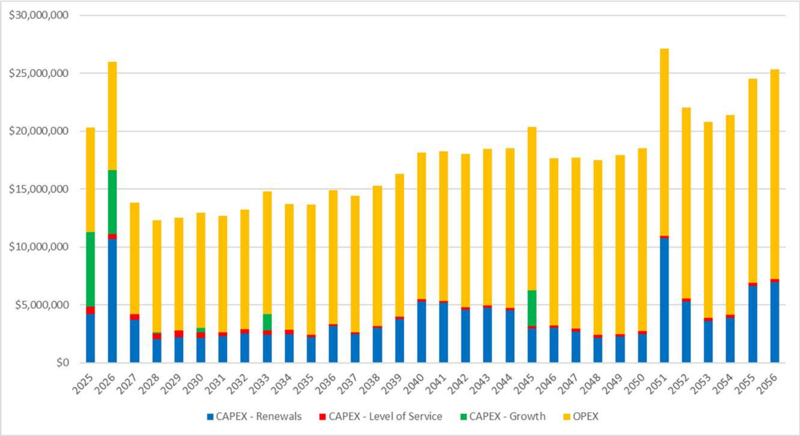


Figure 25: Forecast Total Annual Expenditures - Roading and Water – Inflated

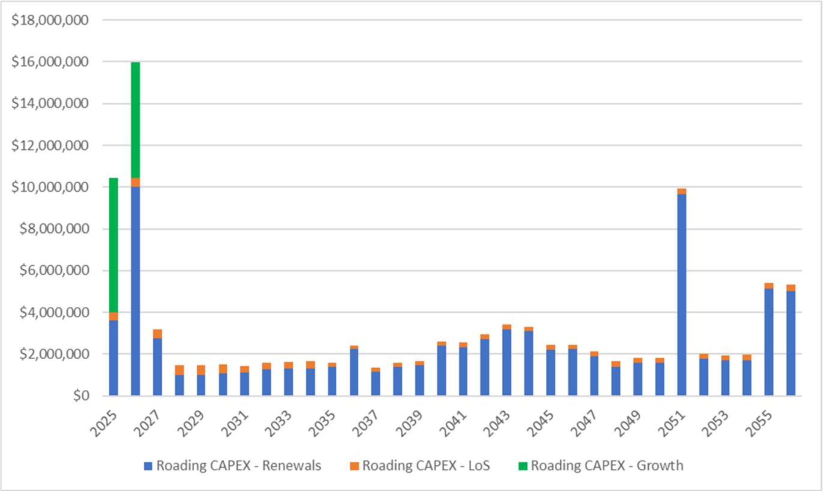


Figure 26: Forecast Annual Roading CAPEX and Purpose (2023 Dollars)

The spike in 2051 is the replacement of the Kahutara River Bridge.

Forecast OPEX profiles in uninflated and inflated terms are shown in Figures 27 and 28.

The first 10 years of these profiles are based on budgets in the Council's 2024-2034 Long-term Plan, whilst the later years are the budget allocations for year 10 of that plan adjusted for inflation and should be only considered as indicative.

Combining all operational and capital cost components together yields the Figure 29 on the following page.

This overall expenditure profile (achieved with only a small amount of smoothing between years) is very uniform, with indicated renewal requirements after 2026 (when the Glen Alton/Clarence bridge is assumed to be completed) being regular and generally less than depreciation.

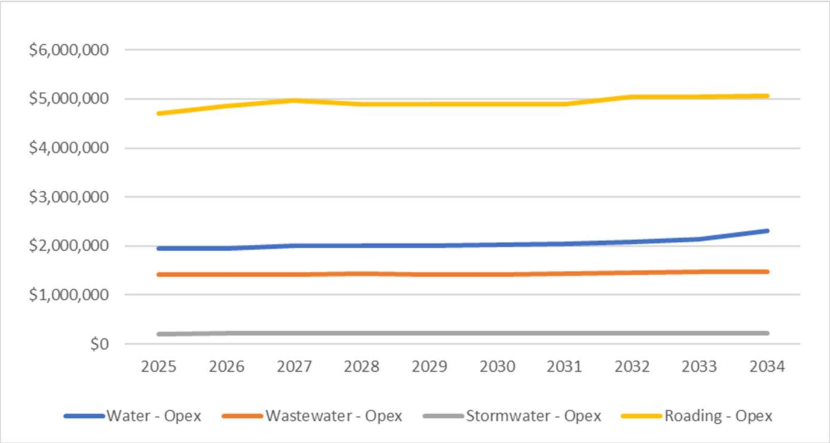


Figure 27: Forecast Annual OPEX (2023 Dollars)

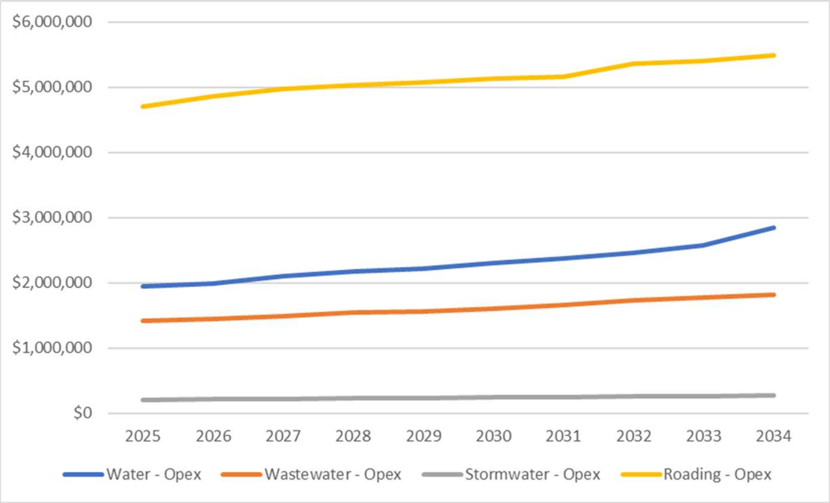


Figure 28: Forecast Annual OPEX (inflated)

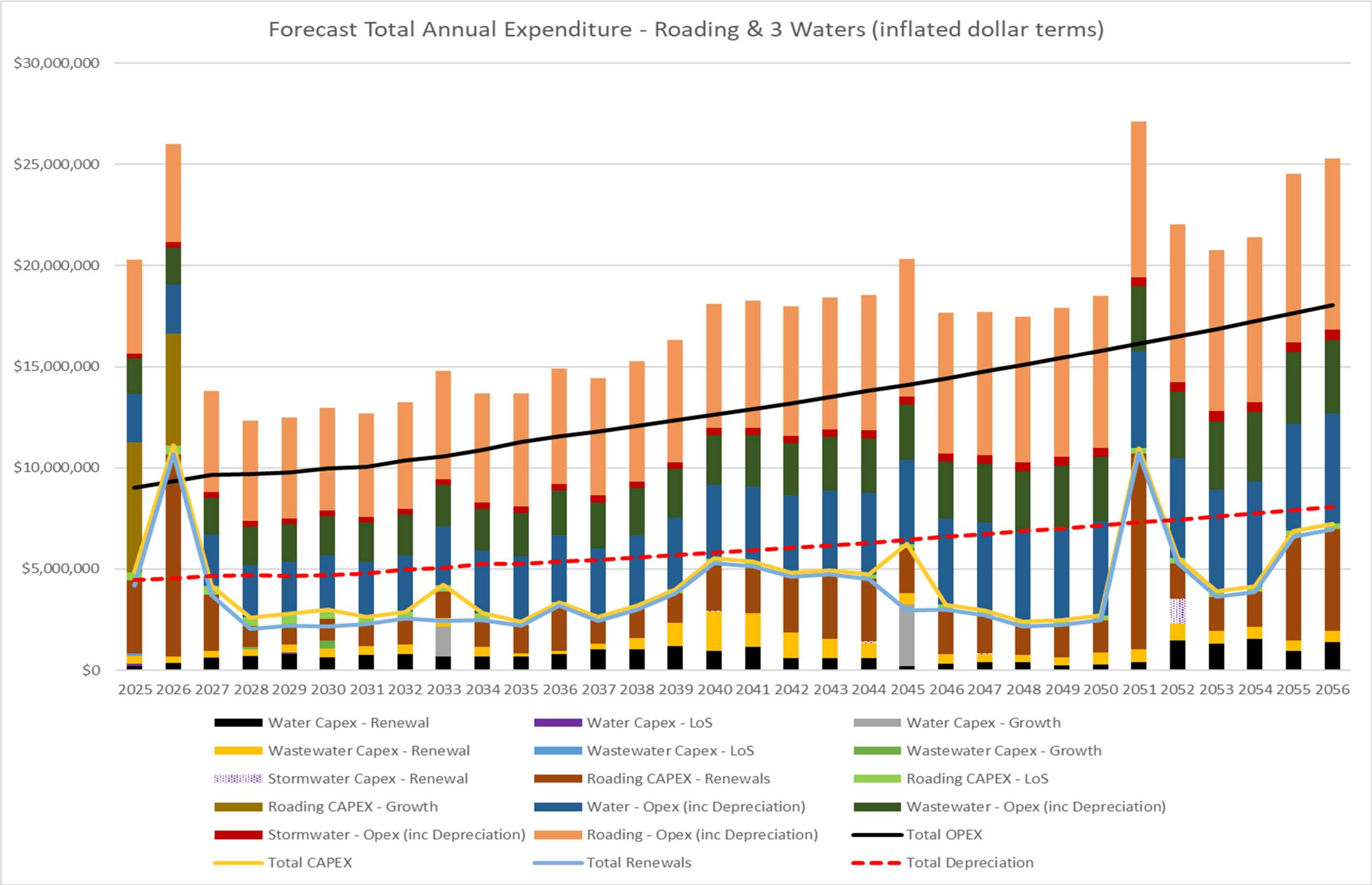


Figure 29: Projected Total Annual Costs, Roading and Three-Waters

This profile strongly suggests that if Council manages these assets appropriately (particularly not deferring renewals) that it should be affordable for the community during this period. This is in contrast with many other districts where pronounced peaks of required renewal expenditure are predicted in the 2030s and 2040s, and this profile lends no support to previous suggestions that Kaikōura District Council is unsustainable, even in the relatively long-term.

Greater challenges do however appear to lie ahead for future generations. A sense of this can be obtained from Figure 33 below. This figure is a 100-year projection of future renewal requirements for some groups of long-life assets for which relatively good likely asset age and expected life information is believed to be available. These asset groups are as follows:

- Bridges
- Water Supply Reticulation, Plant and Structures
- Wastewater Reticulation Plant and Structures
- Stormwater Reticulation

These asset groups in total account for approximately 70% of the replacement value of the depreciable assets held by Council, and hence their requirements for renewal significantly shape overall expenditure.

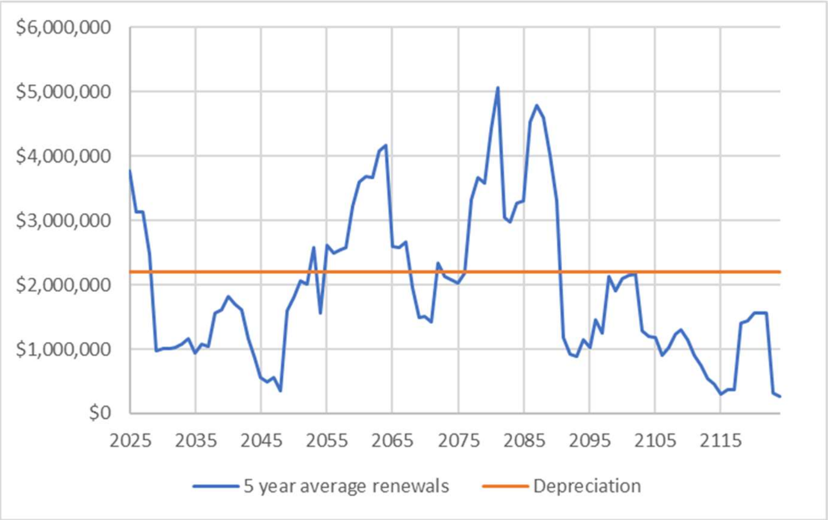


Figure 30: 100-year projection of annual renewal requirements for bridges and all Three-Waters infrastructure, and comparison with associated depreciation (2023 Dollars)

The figure clearly defines the position that the Council is currently in, being in a significant renewal 'trough' for the duration of the 30-year infrastructure period, but with an intense period of replacements likely to commence in around 35 years' time.

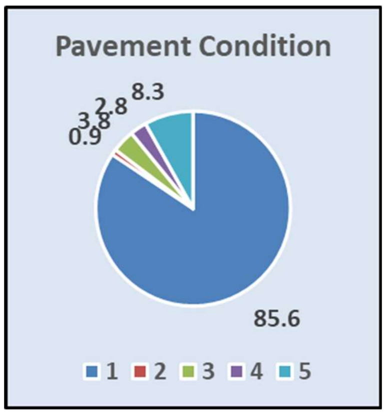
It is suspected that this future peak of renewal requirements may be even more intense than the figure suggests because it is likely that other asset groups on which the Council has less reliable data such as road drains and pavement basecourse will to a large extent have been commissioned between the 1950s and 1970s, and typically having lives of 100 years are also likely to require renewal at around the same time as the first peaks in Figure 30.

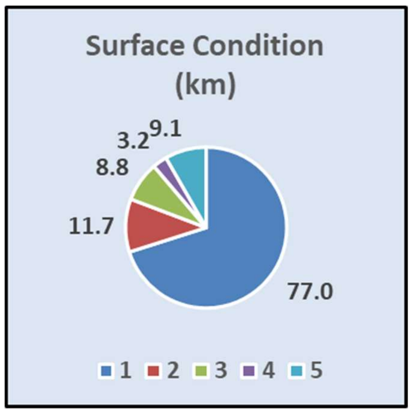
A prudent management strategy might therefore include building of significant reserves in the period prior to these peaks, but it is recognised that this need is far in the future and that many other factors might change in the interim.

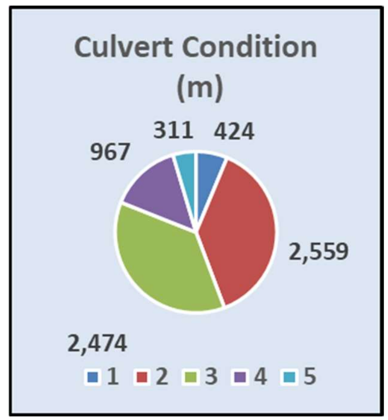
Appendix 1: Condition Assessments of Major Roading Asset Groups

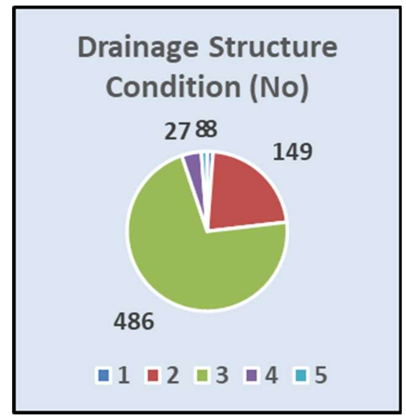
Condition	Pavement (km)	Surface (km)
1	85.6	77.1
2	9.4	11.7
3	3.8	8.8
4	2.8	3.2
5	8.3	9.1
Total	109.9	109.9

Condition	Culvert (m)	Structures (No)
1	424	8
2	2,559	149
3	2,474	486
4	967	27
5	311	8
Total	6,734	678









Condition	Footpath(km)
1	7.8
2	3.6
3	20.1
4	1.6
5	0.8
Total	33.9

Condition	Bridges/Large Culverts (No)
1	6
2	8
3	24
4	8
5	2
Total	48

Appendix 2: OPEX and CAPEX Breakdown – Combined Overview – 30 Years

Year(s) Ending	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035-2039	2040-2044	2045-2049	2050-2054
	000s	000s	000s	000s	000s	000s	000s	000s	000s	000s	000s	000s	000s	000s
Water Capex - Renewal	213	370	570	645	732	567	649	693	569	571	3,571	2,725	986	2,809
Water Capex - LoS	126	-	20	28	73	-	5	-	-	-	-	-	-	-
Water Capex – Growth	-	-	-	-	-	-	-	-	1,217	-	-	-	2,000	-
Wastewater Capex - Renewal	379	276	311	296	335	388	381	394	375	377	1,700	4,580	1,324	1,868
Wastewater Capex – LoS	100	5	-	3	-	-	-	-	-	-	-	-	-	-
Wastewater Capex - Growth	-	-	-	100	-	352	-	-	-	-	-	-	-	-
Stormwater Capex - Renewal	5	5	5	5	5	5	5	5	5	5	25	61	25	723
Stormwater Capex - LOS	5	5	25	5	55	5	5	5	5	5	25	25	25	25
Roading Capex - Renewals	3,603	9,814	2,658	948	936	959	981	1,105	1,108	1,111	5,980	9,718	6,023	9,631
Roading CAPEX - LoS	410	410	410	411	411	412	287	287	288	289	750	750	750	750
Roading Capex – Growth	6,439	5,441	-	-	-	-	-	-	-	-	-	-	-	-
Water - Opex (inc. Depreciation)	2,365	2,375	2,408	2,402	2,364	2,390	2,365	2,381	2,428	2,546	11,677	11,972	12,275	12,585
Wastewater - Opex (inc Depreciation)	1,779	1,774	1,756	1,745	1,703	1,718	1,704	1,715	1,716	1,710	7,489	7,678	7,872	8,071
Stormwater - Opex (inc Depreciation)	252	261	257	254	250	249	244	248	247	244	1,104	1,132	1,160	1,190
Roading - Opex (inc. Depreciation)	4,612	4,725	4,788	4,657	4,593	4,554	4,505	4,591	4,551	4,549	25,744	26,394	27,061	27,744
Total OPEX	9,009	9,134	9,210	9,058	8,910	8,911	8,819	8,936	8,941	9,049	46,014	47,176	48,368	49,589
Total CAPEX	4,841	10,884	4,000	2,441	2,546	2,688	2,312	2,489	3,568	2,358	12,051	17,860	11,133	15,806
Total Renewals	4,201	10,464	3,545	1,895	2,007	1,920	2,016	2,196	2,058	2,064	11,276	17,085	8,358	15,031
Total Depreciation	4,476	4,378	4,329	4,346	4,300	4,173	4,140	4,106	4,219	4,215	22,911	22,958	23,105	23,177

Capital Projects Years 1 to 10 (uninflated)

		2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Roading											
Bridges (Structure Replacement)	R	2,000,000	7,895,000	1,281,000							
Jordan Stream Bridge	R	300,000	500,000								
NCTIR haul roads fully funded by NZTA	R										
Bridge structures	R	-	100,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Sealed road resurfacing	R	561,542	587,435	582,118	389,445	389,445	389,445	389,445	389,445	389,445	389,445
Unsealed Pavement Renewals	R	186,648	175,999	188,611	31,258	17,299	39,560	58,950	180,000	180,000	180,000
Drainage	R	155,000	155,000	155,000	76,050	76,050	76,050	76,050	76,050	76,050	76,050
Pavement Rehabilitation	R	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000	330,000
Traffic services renewals (221)	R	70,200	70,200	70,200	70,200	70,200	70,200	70,200	70,200	70,200	70,200
Road Safety Promotion	L	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Low cost/low risk (minor safety improver	L	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Emergency work (Blue Duck & Puhi Puhi \	R	-									
Seal widening	L										
Seal Extensions & unsubsidised work	D	-	-	-	-	-	-	-	-	-	-
IAF Project	D	6,438,988	5,441,485								
		10,202,378	**15,415,119**	**2,816,929**	**1,106,953**	**1,092,994**	**1,115,255**	**1,134,645**	**1,255,695**	**1,255,695**	**1,255,695**
Footpaths											
New Footpaths/Active travel network	L	250,000	250,000	250,000	250,000	250,000	250,000	125,000	125,000	125,000	125,000
Renewals	R	-	-	-	-	-	-	-	-	-	-
		250,000	250,000	250,000	250,000	250,000	250,000	125,000	125,000	125,000	125,000
Kaikoura Urban Water											
Control and data system upgrades	L	20,000			5,000	45,000		5,000			
Improved chlorination control at low flov	L			20,000							
Supply and install chlorine analyser at Foı	L					12,500					
Update SCADA and connect chlorine anal\	L				5,000						
Spare boost pump and Hydrovar controlle	L					5,000					
AC Pipe Replacement Takahanga Ter -200	R										
Rorrisons Road new main to remove temı	R							40,000			
Replace 170m of 50mm water main, 62 To	R		30,000								
AC Water Pipe Replacement	R		75,000	100,000	314,286	314,286	314,286	314,286	314,286	314,286	314,286
Miscellaneous Scheduled Water Point ar	R	140,976	140,976	178,852	173,293	173,293	173,293	173,293	173,293	173,293	173,293
Miscellaneous Scheduled Toby, Toby Box	R	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
IAF Water Mains	D									1,200,000	
		185,976	270,976	323,852	522,579	575,079	512,579	557,579	512,579	1,712,579	512,579

		2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	2031/2032	2032/2033	2033/2034
Rural Water											
Peketa - New chlorine analyser connecte	L					10,000					
Peketa - Replace outdated UV (use old ki	R					10,000					
Peketa - Miscellaneous Scheduled Renew	R	2,998	2,998	2,998	2,998	2,998	2,998	2,998	2,998	2,998	2,998
Fernleigh - Auto reset after power outage	L	2,500									
Fernleigh - Main reservoir outgoing flowr	L				3,000						
Fernleigh - Main reservoir increased stora	L				15,000						
Fernleigh - Miscellaneous Scheduled Ren	R	10,000	59,656	59,656	59,656	19,447	19,447	19,447	33,609	10,000	10,000
Oaro - SCADA and sampling improvement	L	3,000									
Oaro - Miscellaneous Scheduled Renewal	R	6,922	6,922	6,922	38,278	6,302		32,811			
Kincaid - Configure raw water tanks as cla	L	10,000									
Kincaid - Extra raw water tank capacity	L	80,000									
Kincaid - Failsafe shutdown and alarms U	L	10,000									
Kincaid - Miscellaneous Scheduled Renev	R	13,119	13,119	21,746	21,746	21,746	20,000	27,106	27,106	27,106	27,106
Kincaid - Miscellaneous Toby, Toby Box &	R	8,675	8,675	8,675	8,675	8,675	8,675	8,675	8,675	8,675	8,675
East Coast Village - Redevelop existing bo	R		7,500								
East Coast Rural - Galvanised iron water m	R			145,793							
East Coast Village - Miscellaneous Sched	R	5,000		20,165		147,826					
East Coast Rural - PVC Pipe Replacements	R								100,000		
		152,213	98,868	265,954	149,352	226,993	51,119	91,037	172,388	48,779	48,779
Sewerage / Wastewater											
Ocean Ridge Pump Station - Replace Varia	R			20,000							
Esplanade pump station - corrosion repai	R			50,000							
Churchill St pump station - corrosion repa	R	-	75,000								
Ludstone Rd pump station - corrosion rep	R					50,000					
Hawthorne Rd pump station - corrosion re	R	120,000									
Esplanade pump station - corrosion repai	R		75,000								
Sewer pump renewals and overhauls	R	100,000	49,804	49,804	46,250	46,250	46,250	46,250	46,250	46,250	46,250
Odour Control Renewals	R	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Sewer line under town (SH1) bridge	R		25,000								
Treatment Plant - screening handling imp	L				3,000						
Changes to South Bay boat park to stop st	D				100,000						

Sewerage / Wastewater continued		**2024/2025**	**2025/2026**	**2026/2027**	**2027/2028**	**2028/2029**	**2029/2030**	**2030/2031**	**2031/2032**	**2032/2033**	**2033/2034**
Wakatu pump station - replace pump plin	R							7,500			
Treatment Plant - camera or other means	L		5,000								
Treatment Plant - Replace paddle wheel a	R	120,000									
Treatment Plant - replace dissolved oxyge	R						12,000				
Treatment Plant - Total Cost for Remedy o	L	100,000									
Mill Road Pump Station - wastewater pun	D						350,000				
Miscellaneous Scheduled Wastewater Lir	R					5,855			19,125		
Miscellaneous Scheduled Wastewater St	R	34,425	46,041	186,393	244,350	226,242	322,679	318,898	318,898	318,898	318,898
		479,425	280,845	311,197	398,600	333,347	735,929	377,648	389,273	370,148	370,148
Stormwater											
Lower Ward St culverts and channels upgr	L			20,000							
Greys lane swale and cross-stree piping	L					50,000					
Sundry improvements	L	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Sundry Renewals	R	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
		10,000	10,000	30,000	10,000	60,000	10,000	10,000	10,000	10,000	10,000

Operating Costs (Excl depreciation and overheads) Years 1 to 10 (2025 dollar terms)

Roading	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Roading - Roads and Bridges										
Time Sheet Cost Capture	196,100	196,100	196,100	196,100	196,100	196,100	196,100	196,100	196,100	196,100
Minor Events 140	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Level Crossing Warning Devices	7,020	7,020	7,020	7,020	7,020	7,020	7,020	7,020	7,020	7,020
Sealed Pavement Mtce 111	212,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000	212,000
Unsealed Pavement Mtce 112	189,540	189,540	189,540	189,540	189,540	189,540	189,540	189,540	189,540	189,540
Routine Drainage Mtce 113	240,000	240,000	240,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Structures Maintenance 114	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500	58,500
Environmental Maintenance 121	238,244	238,244	238,244	238,244	238,244	238,244	238,244	238,244	238,244	238,244
Traffic Services Mtce 122	90,558	90,558	90,558	90,558	90,558	90,558	90,558	90,558	90,558	90,558
Network & Asset Management 151	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000
Cycle Path Maintenance	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680	4,680
	1,606,642	1,606,642	1,606,642	1,506,642	1,506,642	1,506,642	1,506,642	1,506,642	1,506,642	1,506,642
Roading - Footpaths & Cycle Lanes										
Maintenance	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Roading - Streetlights										
Electricity	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800	31,800
Maintenance	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Telecommunictions - Internet	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
	51,400	51,400	51,400	51,400	51,400	51,400	51,400	51,400	51,400	51,400
Roading Total	**1,718,042**	**1,718,042**	**1,718,042**	**1,618,042**	**1,618,042**	**1,618,042**	**1,618,042**	**1,618,042**	**1,618,042**	**1,618,042**

Water Supplies	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Water Supplies - Kaikōura Urban										
Electricity	135,000	135,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Insurance	47,380	47,380	47,380	47,380	47,380	47,380	47,380	47,380	47,380	47,380
Planned Mtce - Reticulation	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Unplanned Mtce - Reticulation	88,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Planned Mtce - Facilities	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000	93,000
Unplanned Mtce - Facilities	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Rates	35,830	35,830	35,830	35,830	35,830	35,830	35,830	35,830	35,830	35,830
Water Meter Reading Expenses	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Management icnl. Water Testing	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
	490,210	492,210	512,210	512,210	512,210	512,210	512,210	512,210	512,210	512,210

Water Supplies - Ocean Ridge										
Electricity	2,040	2,040	2,380	2,380	2,380	2,380	2,380	2,380	2,380	2,380
Insurance	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
Planned Mtce - Reticulation	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Unplanned Mtce - Reticulation	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Planned Mtce - Facilities	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
Unplanned Mtce - Facilities	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Resource Consent Expenses	200	200	200	200	200	200	200	200	200	200
Management incl. Water Testing	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
	69,740	69,740	70,080	70,080	70,080	70,080	70,080	70,080	70,080	70,080
Water Supplies - East Coast Rural										
Electricity	43,000	43,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Insurance	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831	4,831
Planned Mtce - Reticulation	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Unplanned Mtce - Reticulation	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Planned Mtce - Facilities	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Unplanned Mtce - Facilities	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
	59,831	59,831	66,831	66,831	66,831	66,831	66,831	66,831	66,831	66,831
Water Supplies - Kincaid Water										
Electricity	4,124	4,124	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Insurance	5,668	5,668	5,668	5,668	5,668	5,668	5,668	5,668	5,668	5,668
Planned Mtce - Reticulation	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300
Planned Mtce - Facilities	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Unplanned Mtce - Facilities	18,000	18,000	26,000	18,000	18,000	26,000	18,000	18,000	26,000	18,000
Management incl Water Testing	21,400	21,400	21,400	21,400	21,400	21,400	21,400	21,400	21,400	21,400
	75,492	75,492	84,368	76,368	76,368	84,368	76,368	76,368	84,368	76,368
Water Supplies - Fernleigh Water										
Electricity	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Insurance	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887
Planned Mtce - Reticulation	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Unplanned Mtce - Reticulation	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Planned Mtce - Facilities	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Unplanned Mtce - Facilities	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Management incl. Water Testing	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400	20,400
	127,287	127,287	127,287	127,287	127,287	127,287	127,287	127,287	127,287	127,287

Water Supplies - Peketa Water										
Electricity	3,700	3,700	4,300	4,300	4,300	4,300	4,300	4,300	4,300	4,300
Insurance	945	945	945	945	945	945	945	945	945	945
Planned Mtce - Reticulation	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500
Unplanned Mtce - Reticulation	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Management incl. Water Testing	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500	21,500
	43,645	43,645	44,245	44,245	44,245	44,245	44,245	44,245	44,245	44,245
Water Supplies - Oaro Water										
Electricity	4,124	4,124	4,124	4,124	4,124	4,124	4,124	4,124	4,124	4,124
Insurance	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711	1,711
Unplanned Mtce - Reticulation	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Planned Mtce - Facilities	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Unplanned Mtce - Facilities	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Management incl. Water Testing	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200	19,200
	56,035	56,035	56,035	56,035	56,035	56,035	56,035	56,035	56,035	56,035
Water Supplies - East Coast Village										
Insurance	4,630	4,630	4,630	4,630	4,630	4,630	4,630	4,630	4,630	4,630
Unplanned Mtce - Reticulation	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Planned Mtce - Facilities	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Unplanned Mtce - Facilities	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Management incl. Water Testing	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
	89,130	89,130	89,130	89,130	89,130	89,130	89,130	89,130	89,130	89,130
TOTAL WATER	**1,011,370**	**1,013,370**	**1,050,186**	**1,042,186**	**1,042,186**	**1,050,186**	**1,042,186**	**1,042,186**	**1,050,186**	**1,042,186**
Wastewater/Sewerage	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
Wastewater/Sewerage - Kaikōura Urban Wastewater										
Consultancy	20,000	-	-	-	-	-	-	-	-	-
Electricity	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000
Insurance	87,225	87,225	87,225	87,225	87,225	87,225	87,225	87,225	87,225	87,225
Planned Mtce - Reticulation	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Unplanned Mtce - Reticulation	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Planned Mtce - Facilities	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000	172,000
Unplanned Mtce - Facilities	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Rates	36,300	36,300	36,300	36,300	36,300	36,300	36,300	36,300	36,300	36,300
Resource Consent Expenses	10,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Management incl. Water Testing	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	480,525	454,525	454,525	454,525	454,525	454,525	454,525	454,525	454,525	454,525

Wastewater/Sewerage - Stock Effulent										
Electricity	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
Maintenance	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Management incl. Water Testing	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400	39,400
TOTAL WASTEWATER/SEWERAGE	**519,925**	**493,925**	**493,925**	**493,925**	**493,925**	**493,925**	**493,925**	**493,925**	**493,925**	**493,925**

Stormwater	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Insurance	7,934	7,934	7,934	7,934	7,934	7,934	7,934	7,934	7,934	7,934
Planned Mtce - Reticulation	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Unplanned Mtce - Reticulation	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Planned Mtce - Facilities	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Unplanned Mtce - Facilities	500	500	500	500	500	500	500	500	500	500
Rates	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830
TOTAL STORMWATER	**52,264**	**52,264**	**52,264**	**52,264**	**52,264**	**52,264**	**52,264**	**52,264**	**52,264**	**52,264**

Appendix 3: Three-Waters Levels of Service

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Efficiently supply potable water to consumers.	The pipe network is well-maintained and does not leak.	Percentage of real water loss from the networked reticulation system	< 30%
We monitor water consumption through our water telemetry systems and enforce water restrictions when these are appropriate. We enforce the Water Supply Bylaw to prevent wasteful water use.	Users treat reticulated potable water as a valuable resource, avoid unnecessary wastage and where appropriate reduce their consumption through changes to use practices or use of non-potable water from other sources.	The average consumption of drinking water per day per resident	< 400 litres
We endeavour to respond to water supply issues within defined timeframes depending on the urgency of the issue.	Information from our water services contractor indicates initial responses to water supply issues (typically an initial attendance at the site) are being consistently provided within defined timeframes.	The median attendance time for urgent callouts, being service failure, supply fault or contamination, from the time that the local authority receives notification to the time that service personnel reach the site. The median attendance time for non-urgent callouts: from the time that the local authority receives notification to the time that service personnel reach the site.	Urgent within 2 hours Non-urgent within 48 hours
We endeavour to resolve water supply issues within defined timeframes depending on the urgency of the issue.	Information from our water services contractor indicates resolution of water supply issues is achieved within defined timeframes:	The median resolution time for urgent callouts, being service failure, supply fault or contamination, from the time that the local authority receives notification to the time that service personnel confirm the issue has been resolved. The median resolution time of non-urgent callouts: from the time that the local authority receives notification to the time that service personnel confirm the issue has been resolved	Urgent within 12 hours Non-urgent within 7 days

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We provide supplies of water that generally meets the expectations of people and businesses in respect of water clarity, taste, odour, pressure or flow and continuity of supply	There is a low level of complaints received regarding Council water supplies.	The total number of complaints received by the local authority (expressed per 1000 connections to the local authority's networked reticulation system) about any of the following: (a) drinking water clarity (b) drinking water taste (c) drinking water odour (d) drinking water pressure or flow (e) continuity of supply, and (f) the local authority's response to any of these issues	13
We provide adequate quantities of potable water that is safe to drink	Our supplies comply with Drinking Water Quality Assurance Rules. The Non-Financial Performance Measures Rules 2013 required local authorities to report their compliance with the bacterial and protozoal contamination criteria of the New Zealand Drinking Water Standards 2005. These standards have been superceded by the Water Services (Drinking Water Standards NZ) Regulations 2022, and so the Council is reporting on these measures, relying on the relevant incorporation by reference provisions in New Zealand law.	The extent to which the drinking water supplies comply with the drinking water quality assurance rules (bacterial compliance criteria)	100% all supplies
		The extent to which the drinking water supplies comply with the drinking water quality assurance rules (protozoal compliance criteria)	100% all supplies
Provide wastewater collection and treatment systems that are reliable and do not generate nuisance.	The number of complaints we receive about problems with the wastewater system remains low. This suggests that the system is functioning well, without faults or blockages, and without nuisance of odours.	The total number of complaints received by the local authority about any of the following, expressed per 1000 connections to the local authority's sewerage system: (a) sewage odour (b) sewerage system faults (c) sewerage system blockages, and (d) the local authority's response to any of these issues	Target (total): < 20

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Pump station and wastewater treatment plant performance is effectively managed, with effluent samples taken not less than three-monthly, to ensure effective wastewater treatment conditions are maintained	Our wastewater systems do not adversely affect the receiving environment. The Council has resource consents granted from Environment Canterbury that control the discharge of sewage to land, and these consents are monitored regularly to ensure we are fulfilling the required obligations.	The number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the Council in relation to those resource consents	The target for each of these measures is zero.
Ensure that wastewater reticulation (including pump stations) is effectively maintained to reduce the potential for blockages or other interruption to flow	Blockages or other interruptions to flow do not result in uncontrolled discharges of wastewater	The number of sewage overflows, expressed per 1000 wastewater connections	The target for this measure is zero.
We endeavour to respond to wastewater issues within defined timeframes depending on the urgency of the issue.	Information from our water services contractor indicates initial responses to wastewater issues (typically an initial attendance at the site) are being consistently provided within defined timeframes.	The median attendance time to attend sewage overflows: from the time that the local authority receives notification to the time that service personnel reach the site.	<1 hour
		The median resolution time: from the time that the local authority receives notification to the time that service personnel confirm blockage or other fault has been resolved.	<24 hours
Provide stormwater systems in urban areas with adequate capacity to minimise significant flooding of land and habitable properties in severe rainfall events with expected annual return period of 5 years and 50 years respectively.	The number of instances of damaging flooding of urban properties or dwellings is low	The number of flooding events where water enters habitable property per year.	Zero
		For each flooding event, the number of habitable floors affected, expressed per 1000 connections to the local authority's stormwater system.	<3
Provide controls on materials entering the stormwater system through physical interception, application of drainage bylaw	There is no evidence that our stormwater system adversely affects the receiving environment and obligations of relevant	Compliance with the Council's resource consents for discharge from its stormwater system measured by the number of: (a) abatement notices	The target for each of these measures is zero.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
provisions, and monitoring the standard of stormwater discharges.	Environment Canterbury resource consents for stormwater discharge are being fulfilled.	(b) infringement notices (c) enforcement orders, and (d) convictions, received by the Council in relation those resource consents.	
We endeavour to respond to stormwater issues within defined timeframes depending on the urgency of the issue.	Information from Customer Service Request (CSR) systems indicates initial responses to stormwater issues (typically an initial attendance at the site) are being consistently provided within defined timeframes.	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	<1 hour
The stormwater system varies widely in its construction, from open channels, swales and wetlands, to concrete piped drains and outlet structures.	There is no significant damage to property or disruption to traffic flow due to moderately severe rainfall events. The number of complaints we receive about stormwater issues remains low. This suggests that the system is functioning well, without frequent overflows or flooding.	The number of complaints received about performance of the stormwater system, expressed per 1000 connections.	< 3

Appendix 4: Three-waters Resource Consents

The following table lists the water resource consents that are presently held for the taking of water.

Supply	Consent No	Expiry date	Allowable take	Comments
Kaikōura Urban	CRC-054849	14 Sep 2041	100 l/s or 8,640 m3/day Mackles Bore	To take and use ground water
	CRC-981641.1	12 Aug 2033	30 l/s or 77,760m3 annually Alternate Bore	To take and use ground water
	CRC-011818	20 Feb 2038	86 l/s or 7,430 m3 day	To take and use surface water
	CRC-163587	20 Feb 2038	55 l/s - Combined take in conjunction with CRC-011818 cannot exceed 86 l/s	To take and use surface water
Oaro	CRC-951060.2	8 Mar 2030	4.5 l/s or 200 m3/day	To take and use ground water
Peketa	CRC-991951	21 May 2034	4.5 l/s or 97.2 m3/day	To take and use ground water
Ocean Ridge	CRC-194257	02 Oct 2037	20 l/s or 15,840 over 10 days	To take and use ground water
Fernleigh	CRC-042702.1	29 Nov 2039	18.5 l/s or 400 m3/day	To take and use ground water
Kincaid	CRC-011818	20 Feb 2038	86 l/s or 7,430 m3/day	To take and use surface water
East Coast	CRC-970568.1	20 Oct 2031	4.5 l/s or 389 m3/day	To take and use ground water

Only the consents for Oaro and East Coast will expire in the next 10 years, and it would not be expected that the renewal of either would be problematic.

The current set of consents help for wastewater are shown in the table below.

System	Consent No	Expiry date	Comments
Kaikōura	CRC-050316	03 October 2031	Operation and maintenance of the anaerobic lagoon
	CRC-050395	05 May 2040	Construction and maintenance of the anaerobic lagoon in a coastal hazard zone
	CRC-050485	Open	To excavate and operate effluent soakage beds
	CRC-191229	15 September 2045	To construct an aerated lagoon
	CRC-191230	15 September 2045	To discharge odour from the aerated lagoon
	CRC-191231	15 September 2045	To store human effluent at the Kaikoura WWTP
	CRC 941111	03 October 2031	Discharge of oxidation pond effluent

At the time of preparing this Infrastructure Strategy there are significant risks related to resource consents for the WWTP. Some activities (solids storage and dewatering) do not have current consents, and not all clauses of the current consents that do exist were being complied with.

This non-compliance had been present for many years, but a more inflexible compliance approach was taken by ECan occurred after the Water Services Act 2021 came into force and responsibilities for wastewater were delegated to ECan.

Abatement notices were issued to the Council and an agreed process is being worked through with ECan. This includes carrying out detailed investigations and expert assessments and applying for replacement consents in 2024.

The main risks associated with resource consents relate to solids storage and disposal, odour management and electrical power requirements. If consents are not granted for the existing activities in their current form as there could be significant unbudgeted capital costs for additional aeration, sludge dewatering and remote disposal and for monitoring equipment.

It is however the current belief of Council that the extent of environmental effects associated with existing activities, such as the disposal of collected sludges on the site, are not sufficient to rationally justify the abandonment of those activities and replacement with much more expensive processes, and for that reason (and the extent of uncertainty as to what the expense of such processes might be) no substantial associated additional future opex or capex budgets are proposed at this time.

The following table lists the stormwater discharge resource consents that are presently held.

System	Consent No	Expiry date	Comments
Kaikōura	CRC022031.1	31 July 2037	To disturb the bed of and to place structures under Phairs Drain (South Bay) and to place a structure within eight metres of Phairs Drain
	CRC144682	28 July 2051	Global consent - to discharge stormwater from the area identified as the "Kaikōura Township Stormwater Management Area"
	CRC063634.1	24 August 2041	To discharge stormwater to land and water at Goose Bay
	CRC081215	5 April 2040	To discharge stormwater for both roading and residential hardstand

No stormwater resource consents are due to expire during the next ten years.

Revenue & Financing Policy

Policy status:	Adopted
Review due:	30 June 2027
Legal reference:	Local Government Act 2002 Section 102(2)(a) and 103, and Schedule 10, Part 1 (10)

Objective

This policy outlines the choices the Council has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (the LGA). The policy also shows how the Council complied with section 101(3) of the LGA which sets out a number of factors we must consider when making these decisions.

The outcome of balancing all those factors requires judgement over many facets of Council functions including but not limited to legal, transparency, accountability, affordability, efficiency, social, and intergenerational equity as well as providing for the financial sustainability of the activities undertaken.

Legal requirements

When making funding policy the Council must work through the process and matters set out in section 101(3) of the LGA and have regard to the section 101(1) obligation to act prudently and in the interests of the community. The requirements of section 101(3) analysis is a two-step process, as discussed below.

First step considerations

The first step requires consideration at activity level of each of the following:

1. Community outcomes to which the activity primarily contributes,
2. The distribution of benefits between the community as a whole, and any identifiable parts of the community and individuals,
3. Period in or over which benefits occur,
4. The extent to which actions or inactions of particular individuals or a group contribute to the need to undertake the activity,
5. The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

No single criterion has greater weight in law than the others, and these are explained in more detail below.

1) The community outcomes to which the activity contributes

Our community outcomes are:

Community – we communicate, engage, and inform our community,

Development – we promote and support the development of our economy,

Services – our services and infrastructure are cost effective, efficient, and fit for purpose,

Environment – we value and protect our environment,

Future – we work with our community and our partners to create a better place for future generations,

The Council manages ten groups of activities to support the achievement of our community outcomes.

2) **The distribution of benefits between the community as a whole**, any identifiable part of the community, and individuals (the beneficiary pays principle).

The community as a whole means all residents and ratepayers. For some of the Council's activities it is difficult to identify individual users, or people cannot be excluded from entry, or everyone benefits in some way from an activity (also known as "public good"). If the activity benefits the community as a whole, it is appropriate to fund that activity by the community as a whole, such as by the general rate. If groups or individuals benefit, then costs can be recovered either by a targeted rate or user fees.

3) **The period over which those benefits are likely to occur** - 'intergenerational equity' principle.

   Many of the activities provided by local government are either network or community infrastructure (for example, roads and stormwater channels), which last for a long time. Benefits from infrastructure can be expected to last for the life of the asset. This matter requires consideration of how the benefits and costs for the assets are distributed over time, so that current day ratepayers are not meeting the entire burden by paying for them now. This is illustrated in the diagram below.

   The main tool for ensuring intergenerational equity is the use of debt, and then rating future ratepayers to service the debt. A decision not to borrow for new capital is effectively a decision that current ratepayers should meet the cost of services that future ratepayers will consume, and should be made as a conscious policy choice.

4) **The extent to which the actions (or inaction) of any individual or group may contribute to the need to undertake the activity**

   This is the exacerbator pays principle which is that those groups whose actions or inactions give rise to a need to undertake a certain activity should contribute to the costs of that activity.

5) **The costs and benefits of funding the activity distinctly from other activities**

   Should the activity be funded from a general source (e.g. general rates or uniform charge) or from a targeted source such as user fees or a targeted rate. The choice between general and targeted funding sources requires consideration of the consequences for transparency and accountability. This might include:

   - The smaller the activity the less likely that funding it separately will be economic or practical,
   - Legal requirements may require an activity to be ring fenced,
   - An activity that may be of benefit to a subset of the community may be a stronger candidate for distinct funding,
   - Transparent rates may aid in the community seeing what they get for their money.

A comprehensive analysis of this is included in the Step One Funding Needs Analysis (Appendix One).

Second step considerations

This step requires the Council to consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural wellbeing of the community. This second step requires consideration once the first step is completed and this is at the whole of Council level rather than at the activity. It allows the Council to make adjustments to the allocation arrived at after step 1.

A comprehensive analysis of the second step considerations is included in the Step Two Overall Impact Analysis (Appendix Two).

Policy statement – general funding principles

The Council considers the following to be its overall position on revenue and financing matters:

- User pays is appropriate because user fees ensure that those who actually use services pay for them, rather than relying on rates to subsidise service delivery.

- Transparency is important.
- Rating differentials are a useful tool to make our rating system fairer.
- Where rates are set on property value, capital value is to be used because this captures the high value of commercial property while mitigating the high value of land for farming.
- Where rates are set as a fixed dollar amount, separately used or inhabited parts of a rating unit (SUIP) is to be used, as this captures each dwelling within a rating unit, each shop within a mall, etc, as intended. Some exceptions may be appropriate, such as registered premises targeted rates which are assessed per licence, or certain water charges which are per unit of water as consumed or supplied by restrictor.

Current changes as a result of analysis

Impacts of targeted rates

Roading rates

Based on the outcome of step 1, the Council considered that a Roading rate differential based on capital value of the following was appropriate:

- Urban & utilities 1.0
- Commercial 2.0
- Semi-Rural 1.2
- Rural 1.2

In addition, the Council considered that a fixed targeted rate on all Rural properties to ensure all rural properties contributed to the roading costs irrespective of the capital value was appropriate.

Footpath & Streetlight, Town Centre, and Harbour rates

The Council considered the following rates and the availability of the services to the groups of ratepayers provided by the activities within each of the rate below, and concluded that an increase in the differential for semi-rural areas was appropriate, as well as to apply the rural differential of 0.25 consistently across these rates.

Table 1: Differentials to apply to urban, semi-rural and rural rates

	Previous differential	New differential
Footpath & Streetlights Rate		
- Urban	1.00	1.00
- Semi-rural	0.50	0.75
- Rural	0.20	0.25
Town Centre Rate		
- Urban	1.00	1.00
- Semi-rural	0.50	0.75
- Rural	0.25	0.25
Harbour Rate		
- Urban	1.00	1.00
- Semi-rural	0.50	0.75
- Rural	0.25	0.25

Rates on commercial and visitor accommodation properties

The Council also considered the economic impact of commercial properties and identified that they should contribute to specific activities via rates set on capital value, without a differential.

Those activities are:

Activity	Portion of net cost to be funded by commercial rates[13]
Public rubbish bins emptying, cleaning & maintenance	100%
Parking control	100%
i-Site operating grants	100%
Tourism & marketing	100%
Economic development	60%
Public toilets cleaning & maintenance	50%
Airport	50%
Town centre maintenance & operations	20%
Harbour activities	10%

Table 2: Activities to be funded by commercial rates

In addition to commercial properties, there are a number of accommodation providers where part of those rating units are used to provide accommodation but are not subject to the Commercial Rate. The Council confirmed in its Step One analysis that it was appropriate that each separately used inhabited part of a rating unit that provides visitor accommodation should continue to pay a fixed amount in lieu of the Commercial Rate, that funds the same activities as the Commercial Rate does.

In the Step Two analysis, the Council confirmed that the amount of that fixed amount should increase from the $400 in 2023/24, so it is a fairer contribution to the net costs of those activities funded by commercial rates and to better reflect the benefit they receive from the Council's tourism and marketing activities to attract visitors to the district. The actual amount of this visitor accommodation rate will be reviewed annually in the Annual Plan process.

Harbour Special Operator targeted rate

Having considered the requirements of section 101(3) of the Local Government Act (2002), being the first and second step considerations described at the start of this policy, the Council considers that certain harbour operators benefit from, and contribute to need for, the harbour activities at South Bay. The Council has concluded from its s101(3) analysis that certain "Special Operators" have exclusive – or predominantly exclusive – use over some areas of the harbour that other users do not, and that a targeted rate for these special operators ensures they contribute to the current and future social, economic, environmental and cultural well-being of the community. The Council has therefore provided for a Harbour Special Operator rate in the Revenue and Financing Policy.

The South Bay harbour costs will be recovered from the following sources:

Fees & charges (slipway fees, boat parking fees, cruise ship fees)	50%
Harbour special operator rate (see note below)	30%
Commercial rate	10%
Harbour Differential rate (urban/semi-rural/rural)	10%

The special operators will also be subject to any user fees that would also normally apply to their use of the harbour, such as boat parking and slipway fees. These special operators will also be subject to the commercial rate as would any other commercial operator, because their commercial business also benefits from the general activities of the harbour the same as any other business, and the portion of the commercial rate that would fund the harbour is insignificant in dollar terms. The special operators would not, however, be subject to the Harbour Differential rate as the Special Operator Rate applies in lieu of the Harbour Differential rate.

Special operator rate note

When the Council considered the overall costs of operating the South Bay Harbour it included consideration of those operators that have exclusive or sole operational areas of parts of the harbour, including jetties, seawalls, bus parking and supporting areas. While those jetties are not in the "ownership" of Council,

[13] Commercial rates in this context refers to the Commercial Rate (set and assessed on capital value) and the Visitor Accommodation Charge (set and assessed per separately used or inhabited part of a rating unit).

they are attached to Council assets and without those Council assets, the jetties and other assets could not be used by the operators. It acknowledged that the exclusive use is at the detriment to other users. In considering the assessing of a special rate for those operators that have exclusive use, the Council considered those operators were making a commercial return from having exclusive use of the harbour. It is also acknowledged that there are other commercial users that do not have exclusive use, but those users pay an appropriate fee for the use of either the land by way of licence or by way of slipway fee. Those other commercial users do not have exclusive use of the slipway or any other facility within the harbour areas.

While at this stage two special operators have been identified, any further operators that are deemed to have sole use of harbour areas and/or exclusive use of Council assets would also be subject to the special operator rate. The special operators will be rated in proportion of the area used.

Commercial rate and Harbour differential rate note

The Council also acknowledges that all commercial properties in the district benefit from the harbour operations, particularly in the economic inflows generated by our iconic marine-based tourism activity, and also that the wider community benefits from harbour operations are predominantly aligned with their proximity to the harbour.

Impacts and application of the general rate

The Council considered the impacts of groups of ratepayers (urban, semi-rural, rural and commercial) based on location compared with the cumulative services that were available and considered that a general rate differential of 0.8 for rural and semi-rural properties is appropriate.

The general rate at a differential of 0.8 applied to rural and semi-rural properties, acknowledges that many of the activities and services funded by the general rate are more likely to benefit urban and commercial properties simply by virtue of their proximity to the township or access to certain services. The differential also serves to alleviate the impact on rates for farms, which have a higher capital value than urban households.

Use of the Uniform Annual General Charge (UAGC) lever

The uniform annual general charge (UAGC) as a fixed amount per separately used or inhabited part (SUIP).

The Council considered the impacts of rates on all groups of properties and including high value properties (those properties with a capital value significantly greater than the average) which generally pay significant rates, and the use of a fixed (uniform) rate which reduces rates for the higher value properties, but increase rates for lower value properties. The greater the property value from the average the greater the impact. Therefore, the Council considers that the Uniform Annual General Charge (UAGC) should be as close to the 30% cap set by legislation as possible. The rationale for this approach includes that the benefit of almost all Council services and activities accrues to all properties equally, therefore the Council considers all properties should contribute a relatively similar level regardless of the value of their property.

Te Ture Whenua Māori Act (1993)

The Council will promote the retention of Māori land in the hands of its owners, their whanau, and their hapu; and to protect wahi tapu; and to facilitate the occupation, development, and utilization of that land for the benefit of its owners, their whanau, and their hapu. It will do this by way of rates remission on Māori Freehold Land that is not used (where that land is not already non-rateable), and it will also offer rates remission to general land that is owned by Māori, where that land and its ownership is the same in nature as Māori Freehold Land but has not been registered with the Māori Land Court. By the same in nature, the Council considers that multiple owners/trustees and the owners/trustees cannot be easily held liable for payment of rates (in the same manner as Māori Freehold Land).

Policy statement – operating costs

Operating costs are the everyday spending on Council activities, such as maintenance, personnel, and telecommunications. Operating costs also include contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and overheads.

Lease & rent revenue, and any revenue generated by an activity is to be applied to that activity in the first instance.

The following sources of funding are appropriate for operating costs:

- User fees
- Grants, sponsorship, subsidies and other revenue
- Special reserves & funds
- Rates

Policy statement – capital expenditure

Capital expenditure is the cost to acquire, upgrade, or renew assets such as property, plant, and equipment. These assets are long-term in nature, and it is therefore generally appropriate to fund their acquisition with long-term funds such as borrowing. External funding sources such as grants, subsidies, development contributions, and proceeds from the sale of assets are also appropriate.

For renewal expenditure (the cost to replace an asset or to restore it to its original condition), annual revenue such as subsidies, user fees & charges, general or targeted rates may be preferred rather than borrowing.

Special reserves and funds may be used to meet capital costs if the expenditure is consistent with the purpose of the fund.

The following sources of funding are appropriate for capital expenditure:

- Investment income and proceeds from the sale of assets
- Grants, sponsorship, subsidies and other income
- Special reserves & funds
- Development contributions
- Borrowing
- Rates
- User fees

The allocation between the various tools will be based on the type of expenditure and the available funds per Appendix One: Step One Funding Needs Analysis.

The Council does not currently intend to use lump sum contributions nor financial contributions under the Resource Management Act 1991.

Funding mechanisms

User fees

User fees are applied to services where it is identified there is a benefit to an individual or group, or directly attributable cost. User fees are a broad group of fees charged directly to an individual or entity including but not limited to hire, rent, lease, licences for land and buildings, permits, planning and consent fees, regulatory fees, fines and penalties, connection fees, disposal fees, statutory charges, harbour and landing fees.

The price of the service is based on a number of factors, including but not limited to:

- The cost of providing the service
- The estimate of the users' private benefit from using the service
- The impact of cost to encourage/discourage behaviours
- The impact of cost on demand for the service
- Market pricing, including comparability with other Councils
- The impact of rates subsidies if competing with local businesses
- Cost and efficiency of collection mechanisms
- The impact of affordability on users
- Statutory limits
- Other matters as determined by the Council

The ability to charge user fees is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (such as the

Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. It is appropriate to incorporate overhead costs when determining the cost of providing a service.

User fees may be set at any time and are reviewed annually. A list of current user fees is maintained on our website.

Revenue from user fees is generally allocated to the activity which generates the revenue.

Grants, Sponsorship, Subsidies and Other Income

Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can be budgeted for (for example Waka Kotahi roading subsidy). Some other types are unexpected or unpredictable and may not be able to be prudently budgeted (such as Provincial Growth Fund funding, reparation payments, reimbursements for emergency events, legal settlements and insurance claims). These are applied as they arise to the corresponding activity or project.

Investment Income and Proceeds from the Sale of Assets

The Council's approach to investments is documented in the Investment and Liability Management Policies. These investments generate income such as dividends, interest, and rents, and are applied to operating costs associated with the investment in the first instance.

Development Contributions, Financial Contributions and Lump Sum Contributions

Development contributions relating to resource consents, building consents and/or service connections, are collected and placed in a special reserve associated with the activity funded by the development contribution, and used for the purpose the development contribution was levied. This may include reimbursing loans that were raised to fund development projects in the past. The Council does not currently take financial contributions and does not intend to use lump sum contributions.

Special Reserves & Funds

Special reserves and funds are used for the purposes that they were created. Reserve funds may be used to meet operating costs if the expenditure is consistent with the purpose of the fund.

Borrowing

The Council's approach to borrowing is documented in the Liability Management Policy. The Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing, or meet short-term cashflow requirements from borrowing as an interim arrangement.

General rate

General rates in this context includes the general rate and the uniform annual general charge. Both rates apply to every rateable property in the Kaikōura district.

The general rate is assessed on capital value on a differential basis, and is applied to activities that benefit the entire community, where the benefits and costs cannot easily be allocated to specific individuals and groups, or where the administrative effort to fund by a specific source would outweigh the activity itself.

The general rate applies a differential of 0.8 to rural and semi-rural properties.

The uniform annual general charge (UAGC) is a fixed amount per separately used or inhabited part (SUIP) and is applied to the same activities that fund the general rate.

Targeted rates

Targeted rates are used when the Council considers that a group of users can be identified (whether by proximity, connection, or access to services), or where it considers that transparency in funding certain activities is important.

Targeted rates include rates assessed on capital value, SUIP, or other factors such as charges on the volume of water consumed.

Examples are targeted rates for water, where only those properties which are connected – or could be connected – are assessed these targeted rates. Another example is the Civic Centre Charge, which is a uniform targeted rate for no reason other than transparency, but the revenue from these rates are ring-fenced in a special reserve and can only be used for their specific purposes.

Activities and their sources of funding

The following table is the outcome of the Step One analysis plus any Step Two adjustments. It shows the funding tools proposed for each activity. It is a summary, see Appendices One and Two for more detail.

Table 3: Activities and their sources of funding

Activity/tools	General rates with differential and UAGC	Targeted rates		User Fees	Grants & subsidies
		Capital Value	Fixed $ amount		
Roads & bridges		35% to 60% with differential	Less than 20% (Dollar amount set annually)		40% to 60%
Footpaths & streetlights		70% to 80% with differential			20% to 30%
Economic development	40%	60% Commercial rate & visitor accommodation			
Animal control	10% to 30%			70% to 90%	
Transfer station (net cost to Council)	100%				
Public rubbish bins and recycling stations	50%	50% Commercial rate & visitor accommodation			
Kerbside recycling collection service			100%		
Rural recycling collection	100%				
Resource recovery and re-use, recycling (net cost to Council)	100%				
Statutory planning	20%			Not less than 80%	
Building control	20%			Not less than 80%	
Responsible (freedom) camping	Up to 100%				Where available
Parking control	50% of residual	50% of residual Commercial rate & visitor accommodation		Up to 100%	
Food premises, environmental health, and alcohol licencing	20%		Registered Premises Charge Up to 80% with user fees	Up to 80% with targeted rate	

Activity/tools	General rates with differential and UAGC	Targeted rates		User Fees	Grants & subsidies
		Capital Value	Fixed $ amount		
Other regulatory	Up to 80%			Up to 30%	
Town Centre		80-95% with differential		5-20%	
Public Halls (Memorial Hall & Scout Hall)	Up to 100%			Up to 20%	
Airport	50% of Residual	50% of Residual Commercial rate & visitor accommodation		90%-100%	
Harbour – South Bay		30% Special Operator Rate, residual split equally between Harbour Rate (with differential) and Commercial Rate & visitor accommodation		Not less than 50%	
Harbour – North Wharf and Old Wharf		Residual split equally between Harbour Rate (with differential) and Commercial Rate & visitor accommodation		Up to 50%	
Civic Centre			70-80%	20-30%	
Housing for the elderly plus MBIE Housing	Residual			100%	
Swimming pool (grant paid to Trust)	100%				

Activity/tools	General rates with differential and UAGC	Targeted rates		User Fees	Grants & subsidies
		Capital Value	Fixed $ amount		
Parks & reserves, walkways, cycle trails & pump tracks, skatepark, playgrounds, sports fields, and foreshore	Not more than 98%			Not less than 2%	
Cemetery	40-55%			45-60%	
Public toilets	50%	50% Commercial rate & visitor accommodation			
Camping ground & Hot Pools				100%	
25 Beach Road (Op Shop) and other leased properties	Greater than 75%			Less than 25%	
Forestry				100%	
Wakatu Quay project	< 5%			> 95% once operational	> 80% to construct
Mayor & Councillors	100%				
Chief Executive's office & communications	100%				

Activity/tools	General rates with differential and UAGC	Targeted rates		User Fees	Grants & subsidies
		Capital Value	Fixed $ amount		
Emergency Management	100%				Where available
Library service	100% after fines				
Community Development	100%				Where available
Social Services (Family violence, youth support, social recovery)					100%
District Plan		100%		Private plan changes 100%	
Environmental Initiatives	100%				Where available
Tourism & Marketing		100% Commercial rate & visitor accommodation			
Strategy & Policy	100%				
Water supplies			Up to 100%	Up to 10%	
Wastewater			Up to 100%	Up to 10%	
Stormwater		Up to 100%		Up to 10%	

Table 3 above shows the degree (expressed as a range) to which each funding source is used to fund operating costs in relation to each activity to be funded, as required by section 101(3)(a) of the LGA. They may change over time because of changes in expenditure requirements, as well as changes in revenue due to demand for services and/or the availability of external grants, and so the percentages are indicative.

Notes for the Reader

The following pages are the Step One Funding Needs Analysis and are designed to be read across two pages.

These pages are an analysis, for each Council activity, of:

- The Community Outcomes to which the activity relates,
- Who benefits from the activity,
- The period over which the benefits occur,
- The extent to which identifiable groups or individuals contribute to the need for, or the costs of, the activity,
- The costs and benefits of funding the activity from other sources,
- The preferred funding tools to be used, for operational and capital expenditure, and
- The rationale behind the funding sources selected and/or other comments.

Step One – Funding Needs Analysis

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Roads & bridges				
Maintenance and capital work of sealed & unsealed roads, drainage & culverts, bridges, road marking & traffic signs. Doesn't include SH1 Beach Rd, Churchill St	• Development • Services • Future	Road users – Whole of district No difference in benefit for commercial property? Commercial properties benefit because roads allow customers to access their business, also the additional vehicle movements for goods and services deliver.	Now and over the life of the assets	Development places demand on the infrastructure, as does heavy traffic resulting from land use such as forestry & commercial activities. Dairy tankers, also cows crossing the road, effluent causing damage. Forestry (logging equipment and haulage) causes damage in a short period but has 20-30 years of little/no road use. People living in semi-rural areas ("urban displaced") who have similar expectations on the standard of roads as urban residents (sealed roads, reduced dust and noise), but drive regularly to work in town or to access town facilities.

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Roads & bridges				
Roads & bridges is a significant cost to the district and so it makes sense to fund the activity transparently using targeted rates, and to use those targeted rates to best align to the types of property – or the location of property – that are the most likely to increase the need for maintenance and upgrading.	Differential Targeted rate based on capital value to fund 80% of net total rate revenue (after the NZTA subsidies) for roads & bridges	Yes	Yes	For transparency, a separate Roading differential rate will be applied to urban, semi & rural, and commercial, and rural, semi-rural & commercial should contribute more, to reflect vehicle weights and damage to roads. A Roading Differential Rate on capital value as below: Roading Rate Urban & utilities 1.0 Commercial 2.0 Semi-Rural 1.2 Rural 1.2
	Uniform Targeted rate 20% of net total rate revenue (after the NZTA subsidies) for roads & bridges	Yes	Yes	All properties outside the urban area should contribute an initial fixed amount towards the roading costs irrespective of size or value. The fixed amount mitigates the disproportionate impact on high value properties.
	Fees & charges	Yes	Yes	Wherever these are available (e.g. for any services provided directly, and for licences to occupy on road reserves).
	Grants and subsidies =/> 51% of eligible costs	Yes	Yes	NZTA subsidies continue to fund a substantial portion of road costs (assumed 51% for annual costs within the NZTA approved programme, and up to 95% for emergency work).
	Borrowing	No	Yes	
	Development or Financial contributions	No	Yes	
	Other (minimum 2%)	Yes	Yes	Petrol tax levies

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Footpaths & streetlights				
Maintenance and capital work: Predominantly urban This activity doesn't include walkways or cycle trails (they reside in parks & reserves activity)	• Development • Services • Environment	Footpaths are located predominantly in the urban area. Semi-rural residents are frequently in urban area and are only 15 minutes from the township. Residual to rural. Everyone comes into town with benefit accruing according to proximity to the township.	Now and over the life of the assets	Development places demand on the infrastructure, as does increased visitors and expectations for improved access using sustainable transport.
Water supplies				
This activity is involved with the efficient provision of drinking water as well as water for stock or irrigation, and water for firefighting.	• Development • Services • Future • Environment	The communities that are supplied with water are the beneficiaries. The entire community benefits through reducing health risks and having protection in the case of fire. In particular, providing this protection to maintain access to public services such as hospitals, schools, police, ambulance etc.	Now and into the future over the life of the assets	Existing property owners/residents including businesses and industrial premises within the supply areas. Developers – for subdivisions and new developments within the supplied areas. Exacerbators – excessive users of potable water for non-essential needs. Firefighting services require hydrants and adequate pressure and supply.

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Footpaths & streetlights				
Could have an Urban/ Semi-Rural/ Rural rate for combined activities such as Footpaths, Town Centre, Harbour, but keeping it separate ensures funds are spent on the activity and not washed up with others.	Differential Targeted rate < 90% as long as NZTA subsidies are available	Yes	Yes	Everybody still pays, acknowledge lesser use by people in the rural areas. Semi-rural have similar benefit to urban.
	Fees & charges	Yes	Yes	Wherever possible
	Grants and subsidies =/> 51% of eligible costs	Yes	Yes	Wherever possible
	Borrowing	No	Yes	
	Development or Financial contributions	No	Yes	
Water supplies				
Meters provide information about actual water consumed, and for users to be invoiced accordingly, but meters are expensive to install and maintain. A Kaikōura Water Cohort has been established, consisting of Kaikōura Urban, Suburban, Ocean Ridge, Peketa and Oaro water supplies. This means the cost of operating these supplies is shared across the consumers of the Cohort group.	Targeted rates for all SUIPs connected, and/or within 100 metres of any part of the supply(s). Water meter charges for extraordinary consumption (volumetric charges) Targeted rates per unit of water (by installed restrictors): East Coast, Kincaid Fernleigh and Suburban supplies	Yes	Yes	Users benefit directly from the supply of safe potable water (or stock water as appropriate) and hence are rated directly for the cost of providing the water supply. The Kaikōura Water Cohort effectively provides funding support for small supplies (particularly Oaro, Peketa and the East Coast village) so that they can progress with upgrades to treatment and storage, etc, that would otherwise be completely unaffordable if those supplies were required to fund those projects on their own. From time to time the Council may consider other supplies entering the Cohort or for the Cohort to partially subsidise other water supplies within the district.
	User fees	Yes	Yes	
	Grants and subsidies are used wherever possible.	Yes	Yes	

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Water supplies (continued)				
This activity is involved with the efficient provision of drinking water as well as water for stock or irrigation, and water for firefighting.	• Development • Services • Future • Environment	The communities that are supplied with water are the beneficiaries. The entire community benefits through reducing health risks and having protection in the case of fire. In particular, providing this protection to maintain access to public services such as hospitals, schools, police, ambulance etc.	Now and into the future over the life of the assets	Existing property owners/residents including businesses and industrial premises within the supply areas. Developers – for subdivisions and new developments within the supplied areas. Exacerbators – excessive users of potable water for non-essential needs. Firefighting services require hydrants and adequate pressure and supply.
Wastewater				
This activity comprises the collection and transportation of wastewater from its sources (commercial premises and residences) to its point of treatment. Treatment and disposal of sewage for commercial and domestic users.	• Development • Services • Future • Environment	Consumers connected to (or able to be connected to) the Kaikōura sewerage system, both on a per property and a per pan basis benefit from the removal of sewerage from their property. Public health of the community, convenience of individual property owners and the users of coastal waters.	Now and into the future over the life of the assets	The wider community. Those properties/ residents connected. Industries and commercial businesses, restaurants and fast-food outlets. The existing property owners/residents including commercial business and industries within the service areas. Developers – new subdivisions and developments within the serviced area generally create a need for increased wastewater disposal. Iwi & Environmental interest groups. Discharges to freshwater catchments are important considerations.

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Water supplies (continued)				
Development and/or financial contributions are appropriate for capex because subdivisions and new developments create demands on infrastructure that benefit the developer and existing ratepayers are not responsible for.	Borrowing	No	Yes	
	Development or Financial contributions	No	Yes	
Wastewater				
User fees are not practical (although minor fees are charged for service approvals) An option is to align wastewater discharge to actual water consumption (e.g. by water meter) but meters are costly to install and maintain. Development and/or financial contributions are appropriate for capex because subdivisions and new developments create demands on infrastructure that benefit the developer and existing ratepayers are not responsible for. Grants are applied for wherever possible.	Targeted rate: All rateable property within the area serviced by the wastewater system, and/or within 100 metres of any part of the system. Commercial and self-contained & serviced: per SUIP with a differential for each additional water closet or urinal. Households will not be treated as having more than one water closet or urinal.	Yes	Yes	Users benefit directly from the hygienic collection, treatment and disposal of wastewater, and hence are rated directly for the cost of providing the wastewater system. The wider community benefits from wastewater being safely contained, however this is not considered sufficiently material to warrant a general rates component in the funding. Visitor accommodation providers such as motels provide bathrooms per motel unit, so there is a higher concentration of wastewater than would be on a per property basis. Other commercial properties, such as bars, restaurants, offices and service stations, have a relatively low number of toilets/pans, but very high usage – much higher than an average household.
	Grants and subsidies are used where possible	Yes	Yes	

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Wastewater (continued)				
This activity comprises the collection and transportation of wastewater from its sources (commercial premises and residences) to its point of treatment. Treatment and disposal of sewage for commercial and domestic users.	• Development • Services • Future • Environment	Consumers connected to (or able to be connected to) the Kaikōura sewerage system, both on a per property and a per pan basis benefit from the removal of sewerage from their property. Public health of the community, convenience of individual property owners and the users of coastal waters.	Now and into the future over the life of the assets	The wider community. Those properties/ residents connected. Industries and commercial businesses, restaurants and fast-food outlets. The existing property owners/residents including commercial business and industries within the service areas. Developers – new subdivisions and developments within the serviced area generally create a need for increased wastewater disposal. Iwi & Environmental interest groups. Discharges to freshwater catchments are important considerations.
Stormwater				
This activity protects people, dwellings, private property and public areas from flooding by removing stormwater. Discharge stormwater and collect contaminants in a manner that protects the environment and public health.	• Development • Services • Future • Environment	There is a mix of community public good and identifiable parts of the community benefiting. The wider community benefits from having public roads, open spaces, public services such as hospitals, schools, police, fire department etc. accessible and available through being protected from flooding. The wider community also benefits by protecting the environment from contaminants entering the waterways, including rivers and beaches.	Now and into the future over the life of the assets	Development places demands to extend or increase the capacity of existing infrastructure. Exacerbators – excessive users of water for non-essential needs, such as excessive boat-washing, lawn watering, etc, cause overflow to stormwater.

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Wastewater (continued)				
Development and/or financial contributions are appropriate for capex because subdivisions and new developments create demands on infrastructure that benefit the developer and existing ratepayers are not responsible for.	Borrowing	No	Yes	See previous pages.
	Development or financial contributions	No	Yes	
Stormwater				
User fees are not practical. Special reserves are held to fund capital renewal projects. Development and/or financial contributions are appropriate for capex because subdivisions and new developments create demands on infrastructure that benefit the developer and existing ratepayers are not responsible for. Grants are applied for wherever possible.	Targeted rate based on capital value, applied to all rateable properties within the urban area (including Kaikōura township, South Bay and Ocean Ridge).	Yes	Yes	All properties within the urban area benefit from stormwater protecting private property and public or commercial areas from flooding, regardless of whether they are actually connected to the stormwater system.
	Grants and subsidies are used where possible.	Yes	Yes	
	Borrowing	No	Yes	
	Development or financial contributions	No	Yes	

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Refuse & Recycling				
Kerbside rubbish collection service	• Services • Environment	Similar to the kerbside recycling collection, the rubbish collection is a fortnightly pickup service, and benefits the urban households who receive the service (limited to those who buy a bag).	Immediate and annually	IWK contract Bags ripped or damaged causing litter
Transfer station	• Community • Services • Environment	People who dump their rubbish (district wide) Whole community (environment is clean, protection of public health).	Immediate and long term.	Rehabilitation of the landfill, leachate control, monitoring. Illegal dumping
Public rubbish bins and recycling stations	• Environment	Visitors and locals Predominantly urban	Immediate and annual	The waste in the bins is glass & plastics sourced from commercial premises. Being used by locals for rubbish to avoid the cost of a kerbside bag, and/or easily contaminated by poor recycling habits.
Rural (Lynton Downs & Clarence & Kekerengu) collection	• Environment	Communities in those areas benefit. This is a service for the rural area as the kerbside collection is not available to them.	Immediate and long term.	Windblown bags and cardboard, collection sites being used for dumping of rubbish or unintended items such as TV's, microwaves, etc.

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Refuse & Recycling				
User pays (buy a blue bag)	Fees & charges	Yes	Yes	Out of $350k covers Kate Valley, etc, KDC expected to receive $100/tonne to pay for development
User pays (dumping fees) are paid to IWK in the first instance. The operations contract is paid by KDC.	General rate <20% as a Group (KDC and IWK) For KDC alone is 100%	Yes	Yes	There is an element of community benefit of subsidising the transfer station, on an equal basis across all property in the district.
	Fees & charges	Yes	Yes	User pays should incentivise good waste behaviours. These fees are paid to IWK and are not revenue to KDC.
	Borrowing	No	Yes	
Rubbish bins and recycling stations are now located in the same place and dealt with in the same collection service (no longer any need to fund separately). Total cost of service doesn't really justify a separate targeted rate (separate from the commercial rate).	50% general rate	Yes	Yes	Community benefits from having a clean environment and that there is somewhere for locals and visitors to dispose of litter.
	50% targeted rate for commercial property			Glass, plastic, and rubbish waste are sourced from local commercial premises.
Difficult to pinpoint where the service boundary should be drawn, everyone is able to use the collection point.	100% Targeted rate Rural properties only, on a uniform basis.	Yes	Yes	Semi-rural properties are considered close enough to town that they are more likely to use the Scarborough Street facilities, so this is appropriate to be rural only, and the benefit is equal per household so is a uniform rate per SUIP.

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Refuse & Recycling (continued)				
Resource recovery and re-use, recycling, and food waste services	• Environment	Community as a whole Visitors (e.g. use the shop)	Immediate and long term.	Contamination of recycling or organic materials, stocking and shelving costs (keeping reusable items clean, dry and resaleable).
Kerbside recycling collection service	• Environment • Services	Predominantly urban (some manual override required for outskirts) Available to commercial property as long as within the collection service area (and not in the West End).	Fortnightly pickup service Benefits the whole community now and into the future	Windblown bags and cardboard, etc
Facilities				
Parks & reserves, walkways, cycle trails & pump tracks, skatepark, playgrounds, sports fields, and foreshore, this activity includes mowing and maintenance, weed control, track and structures maintenance & upgrades	• Community • Development • Environment • Future • Services	Whole community Visitors Businesses Event holders	Immediate Annual Long term	R&M Safety of users (esp. playground) Vandalism Rubbish & litter Management

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Refuse & Recycling (continued)				
Costs to sort and compact are substantially offset by revenues at the IWK shop. Extremely difficult to find markets for recycled products.	General rates 100% of the net cost	Yes	Yes	There is a community obligation to reduce the amount of waste that ends up in landfill – which in turn increases greenhouse gas emissions, leachate, and other environmental impacts.
	Fees & charges – sale of items at the IWK shop fund this service in the first instance, KDC pays IWK a contract fee to manage the resource recovery centre.	Yes	Yes	Fees are received by IWK (not KDC)
	Waste minimisation levies	Yes	Yes	Levies are linked to projects identified in our Waste Minimisation Strategy
Unlike the rubbish collection service which requires the purchase of a bag, recycling bins are provided to each property in the urban area to access the collection service	100% Targeted rate for the Urban area (those who have the service available as they are on the kerbside collection routes – which excludes the West End)	Yes	Yes	Predominant benefit goes to properties receiving the service (see Resource Recovery for the community benefit of having recycling available generally).
Facilities				
Licences to occupy (mobile food stalls, etc) Sports club rooms (Squash, Rugby, Tennis)	General rates < 98%	Yes	Yes	General Rates are appropriate – the majority of facilities are available for everyone to use
	Fees & charges < 2%	Yes	Yes	Fees & charges are only available as a tool where there is an identified area being used by an identifiable group. Event holders should be charged a fee for commercial activity (e.g. to use Takahanga Domain for an event).
	Borrowing	No	Yes	
	Development or financial contributions	No	Yes	

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Facilities (continued)				
Cemetery – this activity includes burials, mowing & maintenance, cemetery register record keeping, and public enquiries	• Services • Future • Development	Whole community - wide community use Families & Descendants	Long term	R&M Burial types (grave, cremation, natural, RSA plots) Expectations for online searchable register
Public toilets – including cleaning and maintenance, and upgrades. Specifically relates to top of Beach Rd, Gooches Beach, Jimmy Armers Beach, Seal Colony, South Bay gateway, and NZTA toilets at Rakautara and Raramai. The West End (town centre) toilets fall within the Town Centre activity. Moa Point toilets fall within the Harbour activity.	• Development • Future • Services	The whole community benefits from having hygienic facilities for people to use (the alternative is abhorrent). People who need to use the facilities (includes residents and visitors). Commercial businesses benefit from people being able to relax and spend in the town for longer.	Immediate and long term	Vandalism Residents out and about in the district Visitors to the district Commercial businesses contribute especially the West End toilets (people come to town for shopping etc and stop at toilet facilities while in town). Whale Watch and Encounter guests - Moa Point toilets are almost exclusively used by their customers.

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Facilities (continued)				
Burial fees should cover the cost of interment, but the whole community covers the cost of mowing, maintenance and the enquiry service for death records. Grant from DIA Retired Services Association for RSA plot maintenance.	General rates < 50%	Yes	Yes	General rates are appropriate – available for everyone and is a public service
	Fees & charges > 50%	Yes	Yes	Fees & charges - Should recover actual interment costs as a minimum, should also consider long-term cost of maintaining the site and keeping the cemetery tidy.
State Highway toilets are fully subsidised (NZTA) Could have coin operated facilities but these are more likely to be vandalised	General rate 50% of residual costs	Yes	Yes	General rate is appropriate (with differential based on proximity to urban area), because community benefits both from the use of these toilets and that facilities are available for others to use (public areas are clean and free of human waste).
	Commercial rate 50% of residual costs	Yes	Yes	Residual costs (after subsidies) should be an equal share between the general rate and commercial rate (commercial properties benefit from facilities being available for their customers, and also contribute in part to the need for these facilities to be located in their vicinity).
	Grants & Subsidies (NZTA) fund 100% of costs for cleaning and maintenance of toilets on the State Highway.	Yes	Yes	Subsidies are the preferred source of revenue, with rates to fund residual costs.

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Facilities (continued)				
Town Centre – West End maintenance, village green, CCTV, West End toilets	• Community • Development	Whole community Visitors Businesses	Immediate, annual & long term	Vandalism Wear & tear (pavers)
Public Halls (Memorial Hall & Scout Hall) – this activity involves maintenance and refurbishments, managing bookings, and general operating expenses.	• Community • Development • Future • Services	Community groups, outside community groups, whole of community, school groups, individuals, Court (Ministry of Justice).	Immediate, annual & long term	Vandalism Wear & tear Maintenance of audio-visual gear, kitchen, and other functions Power consumption & wastage Safety of users

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Facilities (continued)				
Outdoor dining and signs/display fees, Market licences. Need to find a balance of signs, displays and tables taking up space on the footpaths - not a good idea to crowd the town centre with licence to occupy areas, but at the same time we want the West End to be a vibrant place to visit. Great to have buskers, markets and other things happening at the amphitheatre.	Targeted rate - Commercial CV 20%	Yes	Yes	Commercial business benefit from having an attractive town centre with parking, toilets, security systems and that customers can park and walk in a safe and clean environment
	Differential Targeted rate for residual (70%) - Urban - semi-rural - rural split	Yes	Yes	The entire community benefits whenever they come to the town centre, which is assumed to relate to proximity to town.
	User fees & charges 10% licences to occupy etc	Yes	Yes	Note parking fees are assumed to be part of parking control (not funding Town Centre parking facilities).
	Borrowing	No	Yes	Enhancement projects
User fees - hall hire Grants where available Sports and other groups expect discount/free hall hire	General rates < 95%	Yes	Yes	Some hall use is free – for community good.
	Fees & charges Would like to generate more revenue from users	Yes	Yes	Currently user fees barely cover 4% of costs.
	Borrowing	No	Yes	Renewals, upgrades and refurbishments.

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Facilities (continued)				
Civic Centre – the District Council & Environment Canterbury offices, Museum, Library space, public meeting rooms, community hires (e.g. Plunket, media, legal and other services, plus Dept of Conservation temporary space, etc).	• Community • Development • Environment • Future • Services	Tenants (ECan etc) All visitors & service users Whole of district – through having a governance office Emergency responders (the building is the Emergency Operations Centre in an emergency event).	Life of the building	R&M Vandalism Power wastage Safety of occupants Management
Housing for the elderly (plus MBIE temporary Housing), including maintenance and capital work	• Future • Services • Environment	Tenants, families, MSD, wider community (by finding homes for people)	Annual and for the duration of tenancy (both the individual and the temporary housing (MBIE)).	R&M Vandalism Safety of occupants Management
Swimming pool – annual grant payments to Kaikōura Community Pool Trust to operate the pool.	• Services • Future • Environment	Swimmers, community, school groups, visitors, health & fitness groups, emergency training, dive training, water sport clubs & members.	Immediate, seasonal, and life of the pool	R&M Safety of users Profitability of the pool (grant is a maximum depending on financial need)

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Facilities (continued)				
A targeted rate is appropriate for transparency given the community interest in the cost of this facility.	General rates	Yes	Yes	
	Targeted rate 80%	Yes	Yes	
	User fees & charges > 20%	Yes	Yes	Rents & leases
	Borrowing	No	Yes	
Rent revenue Lease revenue (from Te Whare Putea)	General rates – Residual	Yes	Yes	Any shortfall from rents will be covered by the general rate.
	Fees & charges – 100% unless unaffordable	Yes	Yes	The intent of social housing is that it is provided at a rental level that is affordable for people on fixed incomes. The target of 100% user fees may impact the level of service for tenants.
	Borrowing	No	Yes	Borrowing is appropriate for refurbishments and where accumulated special funds are depleted.
The pool is not owned by Council (no user fees).	General rates 100%	Yes	Yes	Appropriate – is a community facility, available for everyone to use.

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Facilities (continued)				
Camping ground & Hot Pools – the Top 10 holiday park leased to operator, plus future hot pools on the Esplanade	• Services • Future • Development	Users - including Visitors and Residents Businesses benefit from having visitors attracted to the area (increased spend)	Immediate and long term	Demand on water and wastewater services
25 Beach Road (Op Shop) and other leased properties – the activity includes property ownership – the Op Shop, part of the golf course, radio sheds on Scarborough St, minor grazing leases, etc.	• Services • Future • Development	Occupants/tenants/lease holders People visiting the premises (may be visitors or residents) Community organisations benefit from the Op Shop	Life of the building	R&M Vandalism Safety of occupants Management
The Wakatu Quay project – capital development plus annual ongoing facilities, Nature of the space to be determined (hospitality, retail, tourism operators, community space, markets, arts and cultural, marine)	• Community • Development • Environment • Future • Services	Whole community Visitors Businesses Direct tenancies Event holders	The life of the building and facilities	R&M Vandalism Weather and sea surge Risk of cost overruns Management Capital design specifications

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Facilities (continued)				
Council is the landowner, not the operator - user fees are the operator's revenue, the Council collects a lease. Both operations are commercial in nature and should therefore generate a return to the Council lessee.	100% User fees & charges (lease fees)	Yes	Yes	Revenue can offset the general rates requirement.
Tenants/occupants are mainly non-commercial in nature - there is a community service to consider. The whole community benefits through the Op Shop occupying a property at a non-commercial rental (more funds available to community projects)	General rates < 75%	Yes	Yes	Most of these properties are owned for civic or community purposes, they don't yield market value leases.
	User fees (leases and rents) > 25%	Yes	Yes	Some level of lease or rental is appropriate (market rent may be appropriate for some but not for OpShop).
Provincial Growth Fund (PGF) for capital work Tenancies leases & licences to occupy Loans (capex) Car parking fees	General rates Any residual costs (including loan servicing) will need to be funded by general rates until such time as lease revenues reach 100%.	Yes	Yes	Residual costs only (actual lease revenue and other revenues have not been determined).
	Fees & charges 100%	Yes	Yes	Once operating, the expectation is that Wakatu Quay is self-funding from lease revenue, licences to occupy and parking fees.
	Grants & subsidies	Yes	Yes	PGF funding
	Borrowing	No	Yes	

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Facilities (continued)				
Airport – activity includes maintenance and capital work: Runway, Terminal building, Hangars, Water supply and septic tank, Civil Aviation Authority safety compliance	• Community • Services • Development • Future	Airport operators Visitors Public good in an emergency (e.g. access when the roads are closed) Other commercial premises benefit from visitors coming to district (Sounds Air or other chartered flights bringing people to district)	Immediate, annual & long term	Wear & tear Mowing Wind and other conditions Management of tenants Safety of users
Harbour - South Bay harbour, boat parking, public jetty & slipway, boat washdown area and fuel facilities	• Community • Development • Environment • Future • Services	Commercial charter, commercial fishers, Whale Watch and Dolphin Encounter, other users, Coastguard, penguin colony, visitors, Cruise ships, recreational users.	Immediate, annual & long term	Safety of users Repairs and maintenance Weather Vandalism Operator error

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Facilities (continued)				
Funding sources available include: Landing fees Lease revenue Licence to occupy (fuel and Aero Club)	General rates - Residual	Yes	Yes	50% of net cost accrues to general rate
	Targeted rate Commercial rate to reflect benefit accruing to local businesses	Yes	Yes	50% of net cost accrues to commercial rate
	Fees & charges, aim for 100% within three years	Yes	Yes	Expectation that the airport is self-funding (not less than 90%)
	Borrowing	No	Yes	Renewals, service level improvements and upgrades
Slipway fees, boat parking fees and cruise ship fees are useful sources of revenue. Leases & licences may not be viable. Visitor levies to be considered in future (if these are available as a funding source).	Targeted rates - Commercial rate and the Harbour targeted rate with urban, semi-rural and rural differential. Special operator rate is appropriate, especially where main operators have exclusive use of certain areas of the harbour. Target 80% of net costs to be funded by user fees combined with the Special Operator Rate for the operators with exclusive use. The balance 20% to be funded: 10% by harbour rate with differential for urban/semirural/rural, and 10% funded by commercial property	Yes	Yes	Management and operating model required - all users to contribute, future business case. Special operators Whale Watch and Encounter Kaikōura have exclusive use of certain areas, share of costs should align with apportionment. Commercial rate and harbour targeted rate are an equal share of the balance (after user fees and any special operator rate). Commercial premises benefit from the harbour bringing visitors to the district to spend here. Local residents benefit from having access to the harbour facilities and the economic benefits it brings – roughly aligned with proximity to the township.
	Fees & charges should be not less than 80% (combined with the special operator rate)	Yes	Yes	Operators should pay not less than 80% of the cost to operate harbour facilities, whether that be via user fees or special targeted rates.
	Borrowing	No	Yes	Renewals, service level improvements and upgrades

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Facilities (continued)				
Harbour – North Wharf, Old Wharf. Note this activity does not include seawalls, concrete pathways or the wider Wakatu Quay area.	• Community • Services • Development • Environment • Future	Commercial fishers, recreational fishers	Immediate, annual & long term	Safety of users Repairs and maintenance Weather Vandalism Operator error
Forestry – South Bay plantation plus the Marlborough Regional Forestry joint operation	• Future • Development • Environment	South Bay plantation is widely used for recreational purposes (walking, cycling, camping, horse-riding, slack rope walking, etc) MRF is primarily for commercial return. In both instances - the whole community benefits.	Long term Immediate for South Bay recreational users	Carbon credit surrender when trees are harvested Weather events Fire Slash damage Pest control Trimming, pruning, and replanting
Leadership & governance				
Office of the CEO, executive officer, HR, health & safety, cultural & other liaison or advice, and communications	• Community • Services • Development • Environment • Future	Whole community Visitors Neighbouring districts Focus community groups	Annual & long term	Legal challenges external advice training

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Facilities (continued)				
Currently a limited number of commercial users, mooring fees plus lease or licence to occupy.	The residual balance after user fees is to be funded in equal share between: - harbour rate with differential for urban/semirural/rural, - commercial rate	Yes	Yes	These harbour facilities should be funded in a similar way to the South Bay harbour facility except without the special operator rate.
	User fees should aim for at least 50% of costs, however insurance cost increases may make this difficult to achieve.	Yes	Yes	With only one or two users, it is difficult to increase user fees in line with substantial costs (e.g. insurance).
	Borrowing	No	Yes	Renewals, service level improvements and upgrades
Logging should always generate surpluses. When the forest is replanted there is a cost to be borne for this investment (assumed to be covered by the surplus from logging). MRF distributions can be used to offset rates, or to build strategic reserves for future strategic purchases.	Other: Logging sales and capital distributions generate a return to Council. In the negative cashflow phase, forestry should be funded from the forestry fund.	Yes	Yes	MRF is currently in a negative cashflow phase, being funded from the forestry fund.
Leadership & governance				
User fees are not appropriate.	General rates 100%	Yes	-	We communicate and engage with the whole community.

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Leadership & governance (continued)				
Mayor & Councillors Governance of the district – costs include Honoraria, LGNZ subscription, election expenses, elected member training, meeting expenses	• Community • Services • Development • Environment • Future	Whole community benefits through local representation Visitors Neighbouring districts Focus community groups	3-years and long term	Legal challenges external advice training
Support services – Customer services, corporate & financial services, works & services, GIS mapping, IT, vehicles & plant	• Community • Services • Development • Environment • Future	Whole community Visitors Neighbouring districts Potential investors KDC itself	Annual & long term	Legal challenges external advice training wages and lack of resources (force use of consultants and externals)

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Leadership & governance (continued)				
User fees are not appropriate (residents and ratepayers should be able to discuss issues with the mayor or councillors without being charged for time taken). Election costs are shared with other entities if their elections are jointly run (e.g. Environment Canterbury).	General rates (UAGC) 100%	Yes	-	Leadership, strategic direction and local decision-making accrues to all residents on an equal basis regardless of location or land use.
	Fees & charges	Yes	-	Cost recoveries for elections (every three years).
Commission Sales and photocopying fees Works & Services fees Govt grants and funding	Overhead allocations distribute the cost throughout the whole organisation as an approximation of the internal services used by each activity.	Yes	Yes	Note any stranded overheads after three-waters reform could either be reallocated or taken from general rate going forward. To fund via rate would give transparency to the cost of those stranded overheads, but ultimately, we should allocate costs to where the cost should lie (reallocate).
	Fees & Charges 2% (commission, etc)			

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Building & regulatory				
Statutory Planning – land use and subdivision resource consent processing Consent compliance Land Information Memoranda (LIM)	• Community • Services • Development • Environment • Future	Consent applicants benefit directly. Community (through keeping to planning rules and consent conditions)	As long as the consent (decades)	There are ongoing costs associated with consent monitoring. Costs involved with pre-application and advice is not recovered
Building control – building consent processing Building inspections Notices to fix and illegal buildings enforcement Project Information Memoranda (PIM)	• Community • Services • Development • Environment • Future	Consent applicants benefit directly. Community (through keeping to building code rules and consent conditions)	Immediately for applicant Long-term for building owners and users.	Accreditation costs and other legislative requirements place a high burden on the Council and consent applicants. Recruitment issues have increased the costs due to the need for external resources to fill vacant roles.
Animal control – Dog registration Dog control - wandering, barking, nuisance Dog pound Wandering stock	• Community • Services • Environment	Dog owners General public Visitors	Annual	Owners of dangerous or wandering dogs, people who don't like the nuisance of barking dogs, etc.

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Building & regulatory				
External resources used for some processing (on a cost recovery basis)	General rates The differential for rural and semi-rural is appropriate because, while most subdivisions are outside the urban area, most land use, height and density-related consents are in the urban area.	Yes	-	There is a community benefit from the assurance that subdivisions and land uses are being developed in alignment with the District Plan and community values.
	Fees & charges > 80%	Yes	-	Actual time spent and costs incurred in processing consents, LIMs, and monitoring, should be paid for by the applicants.
External resources are used for processing (on a cost recovery basis); however this is making the cost of the building control activity extremely high, and the expectation for fees and charges to be 80% is very difficult to achieve without making consent fees unreasonably costly.	General rates The differential for rural and semi-rural is appropriate because most buildings are in the urban area.	Yes	-	There is a community benefit from the assurance that buildings are constructed to the appropriate standard.
	Fees & charges > 80%	Yes	-	Actual time spent and costs incurred in processing consents, PIMs, and non-compliance issues, should be paid for by the applicant (or the landowner) as appropriate. The reliance on external resources needs to reduce if costs are to be kept at sustainable levels.
Registration fees & infringements, impoundment fees Improve safety for community, reduce nuisance Stock control too small to need to consider separately, Downers first response, farmers usually contacted to deal with wandering in first instance, no stock pound.	General rates to fund the residual balance of costs < 20%	Yes	Yes	Wider community benefits by having the nuisance of barking or wandering dogs controlled, and improved public safety through enforcement actions over dangerous or menacing dogs and dog attacks.
	Fees & charges > 80%	Yes	Yes	User pays > 80% because dog owners cause the costs, and the need for the activity.

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Building & regulatory (continued)				
Food premises & environmental health: this activity includes Premises registration – food premises, camping grounds, hairdressers, funeral directors, amusement devices, hawkers, mobile shop licences Inspections, monitoring and compliance	• Community • Development • Services	Licenced premises /applicants Customers (visitors & locals) Community (public health and by reducing liability on Council)	Annual	Licenced premises owners and operators who do not comply.
Alcohol licencing, which includes premises registration - On/Off licences, clubs, special, etc Managers licences Inspections, monitoring and compliance	• Community • Development • Services	Licenced premises /applicants Customers (visitors & locals) Community (by reducing liability on Council and Reduction of alcohol harm)	Annual	Licenced premises owners and operators who do not comply

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Building & regulatory (continued)				
User pays by application/renewal fee. Enforcement actions cost recovery actions are determined by the courts, which means we can't expect to recover all legal costs in any proceedings. This activity would need to access the Council's legal actions and challenge fund, so budgets should be set at a level to contribute to that fund as well.	General rates - Residual	Yes	-	The entire community benefits by the ability to eat out at premises that are good quality and comply with food and alcohol standards.
	Targeted rate per licence			Registered premises benefit and cause the need for this activity. By setting as a targeted rate per licence the aim is for this activity to be 80% funded by a combination of both the targeted rate per licence and the user fees for applications and renewals, etc.
	Fees & charges > 80%, excluding enforcement action	Yes	-	An expectation for 80% user fees would require a significant increase in fees (double).
User pays by application/renewal fee No ability for Council to recover legal costs	General rates - Residual	Yes	-	The entire community benefits by the reduction of alcohol harm.
	Targeted rate per licence			Registered premises benefit and cause the need for this activity. By setting as a targeted rate per licence the aim is for this activity to be 80% funded by a combination of both the targeted rate per licence and the user fees for applications and renewals, etc.
	Fees & charges	Yes	-	These fees are set by legislation; therefore the Council has no control over meeting the aim of 80% fees.

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Building & regulatory (continued)				
Responsible (freedom) camping – this activity includes public education, enforcement, and environmental clean-ups	• Community • Services • Development • Environment • Future	Campers Commercial businesses benefit by having visitors spending in the district. Residents benefit from having camping behaviours controlled/ managed) Camping is widespread across district (not limited to specific areas).	Seasonal	Littering, clean-ups, noise Monitoring/educating Enforcement and infringements
Parking control – public education and enforcement	• Community • Services • Development	Car park users (both local and visitors) benefit from the convenience of having spaces to park. Businesses (especially those in the West End) benefit from parking being available for their customers to use. The community benefits from parking behaviours being enforced.	Daily	Inappropriate use of parking Vandalism e.g. Park & Display (P&D) machines
Other regulatory – such as Building Warrant of Fitness, Swimming pool inspections, Noise and litter control	• Community • Services • Development • Environment	Owners/applicants Building users (safety) Community (e.g. minimise drownings) Minimising nuisance to the community	Annual	Non-compliance and ongoing monitoring/inspecting

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Building & regulatory (continued)				
Grants from Tourism Infrastructure Fund (TIF) CamperMate app has not been used by campers to donate.	General rates – 100% of Residual	Yes	Yes	Entire community benefits from campers behaving responsibly and poor behaviour being infringed.
	Fees & charges Infringements	Yes	Yes	Local authorities are required by law to provide areas for responsible camping without charge, so user fees are not an option.
	Grants and subsidies - TIF subsidies	Yes	Yes	Grants are the preferred source of funds where these are available.
User pays (P&D), infringement fees Residual cost is a mix commercial/general	General rates – 50% of net cost	Yes	Yes	50% of the net cost (after all user fees and infringement fees)
	Targeted rate on Commercial properties	Yes	Yes	50% of the net cost (after all user fees and infringement fees)
	Fees & charges Infringements	Yes	Yes	By including pay & display fees as a funding source, this activity should achieve 100% user fees. Residual rates input is last resort.
Some user fees – BWOF and swimming pool inspections	General rates - Residual	Yes	-	The entire community benefits through the protection of public safety, and nuisance reduction.
	Fees & charges > 30% (aim to move to 30% over three years)	Yes	-	Currently little to no invoicing of BWOFs, swimming pool inspections and other monitoring.

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Community & Customer Services				
Emergency Management: Preparation and readiness, public education, training exercises.	• Community • Services • Development • Environment • Future	Whole community Other districts (we send personnel to assist)	Annual & long term	Training Evacuation signs communications & equipment
Emergency Events: Response, recovery and rebuild involving a State of Emergency declaration	• Future • Development • Environment	Whole community	Now and into the future	Ongoing or subsequent events Issues arising in community (crime, stress, financial hardship, etc)
Social Services (Family violence, youth support, social recovery, etc): Coordination including grants received and paid out to service providers	• Community • Future	Whole community Residents and families	Now and into the future	General wellbeing of the community influences the level of need. Contributing factors are crime & family violence, social isolation, etc.

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Community & Customer Services				
Government grants & funding may be available for training.	General rates 100%	Yes	Yes	The ability to prepare for, respond to, and recover from an emergency event is a benefit to the entire community.
Central government funding is available for caring for the displaced, plus a significant portion of rebuild costs. External funds are available and will be sought in any future events. Loan servicing costs are ongoing (rate funded), and it is necessary to build a resilience fund for future events. Grants & subsidies, donations - NZTA, Government, MBIE, DIA, & others Insurance settlements and advances Targeted rates (earthquake levy and/or earthquake rate) to repay loans and to build up a resilience fund over time.	General rates	Yes	Yes	The least favoured revenue tool.
	Targeted rates			Still repaying our EQ loans. The Earthquake Levy is the primary source of funding for this fund to start to accumulate.
	Grants & subsidies			Government subsidies grants & donations from people and other organisations are vital for communities to respond, recover and rebuild.
	Other – insurance settlements			Insurance settlements form the first tranche of funding the rebuild.
	Borrowing			Borrowing will be used as required, both to fund capital rebuild shortfalls and as a cashflow tool to enable response and recovery.
Grants and subsidies are available, and these services should be predominantly funded by government and NGO agencies.	Grants and subsidies 100%	Yes	-	If external funding is not available, this will limit the level of service.

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
Community & Customer Services (continued)				
Community development: Coordination of community services, community networkers, wellbeing and support, administrative support for community groups, grants administration.	• Community • Services • Development • Environment • Future	Whole community Residents and families	Now and into the future	General wellbeing of the community influences the level of need.
Library service: Library resources and programme delivery, Community hub and minor events	• Community • Future	Library users benefit directly from this service. Widespread community benefit for literacy, education, and community services.	Now and into the future	Expectations of borrowers to have an up to date and extensive library collection. Expectations for modern technology (Wi-Fi, internet, E-Books, E-Services). Damage to library collection by users (including wear & tear), items not returned (lost).
District Development				
Economic Development: which includes business support, workshops, training. Grants paid that generate economic benefits Statistics Identity promotion Events Projects that enable business development and growth	• Development • Future • Environment	Commercial businesses benefit directly from this activity as it attracts visitors to the district to enable spend, and the whole community benefits from business growth creating employment and a local economic base.	Into the future	Businesses cause the need for support projects and training.

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Community & Customer Services (continued)				
Grants and subsidies may be available and are sought wherever possible.	General rates < 100%	Yes	-	Widespread community benefit.
	Grants and subsidies wherever possible	Yes	-	Where available, grants would reduce reliance on rates, grants are not usually available for this activity.
Lending fees, infringements for overdue items - unlikely to cover the cost of the items themselves. Donations & bequests are voluntary. Grants are available and sought wherever possible; usually they are for specific programmes rather than general operations.	General rates	Yes	Yes	Widespread community benefit.
	Grants and subsidies wherever possible > 1%	Yes	Yes	The library will apply for grants to fund projects and any other support that is available from time to time (such as the NZ Library Partnership)
	User fees (book rentals) Other (overdue fines)	Yes	Yes	Overdue fines are appropriate as a tool to ensure rented items are returned and available for other library users.
District Development				
Rates (general and commercial)	General rate 40% Targeted rate Commercial 60%	Yes	-	Mainly to be funded by Commercial rate, because businesses are the main beneficiary, but community benefits from employment and economic diversification, therefore general rate is appropriate for wider economic benefits (60:40 split best reflects benefits).

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
District Development				
District Plan: Spatial planning, development of the District Plan under the Resource Management Act, and future statutory obligations under the three pieces of replacement legislation (RMA reform)	• Community • Development • Future • Environment	The whole community benefits from the district being developed in a planned and orderly manner in harmony with the environment and with community aspirations and values.	Now and into the future	Developers benefit from, and also cause the need for, district planning.
Environmental Initiatives, including environmental projects, grants paid to organisations, public education & comms.	• Environment • Future • Development	Widespread community benefit, including to residents and visitors Individual landowners may benefit, where they have areas of biodiversity interest on their land.	Now and into the future	External funding is sought wherever possible, including from partner agencies or grants & subsidies - however these are usually tagged for specific projects rather than for planning resources.
Strategy & Policy, which includes bylaw & policy development (other than Works bylaws) and writing submissions to government	• Community • Environment • Future • Development	Whole community benefits from Council bylaws and policies, these rules protect residents, visitors and businesses, and also protect properties.	Life of policy or bylaw (three to ten years)	Non-compliance and ongoing monitoring and inspecting

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
District Development				
Cost recoveries are appropriate where plan changes are initiated by developers.	Targeted rate 100% of residual costs	Yes	-	Targeted rate is appropriate for transparency, should not have a differential because benefit is spread across the whole district with the closest association being property value (CV).
	Fees & charges Private plan change at developer cost	Yes	-	Dependent on demand for private plan changes.
Exacerbators can be difficult to identify. Other agencies may be better placed to deliver services, e.g. Environment Canterbury, Dept of Conservation	General rates 100% of residual costs	Yes	-	The whole community benefits from projects that protect or enhance areas of special biodiversity or ecological significance.
	Grants & subsidies < 0%			External funding will be applied for wherever it is available. The likelihood is that any grants will be tagged for specific projects.
No option for user pays as this is a Council-driven activity.	General rates 100%	Yes	-	The bylaws themselves may create new fees & charges (e.g. Signs Bylaw may require signs permit application fees)

Activity	Community Outcome	Who benefits from this activity	Period over which benefits occur	Extent of identifiable groups or individuals contributing to costs
District Development				
Tourism & Marketing: Destination Kaikōura (DK) (currently no services inhouse) Grant paid to DK	• Development • Future	Commercial businesses and accommodation providers benefit directly from this activity as it attracts visitors to the district.	Now and into the future	Local businesses benefit from their product being marketed locally and internationally, and from the increased visitor numbers.

Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
District Development				
The service provider (DK) may charge fees or receive sponsorship or other revenues.	Targeted rates 100%, being the Commercial Rate and the Visitor Accommodation Charge (VAC). The VAC is calculated first from the number of VA providers at a set dollar amount, and the balance is then funded from the Commercial Rate.	Yes	-	Commercial property benefits directly from this activity. As a "Step Two" consideration, the Council suggested the VAC needs to increase to $600 to be a fairer contribution to the overall cost.

Step Two – Overall Impact Analysis

Having considered Section 101 (3) (a) of the Local Government Act (2002), which requires, in relation to financial management:

(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of, —

- a) in relation to each activity to be funded, —
  - i) the community outcomes to which the activity primarily contributes; and
  - ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
  - iii) the period in or over which those benefits are expected to occur; and
  - iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
  - v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

The Council has now considered:

- b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

The specific considerations are:

Social Wellbeing

Library

The Council considers that the library is an important facility for the community, to improve literacy outcomes as well as providing social connectedness. Therefore, it was agreed that the library will provide free access to books and other resources (but will continue to charge a fee for photocopying and printing services and will charge fines for overdue books and rented items). Following submissions to the LTP, the Council has amended its view, and will charge for new fiction rentals for the first year of the LTP.

Housing for the Elderly

Rents should be affordable for pensioners, and so – while the intention is for housing rents to cover operating costs – general rates will fund any shortfall for refurbishments and unforeseen expenses. The housing units should be maintained at a healthy standard of living for residents, repairs be completed as required, heat pumps maintained and replaced, etc. Units are refurbished when they become vacant. Repairs and refurbishments would be completed where there are practical, health, or safety implications in not doing the work, rather than leave units in a state of disrepair until rent revenues have been collected.

Economic Wellbeing

Ability to pay

The Council decided to mitigate the overall impact of its funding decisions by ensuring alternative funding is sourced wherever it can be found (especially external grants and subsidies), especially to minimise reliance on rates. It also has an obligation to justify its budgets and to keep its spending under control.

The ability to pay has an influence on the level of user fees just as much as it does on the level of rates.

Fairness of commercial rates for businesses

Currently, any property that provides accommodation for visitors, but doesn’t meet the definition of a commercial property (generally because they can only accommodate 4 guests or less), is assessed the Accommodation Sector Charge of $400.00 including GST per year. The Council is suggesting this is too low. In comparison, a benchmarked medium-value 12-room motel would be paying

$4,274 in their commercial rates, per year. In addition, many of the smaller visitor accommodation providers could be earning $400 a night in peak season.

The Council is suggesting that the Accommodation Sector Charge be increased to $600.00 including GST per year, so these smaller accommodation providers are contributing a fairer share towards Council activities that support tourism.

Sustainability of other revenue streams

The Council will continue to source grants and subsidies wherever it can but is mindful that at some point those funds may not be available. Where external funding ceases to be available, the Council would need to consider whether it continues to provide certain services.

Use of the UAGC lever

The Council considers that the Uniform Annual General Charge plus the total of all targeted rates set on a uniform basis (per s21 of the Local Government Rating Act 2002) should be as close to the 30% cap set by legislation as possible (but no greater than 29.5% to mitigate the risk of error). The Council acknowledges that the UAGC lever minimises rates on high value properties, while maximising rates on low value properties, however this is appropriate because the benefit of almost all Council services and activities accrues to households equally. Everyone uses Council services at a relatively similar level regardless of the value of their property.

Transitional impacts

The local government sector is facing further legislative change, particularly in the Three Waters space and the potential for further reform arising from the Future for Local Government workstreams. This may result in changes to the way activities are delivered and the funding sources available to Council.

Environmental Wellbeing

Impacts of Climate Change

The Council discussed options such as offering discounted resource consent fees for applicants that comply with Dark Sky lighting standards, or to building consent applicants that include solar or other alternative energy sources in their building design. Ultimately, however, the Council concludes that it does not have the financial capacity to do so, and that such a decision would impact rates and affordability to pay issues.

Financial incentives to influence wasteful behaviour

The Council believes that refuse station landfilling fees should be set high, and cover all costs of the waste transfer station, including repayment of the loan to construct it. In doing so, it acknowledges that fees set too high may result in illegal dumping in riverbeds and other areas, and that we will work closely with Environment Canterbury to monitor and manage that risk.

Protecting areas of natural or historic heritage

The Council has a rates remission policy for land that is protected by QEII covenant, and its continuation remains appropriate because the covenant limits the landowners use of the land.

Excessive use of water

Ideally, were it not for the Three-Waters reform pursued by the last Government, the Council could have seriously considered installing water meters on all properties connected to Council water supplies, as this is the most effective way to monitor water consumption and charge for its use. This would be a significant change to the current way the Council manages its water supplies, and would come at a significant cost to ratepayers to install. The Council concluded that this would be of little benefit to ratepayers until after the government-led decisions regarding Three-Waters services are made.

Cultural Well-being

The Council considers that “cultural” in this context includes the arts, religion, Kiwiana, and race, and so has a very broad range of factors to take into account.

Support for community or cultural groups

The Council has made available an annual discretionary grant scheme of $100,000 to fund not-for-profit community and cultural groups. This fund has been paid out to cultural groups such as Kapa Haka groups, support for youth and elderly, Newcomers Network, etc., as well as to the Mayfair Theatre and various arts projects. The Council also provides a discounted rent to the Kaikōura Historical Society for lease of the Museum facilities. This support is significant and is limited only by financial capacity.

Te Ture Whenua Māori Act (1993)

The Council will promote the retention of Māori land in the hands of its owners, their whanau, and their hapu; and to protect wahi tapu; and to facilitate the occupation, development, and utilization of that land for the benefit of its owners, their whanau, and their hapu. It will do this by way of rates remission on Māori Freehold Land that is not used (where that land is not already non-rateable), and it will also offer rates remission to general land that is owned by Māori, where that land and its ownership is the same in nature as Māori Freehold Land but has not been registered with the Māori Land Court. By "the same in nature", the Council considers that multiple owners/trustees and the owners/trustees cannot be easily held liable for payment of rates (in the same manner as Māori Freehold Land).

General considerations

The Council considers the following to be its overall position on revenue and financing matters:

- User pays is appropriate because user fees ensure that those who actually use services pay for them, rather than relying on rates to subsidise service delivery.
- Transparency is important.
- Rating differentials are a useful tool to make our rating system fairer.
- Where rates are set on property value, capital value is to be used because this captures the high value of commercial property while mitigating the high value of land for farming.
- Where rates are set as a fixed dollar amount, separately used or inhabited parts of a rating unit (SUIP) is to be used, as this captures each dwelling within a rating unit, each shop within a mall, etc, as intended. Some exceptions may be appropriate, such as registered premises targeted rates which are levied per licence, or certain water charges which are per unit of water as consumed or supplied by restrictor.

Summary of the Significance & Engagement Policy

Policy status:	Adopted
Review due:	30 June 2027
Legal reference:	Local Government Act 2002 Section 76AA, and Schedule 10, Part 1 (11)

Objective

The purpose of this policy is to enable the Council and our communities to identify the degree of significance attached to particular issues and provides clarity about how and when communities can expect to be engaged in decisions made by the Council.

Policy application

On every issue requiring a decision, and at the beginning of the decision-making process, the Council will consider the degree of significance of the issue and the extent, form and type of engagement required.

Generally, the more significant an issue, the greater the need for community engagement.

Criteria for assessing significance

In considering the degree of significance of proposals and issues, the Council will be guided by the following:

Policy and outcomes

- Potential effects on delivery of the Council's policies and strategies
- Effects on the achievement of community outcomes
- The magnitude of benefits achieved for the community
- The magnitude of costs to the Council and/or the community
- Any impact on the Council's capacity to undertake its responsibilities
- The extent to which the decision flows logically from a decision already made, or from a decision made in a Long Term or Annual Plan

Communities

- The level of community interest in a proposal, decision or issue
- The extent to which the whole community, or identifiable parts of the community, may be affected
- The extent to which community views are already known
- Any wider interest at national or international levels

Ngāi Tahu/Iwi

- The values and interests of Ngāi Tahu whānau, hapū and rūnanga, as mana whenua for the district
- Where proposals or decisions relate to land or a body of water, the implications for the relationships of Ngāi Tahu with these natural areas

Context and implications

- The variation between any options identified (including the 'do nothing' option where appropriate), or the extent to which they have different costs, benefits, or impacts on the community or identifiable groups
- The extent to which the issue could have an adverse effect on the environment or could have unintended adverse effects on other community interests
- If the decision impacts a physical or community resource that is scarce, unique, and/or under threat
- If the proposal would be irreversible
- The practical demands of efficient decision-making in situations of urgency

Procedures

Reports to the Council include an assessment of the significance of the issue, and outline what has been done to ensure compliance with the Council's consultative obligations under the LGA. The reports will also identify any stakeholders or community groups likely to be affected by, or interested in, the decision, and a discussion on any known issues, views and preferences of the affected or interested parties.

Strategic Assets

The Council is required to consult with our community in respect of a proposal to transfer ownership or control of any asset it has identified as a strategic asset.

The following is a list of Council-owned assets it considers to be strategic:

- The district road network as a whole
- The Memorial Hall and the Scout Hall
- The district library collection as a whole
- South Bay harbour facilities, the North Wharf, and the Old Wharf
- Reserves designated under the Reserves Act
- The landfill and resource recovery centre on Scarborough Street
- Innovative Waste Kaikōura Ltd
- The district cemetery on Scarborough Street
- The land designated as an airport at Peketa
- Public toilet facilities
- The Lions swimming pool on the Esplanade
- Community sports and recreation facilities
- Water, wastewater and stormwater networks as a whole
- Affordable housing and housing for the elderly
- The land and buildings comprising the museum, library, and civic offices in the West End

In general, the more significant an issue, the greater the need for community engagement. This spectrum of engagement is explained as follows:

Inform:	We will provide information about an issue or a decision that has already been made (e.g. water restrictions, minutes of Council meetings)
Consult:	We will ask for feedback about our services or a proposed decision yet to be made (e.g. resident satisfaction surveys, a public submission and hearing process for the Long-Term Plan and Annual Plan)
Involve:	We will work with you to address concerns while considering the options for a proposal (e.g. community workshops on the District Plan)
Collaborate:	We will look to you for advice and incorporate that advice into proposals and decisions to the maximum extent possible (e.g. external working groups including community expertise)
Empower:	We will implement what you decide (e.g. local body elections and binding referendums)

This is a summary of the Significance and Engagement Policy only. The full copy of this policy can be found on the Council's website at the following URL address: https://www.kaikoura.govt.nz/our-Council/plans-reports-bylaws-and-policies/

Treasury Management Policy

Comprising the Liability Management Policy and Investment Policy

Policy status:	Adopted
Review due:	30 June 2027
Legal reference:	Local Government Act 2002 Section 102(2)(b) and 104

1 Introduction

This Treasury Management Policy ("Policy") document has been prepared to fulfil the Kaikōura District Council's ("Council") statutory obligations under the Local Government Act 2002.

Section 102 of Part 6 of the Local Government Act 2002 ("LGA") requires local authorities to adopt a Liability Management Policy and an Investment Policy.

The requirements for each are detailed in Sections 104 and 105 of the LGA:

- The Liability Management Policy must state the Council's policies on how it will manage its borrowings and other liabilities, including interest rate exposure, liquidity, credit exposure, borrowing limits, giving of security, and debt repayment.
- The Investment Policy must set out the Council's policies on investments including the mix of investments, acquiring new investments, management and reporting procedures, and risk assessment and management.

Together these policies comprise the framework for the Council's treasury management activities and define the parameters within which all investment and borrowing activities are carried out.

Treasury management activities are undertaken by the Council's finance function.

All projected borrowings are to be approved by the Council as part of the Long-Term Plan or Annual Plan process or by resolution of Council before the borrowing is undertaken. The Council will not enter into any borrowings denominated in a foreign currency.

All legal documentation in respect of treasury management activities will be subject to legal review prior to execution.

2 Scope and objectives

The objective of this Policy is to control and manage costs and investment returns that can influence operational budgets and Council-approved debt levels.

This Policy supports the Council's wider objectives, specifically:

- Efficient and effective management of Council activities and assets,
- Prudent stewardship of Council and Community assets and resources,
- Transparency of decision-making processes undertaken by the Council,
- Accountability for the decisions taken, and
- Compliance with statutory obligations.

3 Delegated authorities and responsibilities

While the Council has final responsibility for the policies governing the management of liabilities, investments, and treasury activities, it delegates overall responsibility for the day-to-day management of such risks to the Chief Executive Officer ("CEO"). The CEO assigns specific responsibilities to the Senior Manager Corporate Services and the Finance Manager.

In all instances, Council authority is subject to relevant legislative and regulatory limitations.

Activity	Responsible or delegated party	Limit
Approving and changing Policy	Council	Unlimited
Approving borrowing programme	Council	Unlimited
Acquisition and disposition of investments, other than treasury investments	Council	Unlimited
Approval for charging assets as security over borrowing	Council	Unlimited
Approve new and re-financed bank facilities and debt programmes	Council	Unlimited
Approving transactions outside Policy	Council	Unlimited
Day-to-day execution of treasury activities, including ensuring compliance to Policy	CEO	Subject to Policy
Ensuring the policies comply with existing and new legislation.	CEO	Subject to Policy
Approving new bank counterparties and opening and closing of accounts	CEO	Subject to Policy
Authorising list of signatories	CEO	Unlimited
Approve new and refinanced borrowing in accordance with Council resolution	CEO	Per Council approved borrowing programme
Management responsibility for treasury activities in accordance with the Policy	SMCS and/or FM	N/A
Reporting instances of non-compliance to the CEO	SMCS and/or FM	Per risk control limits
Managing the long-term financial position as outlined in the LTP.	CEO	Per risk control limits
Conducting the Policy review	SMCS and FM	N/A

4 Liability Management Policy

4.1 Objective

All current and term liabilities of the Council are managed prudently and effectively.

Current liabilities are defined as those liabilities that will be repaid in a short period, not exceeding 12 months, and include accounts payable, cash advance facilities, and other short-term liabilities. For the purposes of this section of the policy, the current portion of term liabilities do not apply, these are to be considered as term liabilities.

Accounts payable are to be paid in full by the due date wherever possible. Those current liabilities that incur a late payment penalty are to be paid in full by the due date in all cases.

Term liabilities are defined as those liabilities which are for a term exceeding 12 months, and include council borrowings, and liabilities associated with the Marlborough Regional Forestry joint operation.

4.2 Borrowing Mechanisms

The Council is able to borrow external funds in local currency through bank borrowing and the Local Government Funding Agency ("LGFA"). The Council's finance function manages its borrowing activities in accordance with this Policy.

In evaluating strategies for new and refinanced borrowing, the following is taken into account:

- Available terms from banks and the LGFA.
- The Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and credit margins relative to term for LGFA and bank borrowing.
- The outlook on future interest rate and credit margin movements.
- Legal documentation and financial covenants.
- For internally funded projects, to ensure that finance terms for those projects are at least as equitable with those terms from external borrowing.

The following instruments are approved for the raising of external debt:

- Bank overdraft.
- Bank committed cash advance and debt facilities.
- LGFA instruments, specifically:
  - Floating rate bonds.
  - Fixed rate bonds.
  - Committed stand-by facilities.

4.3 Internal Borrowing

The Council may utilise its reserves and external borrowing to internally fund capital expenditure and working capital. The primary objective in funding internally is to use funds efficiently, by eliminating the margin that would be paid through the Council separately investing and borrowing externally.

Internal borrowing will not be subject to the interest rate risk management limit system.

4.4 Borrowing Limits

The Council must comply with all relevant financial covenants and ratios. In managing debt, the Council will adhere to the following limits:

Limit	Council Limit	LGFA Lending Policy Limit
Net external interest expense as a percentage of annual rates income	<15%	<25%
Net interest expense as a percentage of total revenue	<10%	<20%
Net external debt as a percentage of total revenue	<150%	<175%
Total external debt	$15m	n/a
Liquidity ratio	>110%	>110%

The liquidity ratio is defined in section 4.8 of this Policy document.

4.5 Security

Under the Local Government Rating Act 2002, the Council has the powers to set, access and collect rates to fund local government activities. This allows the Council to provide its rating powers as security for borrowing and risk management purposes in the form of a Debenture Trust Deed.

The Council will grant a Debenture Trust Deed which includes a charge over the Council's rates and rates revenue in favour of a trustee. Council creditors can be conferred the benefit of that charge through the issuance of security stock under the Deed.

The Council has the right to enter into a borrowing facility with the Bank of New Zealand (BNZ) and secured by a charge over the Council's rates revenue, or negative pledge if this is appropriate. The Council will not pledge assets as security except where it has received a suspensory loan (as has been given for the housing for the elderly units).

When arranging funding facilities from lenders other than LGFA or the BNZ, the Council will have a preference for unsecured facilities unless a cost benefit accrues from offering security. Where security is to be provided, Council's preference will be to offer security for issuing security stock.

4.6 Debt Repayment

The Council will ensure that loan principal budgeted amounts are set aside in a special fund established to repay specific borrowing, a tabled mortgage is used, or it will repay debt from special reserves or special funds associated with the activity for which the loan has been raised. From time to time, where investment funds are surplus, those funds may be used to reduce term debt as provided in the Council's Investment Policy.

Debt may be repaid at maturity, or when conditions are favourable to do so.

4.7 Local Government Funding Agency Limited (LGFA)

The Council's preference is to borrow from the LGFA. In connection with that borrowing, the Council may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as subordinate debt that could in limited circumstances, be converted to equity if required by LGFA; and
- Secure its borrowing from the LGFA, and the performance of the other obligations to the LGFA or its creditors, through the issuance of security stock.

4.8 Liquidity Risk

Liquidity refers to the availability of financial resources to meet all obligations as they arise, without incurring penalty costs. The Council requires a minimum level of surplus liquidity to meet unexpected cash expenditure or revenue shortfall.

The Council's policy is to maintain a liquidity ratio of at least 110% (which means $1.10 is available for every $1.00 payable). This minimum is also a requirement of the LGFA and is calculated as:

$$Liquidity\ ratio = \frac{External\ debt + unutilised\ committed\ facilities + liquid\ assets}{existing\ external\ debt}$$

Liquid assets include:

- Overnight bank cash deposits
- Bank term deposits maturing in less than 30 days

Short-term liquidity management is monitored and controlled through daily cash management activities with long-term liquidity management being monitored and controlled through the Annual Plan and Long-Term Plan.

As part of its overall liquidity policy, the Council seeks to avoid a concentration of debt maturity dates and may maintain an overdraft facility to meet cash requirements.

4.9 Cash Management

Cash management is the process used for managing cash effectively and efficiently, using the Council's short-term cash and liquidity resources to sustain its ongoing activities, mobilise funds and optimise liquidity. The most important elements are:

- The systematic planning, monitoring, and management of the Council's cash receipts, payments, and bank accounts.
- The gathering and management of information to use available funds effectively and identify funding gaps.
- Optimal usage of transactional banking services to streamline efficiencies of cash payments and receipts.

4.10 Funding Risk

Funding risk management is concerned with ensuring that debt funding can be secured or refinanced in the future at acceptable terms regarding both cost and duration. At a single point in time, credit markets may face constraints and offer pricing and conditions that are unfavourable.

A key control of funding risk management is to spread and smooth debt maturities. This aims to minimise the concentration of risk to ensure that overall borrowing costs are not unnecessarily increased, or the debt maturity profile compromised.

The debt maturity profile, in respect to all external debt and committed bank facilities, is to be maintained within the following limits:

Period	Minimum	Maximum
0 to 3 years	15%	60%
3 to 7 years	25%	85%
7 years plus	0%	60%

A debt maturity profile that is outside the above limits, but self corrects within 90 days, is not in breach of this Policy.

Maintaining a maturity profile outside of the above limits beyond 90 days requires specific approval from the Council.

The Council may pre-fund forecast debt requirements, including new and re-financed debt, for a period of up to 18 months. Re-financing that has been pre-funded will remain included within the funding maturity profile until maturity date.

4.11 Interest Rate Risk

Interest rate risk refers to the impact that movements in wholesale interest rates have on the Council's financial performance (when compared to projections included in the LTP and Annual Plan). The Council's objective in managing interest rate risk is to minimise and maintain stability of debt servicing costs.

Exposure to interest rate risk is managed and mitigated through maintaining the percentage of gross forecast external debt that is subject to a 'fixed rate', rather than a 'floating rate', within the following limits (calculated on a rolling monthly basis):

Period	Minimum	Maximum
0 to 2 years	40%	90%
2 to 4 years	20%	80%
4 to 15 years	0%	60%

Gross forecast external debt is the amount of total external debt for a given period. Debt associated with the Marlborough Regional Forestry joint operation is excluded.

Fixed rate is defined as all known interest rate obligations, such as where borrowing is conducted for a defined term at a defined interest rate.

Floating rate is defined as any interest rate obligation that changes periodically over the term of the borrowing.

Fixed interest rate percentages are calculated based on the average amount of fixed interest rate obligations relative to the average gross forecast external debt amounts for the given period (as defined in the table above).

A fixed rate maturity profile that is outside the above limits, but self corrects within 90 days is not in breach of this Policy. However, maintaining a maturity profile that is outside the above limits greater than 90 days requires specific approval by the Council.

Compliance with the interest rate risk limits is maintained by altering the mix of fixed and floating rate debt raised. Derivative instruments, such as interest rate swaps, are not currently approved, however the Council may consider the use of these instruments for risk management activity in the future.

5 Investment Policy

5.1 Scope and Objectives

This policy aims to ensure that the Council's investments are managed prudently and effectively, optimising value and return, and increase the size and value of its investment portfolio to enable increased levels of revenue to be returned to the community over time.

The Council's investment portfolio consists of short, medium and long-term investments, and these must be optimised to provide sufficient funds for planned expenditure, including the Council's ability to meets its payments as they fall due. Investments must therefore be chosen which:

- Are for the period of time that the funds are surplus,
- Are able to be liquidated for the right price at the appropriate time,
- Provide a spread of investments covering short, medium, and long-term.

A report will be prepared quarterly on the Council's investment portfolio. The contents of this report are detailed in section 8 of this Policy document.

5.2 Investment mix

In order to optimise the Council's investment portfolio, and maintain an appropriate mix of short, medium and long-term investments, no investment type should exceed 50% of the total investment portfolio where practical. Diversification of investments is encouraged.

The Council's investments shall include (but not be limited to) at least three of the following:

- Treasury investments
- Property investments
- Forestry investments
- Equity investments

The following instruments are approved for the purposes of treasury investment:

- Overnight bank cash deposits
- Bank term deposits (to a maximum term of 12 months)
- LGFA borrower notes

Under the LGFA borrowing programme, the Council is required by LGFA to hold borrower notes. These are subordinated debt instruments that are required to be held by each local authority that borrows from LGFA in an amount equal to a defined percentage of the aggregate borrowings. In limited circumstances these borrower notes can be converted to equity if required by LGFA.
If this were to occur, a Council resolution will be required to manage these shares. The Council may therefore be required to invest in LGFA shares in circumstances in which the return on its investment is potentially lower than the return it could achieve with alternative investments.

5.3 Acquisition of new investments

All proposed acquisition of new investments is to be approved by the Council, with the exception of treasury investments, which are managed on a day-to-day basis by the Senior Manager Corporate Services and/or the Finance Manager.

5.3 Funding of new investments

At least two members of the Leadership Team (Senior Managers and third tier Managers) shall be required to authorise electronic payments associated with new investments.

5.4 Use of Revenue from Investments

Income generated from investment should be used initially to offset costs associated with owning and operating that investment. The use of surplus revenues will then be used according to:

- The source and criteria attached to the initial investment sum, or the criteria attached to the fund from which the investment fund came, or
- In accordance with any resolution of the Council, or
- For general operating revenue

On maturity, investments held for a specific purpose will only be used for that purpose or reinvested for a further period. The capital portion of any investment will not be used to offset general operating expenditure unless the purpose for which the investment was initially set up no longer exists. The Council may determine by resolution (on a case-by-case basis) to deviate from the above.

5.5 Proceeds from sale of assets

Council assets will be disposed of from time to time. Income received from the disposal of vehicles and operating plant will be credited to the Council's plant renewal account while income from the disposal of property will go into the Council's property account.

The capital from these accounts will be used to repay debt associated with the asset in the first instance, and then may either be reinvested in asset replacement, or used to purchase other assets. The funds could also be used to offset the rates requirement, but such a move would only be by resolution of the Council.

6 Counterparty credit risk

Credit risk, with reference to treasury activities, is the risk that a party to a transaction will default on its contractual obligation. The Council is exposed to credit risk when there is a deterioration in the credit rating of a bank with which the Council places its treasury investments.

The Council may only place treasury investments with a New Zealand registered bank with a minimum Standard and Poor's long-term credit rating of at least A (or the Moody's or Fitch rating equivalent).

Diversification of treasury investments is encouraged. Where possible, treasury investments should be placed across a minimum of two counterparty banks.

The following matrix determines limits for treasury investment activity:

Counterparty	Minimum S&P long term credit rating	Maximum per counterparty
NZ Government	N/A	Unlimited
LGFA	AA-	100% of investable funds
Approved, NZ Registered Bank	AA-	100% of investable funds
Approved, NZ Registered Bank	A	50% of investable funds

For the purposes of determining the usage of the above limits, investment exposures will be calculated as:

$$Credit\ exposure = transaction\ principal\ x\ 100\%$$

Each transaction should be entered into a treasury spreadsheet or system of record.

Credit ratings should be reviewed on an ongoing basis and in the event of material credit downgrades should be immediately reported to the Senior Manager Corporate Services and/or the Finance Manager and assessed against exposure limits. Counterparty exposures exceeding limits should be reported to the Council.

In the instance of a split rating across multiple rating agencies, the lower rating will apply.

6.1 Counterparty signatory management

All delegated authorities and signatories must be reviewed at least annually to ensure that they are still appropriate and current.

Whenever a person with delegated authority on any account or facility leaves the Council, all relevant banks and other counterparties must be advised in writing in a timely manner to ensure that no unauthorised instructions are to be accepted from such persons.

7 Operational risk

Operational risk refers to the potential for the Council to incur losses due to various factors, including people, systems, inadequate or failed internal processes, or external events. This risk encompasses reputational damage and financial losses stemming from mismanagement, errors, fraud, or the unauthorised use borrowing and investment instruments.

The CEO bears the responsibility of monitoring the emergence of new risk situations. If existing controls are deemed inadequate to provide sufficient protection, they are tasked with implementing additional preventive safeguards.

Operational risks related to treasury activities are mitigated through the following mechanisms:

- Operating within the risk management frameworks of the Policy.
- Producing timely, meaningful, and accurate reporting of treasury exposures, performance, and Policy compliance.
- Proactively managing all treasury risks and undertaking all treasury activities within an environment of control and compliance.
- Promptly reporting all instances of non-compliance with the Policy to the CEO.
- Maintaining documented procedures, systems, and staffing competencies in relation to treasury activities.

8 Policy review

The Policy is to be reviewed annually to ensure its continued relevance alignment with best practices. Additionally, a thorough external independent review is conducted every three years.

For the annual review, the following aspects should be included:

- An assessment of how well the finance function and the Policy have achieved stated objectives and fulfilled the purpose, identifying any breaches of the Policy, and any one-time approvals that deviate from the Policy, to highlight areas of Policy tension.
- Relevant feedback and recommendations from the Council's advisors and/or bankers.
- Recommendations for changes, removals, or additions to the Policy, supported by appropriate analysis.

The Senior Manager Corporate Services and/or the Finance Manager has the responsibility to prepare the review report that is presented to the Council.

The Council, or the Committee with delegation to adopt policies, receives the report and approves or rejects recommendations for Policy changes.

9 Reporting

The following schedule of reporting is to be maintained.

Report	Frequency	Prepared by	Recipient
Daily Cash Position Treasury Spreadsheet	Daily	Accounts Payable	SMCS and FM
Treasury Exceptions Report	As required, escalated on the same day	Finance team	CEO
Treasury Report - Policy limit compliance - Borrowing limits - Funding and interest position - Funding facility - New treasury transactions - Cost of funds vs. budget - Liquidity risk position - Counterparty credit - Treasury performance - Debt maturity profile	Quarterly	Finance team	Finance Audit and Risk Committee
Investments report - Value and mix of investments - Changes from the previous report - Treasury investment summary - Net rental yields (property) - Earnings per share (equity) - RoI on each investment type - Actual vs. budgeted returns	Quarterly	Finance team	Finance Audit and Risk Committee
LGFA covenant reporting	Annually	Finance team	LGFA

Development Contributions Policy

Policy status:	Adopted
Review due:	30 June 2027
Legal reference:	Local Government Act 2002 Sections 102(2)(d) and 106, and 201 to 211

1. Background

1.1. Introduction

Growth in the district because of subdivision and new construction puts pressure on Council services, and requires the Council to upgrade its assets, or add new assets, to meet those demands. Development contributions are a charge provided for in the Local Government Act 2002, (the LGA), which allows the Council to recover a portion of the cost to upgrade/add new assets from the developer. Without development contributions, existing ratepayers would have to fund these costs. The challenge is to put in place a transparent, consistent, and equitable basis for requiring contributions in order that those undertaking developments pay a fair share of the capital expenditure for infrastructure.

The Council has had a development contributions policy in place since 1 July 2004. At the time the policy was first drafted, the district (and New Zealand as a whole) was entering a property boom with subdivision activity and new construction reaching a peak in 2006. Since then, the Kaikōura District has experienced the global financial crisis, the November 2016 earthquake and rebuild and the COVID-19 pandemic with international border restrictions and alert level lockdowns, all of which have had constraining effects on development activity.

With those negative issues now past, it is however now again believed that the district could enter a stronger growth phase which would also benefit from the extensive replacements or renewal of aging infrastructural assets which followed the 2016 earthquake which have in many cases incorporated additional capacity that is sufficient to serve a community much larger than that which currently exists.

Whilst it is believed that in general the core Council infrastructure has significant capacity to accommodate growth, it has however become apparent that there are a few assets for which their capacity is almost fully utilised, and which would need to be upgraded to support this.

Those assets are:

- Wastewater pumps (incorporating additional capacity as part of routine renewals)
- Wastewater pump stations (to reduce potential for overflows)
- Urban footpaths in Kaikoura

Such upgrades are planned to be undertaken during the term of the Long-Term Plan for 2024-2034 and are proposed to be partially or fully funded through development contributions.

Other than these upgrades the only remaining projects that are to be partially funded from development contributions are past projects still funded by loan.

This revised policy for the years commencing 1 July 2024 therefore has a very conservative and realistic outlook in terms of how much upgrading of existing, or constructing new, assets is required to meet the demands of growth, in the ten years to 2034.

1.2. Enabling legislation and policy framework

This policy on development contributions is provided in accordance with s102 and s106 of the LGA and follows the provisions as to the policy content prescribed by Subpart 5 of Part 8 of that Act including its amendments.

This policy contributes to community outcomes in the Long-Term Plan (the LTP) by ensuring the provision of appropriate infrastructure to meet the needs of growth.

1.3. Purpose

The key purpose of the development contributions policy is to ensure that growth, and the cost of infrastructure to meet that growth, is funded by those who genuinely cause the need for and benefit from that infrastructure. Development contributions should not be a barrier to investment in our community and should reflect – as closely as possible – the impact on Council services by increased commercial development, visitor accommodation, additional housing, and subdivisions.

A development contribution is required in relation to a development when:

- The effect of that development is to require new or additional assets or assets of increased capacity in terms of network infrastructure, reserves, and community infrastructure; and
- The Council incurs capital expenditure to provide appropriately for those assets.

The effect of a development in terms of impact on these assets includes the cumulative effect that a development may have in combination with another development.

2. Policy section

2.1. Adoption, implementation and review

This development contributions policy has been reviewed in conjunction with the drafting of the Long-Term Plan 2024-2034. This policy will continue to be updated on a three-yearly basis, in alignment with LTP reviews, or at shorter intervals if the Council deems necessary, to take account of:

- any changes to the significant assumptions to the development contributions policy
- any changes in policy as the Council develops structure plans for the district
- any changes to the District Plan
- any changes in the capital works programme for growth
- any changes in the pattern and distribution of development in the district
- any significant changes in cost indices
- any other matters the Council considers relevant

2.2. Developer agreements

Large scale subdivisions, visitor accommodation (e.g. hotels/motels) and substantial retail or industrial developments are more likely to genuinely require that our asset capacity be increased to cope with each development and, for particularly large developments, the impact on our assets capacity is more likely to be specific, such as increasing the capacity of a wastewater pump station near the development, or providing a new walkway to link a hotel to other public areas (for example). It is the intention, through the provisions of this policy, that every opportunity be taken for individual developer agreements to be reached with large developments so as to provide the greatest benefit to both the developer, and the communities most impacted by the development.

2.3. Credits

Where development contributions or financial contributions for a particular property have previously been assessed and paid, credit to that amount will be given for the particular activity. For the calculation of these credits there is no historical time limit, and all previous payments will be taken into account.

2.4. Provision of services as a condition of consent

Within the boundaries of the development site, the developer shall provide the following as part of the cost of development as a condition of the consent under the Kaikōura District Plan:

- Roading, footpaths, streetlights and car parking infrastructure

- Water supply network
- Wastewater (wastewater) network
- Stormwater collection and disposal infrastructure

Provision of these services as a condition of consent does not limit the developer's liability for development contributions under this policy, subject to the limitations in 2.4.1.

2.4.1. Limitations to the application of development contributions

The Council will not require a development contribution in the following cases:

- where it has, under section 108(2)(a) of the Resource Management Act 1991 (the RMA), imposed a condition on a resource consent in relation to the same development for the same purpose; or
- where the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
- where the Council has received or will receive funding from a third party for those works.

For the avoidance of doubt, this does not in any way limit the Council's ability to require that parks and reserves contributions may be paid in the form of a cash contribution.

2.5. Development contributions

2.5.1. Requirement for and use of development contributions

The Council may require a development contribution for capital expenditure to be incurred as a result of growth, or for capital expenditure incurred in anticipation of development, for the following activities:

Network infrastructure

- Roads (including footpaths, streetlights, and bridges) and other transport systems
- water supply, storage, reticulation, and treatment
- wastewater (wastewater) collection, treatment, and disposal
- stormwater network

Community Infrastructure

- land, or development assets on land, owned or controlled by the Council for the purpose of providing public amenities
- includes land that the Council will acquire for that purpose

Parks & Reserves

Purchase or development of parks and reserves, including (by way of example):

- Land purchases
- New walkways and cycleways
- Beautification, planting, and landscaping
- Safety improvements (e.g. handrails, steps, vehicle barriers, lighting)
- Projects identified in the Council's Coastal Management Strategy
- Costs include demolition and site preparation if applicable

2.5.2. Future policy developments

Future versions of this policy may capture development contributions for additional capital expenditure on facilities and infrastructure not identified in this document.

2.5.3. Capital expenditure incurred in previous years

This policy was first drafted in 2004, and many capital projects have been completed since that time, with some of that work attributable to meeting the demands of growth. In some instances, the total cost of the capital work is still yet to be fully recovered. Development contributions will be required from development to meet the cost of capital expenditure already incurred in anticipation of development since this policy was initiated in 2004, but not to the extent that total quantum of contributions received exceed the amount that was intended to have been taken at the time the capital expenditure was incurred.

Where the Council anticipated funding from a third party for any part of the growth component of the capital expenditure budget, then this proportion is excluded from the total estimated growth component to be funded by development contributions.

Similarly, since the November 2016 earthquake, substantial rebuild projects have been completed, many of which were funded by government grants and subsidies and insurance settlements. Some of those projects crossed over into the programme of capital projects that had been partially funded by development contributions in the past. Those projects have been eliminated from the schedule of capital work to be funded from development contributions.

2.5.4. Council use of development contributions

The Council will use development contributions only on the activity for which they are collected. This will be undertaken on an aggregated project basis for each of the activities. Development contributions collected after a project has been completed may also be used to repay loan servicing costs including principal and interest associated with the project, until the loan is repaid.

2.5.5. Schools and hospitals exempt from development contributions

Preschools, primary schools, and secondary schools are viewed as community education facilities and are therefore exempt from development contributions. Similarly, hospitals and emergency treatment facilities (other than veterinary facilities) are community health facilities and thus are not subject to development contributions.

3. Assessment of development charges

The following services have been defined for which development contributions have been calculated. The activities are:

3.1. Geographical contribution areas

Contributions are to be levied only in those locations that generate demand on Council services, per the following table.

Activities	Area for development contributions to be levied
Footpaths	The Kaikōura township excluding Ocean Ridge
Kaikōura Urban water	Kaikōura township (connected to, or able to connect to, the Kaikōura urban water supply, including the Suburban water supply area)
Kincaid water	Kincaid area (connected to, or able to connect to, the Kincaid rural water supply)
East Coast water	East Coast area (connected to, or able to connect to, the East Coast water supply)
Peketa water	Peketa area (connected to, or able to connect to, the Peketa water supply)
Oaro water	Oaro area (connected to, or able to connect to, the Oaro water supply)
Wastewater	Kaikōura township including Ocean Ridge
Stormwater	Kaikōura township excluding Ocean Ridge
Parks & Reserves	Whole of district

3.2. Household equivalent units (HEU)

This policy has been developed using 'household equivalent units' (HEU) as the basis upon which to assess the impact of growth on Council services.

An HEU is defined as being equivalent to one “average” household unit of 2.7 people per household. It is recognised that household units vary and that the demands they generate also cover a broad range.

Every residential unit, whether a separate dwelling or part of an apartment complex equals one household unit which equals one unit of demand, and every additional lot is taken as being intended for one household unit. Note, each dwelling (irrespective of size) is deemed to be one household equivalent unit, therefore additions to existing residential dwellings (for residential purposes) will attract no DC charge.

Granny flats and similar self-contained units are assumed to be visitor accommodation and are assessed on a per person (or per bed) basis.

The following activities will be assessed using HEUs as the basis for calculation;

- roading
- footpaths
- water – Kaikōura Urban, Ocean Ridge, Peketa and Oaro[14]
- wastewater
- stormwater
- community infrastructure

There is no need to calculate HEUs for parks and reserves as this is assessed as a percentage of land value (see section 6.6).

3.3. Residential applications

[14] Water supplies other than those listed are assessed based on the additional number of water units required to service the development

The subdivision of land or land use consent to change the predominant land use of an existing site to create additional residential lots obviously results in the potential for additional household units and therefore additional HEUs, which are the basis for the calculation and charging of development contributions.

In order to calculate the number of HEUs, and hence the development contribution chargeable, it is necessary to determine;

- the additional number of residential allotments created by the proposed subdivision, or
- the additional number of dwellings where there is no subdivision, or
- the additional number of visitors being accommodated, or
- the additional number of connections (e.g. water or wastewater)

3.3.1. Rural areas

Residential applications include subdivisions for additional allotments, or additional dwellings, outside of the urban area. Each allotment will be assessed as having one HEU per residential dwelling on the property, and each additional residential dwelling on a rural allotment (where more than one) will be assessed as an additional HEU.

Farm sheds and farm buildings will be assessed for development contributions on the basis that some farming activities, such as intensive dairying, place enormous pressure on roads and water supplies, and should contribute to those costs. Those activities plus industrial or commercial developments located in the rural area will be assessed for contributions in accordance with section 3.4.

3.3.2. Visitor accommodation conversion to housing equivalent units

Visitor accommodation is usually made up of a number of beds catering for a maximum number of people rather than household units. The number of HEUs is calculated by using a household conversion factor. Given that an average household unit is assumed to be 2.7 people, then each person is equivalent to 37% of a household unit, and so the conversion factor for visitor accommodation would be 0.37. For example, the HEU arising from visitor accommodation catering for a maximum of 200 people would be 74 HEUs. This is based on 100% occupancy which is generally never achieved. This policy therefore recognises that 100% occupancy is not appropriate and has assumed a 60% occupancy rate instead. This means the HEU conversion factor is 0.222 for visitor accommodation (60% of 0.37).

Visitor accommodation is the only situation where the per person, or per bed, contribution is used. Per 3.2, granny flats and similar self-contained units are assumed to be visitor accommodation in all cases.

3.4. Non-residential applications

For non-residential consent applications HEUs are to be calculated using gross floor area per the Gross Floor Area conversion table (3.4.1) to estimate the HEU.

3.4.1. Gross Floor Area (GFA) conversion to housing equivalent units

The table below summarises the conversion factors to convert the GFA of a non-residential building to an average household unit, or HEU.

Land use	Retail	Industrial	Commer cial	Rural
Roading HEUs / 100m2 GFA	2.4	1.36	1.36	5.0
Footpaths HEUs / 100m2 GFA	3.0	1.2	2.0	-
Water HEUs / 100m2 GFA	0.13	0.1	0.1	1.0[15]
Wastewater HEUs / 100m2 GFA	0.26	0.2	0.2	1.0

[15] Note that as per section 3.2 for some rural water supplies, assessments are based on water supply units rather than HEUs.

Stormwater HEUs / 100m2 Impervious Surface	1.0	1.0	1.0	1.0
Community Infrastructure GFA	2.4	1.36	1.36	1.0

See Appendix D for a breakdown of the calculations of these figures.

3.4.2. Estimate of Gross Floor Area (GFA)

If the GFA of a non-residential building is unknown the Council will make an estimate of the likely GFA for calculation purposes, based on the average building coverage rates for that area.

Developments in the Kaikōura area will also be assessed for a stormwater contribution, based on the area of impervious surfaces to be drained to the reticulated stormwater network. Where no information is provided with an application on the area of impervious surfaces proposed to be drained to the network, it is difficult and impractical to calculate the demand created by the development in terms of HEUs. In this circumstance the Council will make an estimate of the likely area of impervious surfaces, based on the average building coverage rates for the industry.

3.4.3. Summary

	Subdivision	Development
Residential	One HEU per activity per additional title - except Parks & Reserves to be assessed as a percentage of land value	As for subdivision including units in strata title type developments. Parks & Reserves to be assessed as a percentage of land value.
Non-residential	Standard table of HEUs per activity in units of 100m^2	
Visitor accommodation	As for residential subdivision including units in strata title type developments. Parks & Reserves to be assessed as a percentage of land value.	Calculated based on the number of visitors (beds) being accommodated, plus the Parks & Reserves contribution assessed on a portion of land value.
Mixed uses	To be assessed as above for each component of the particular land use applied for.	

See Appendix D for a breakdown of the calculations of these figures.

3.5. *Calculation of development contributions*

For each development, the development contribution payable by the developer will be calculated by multiplying the development contributions per household equivalent unit by the number of household equivalent units.

Terms used in the following flow charts are defined and explained on diagrams 1 to 4 in section 3.5.3. Appendix B provides worked examples of calculations.

3.5.1. Residential development

STEP 1: AREA OF DEVELOPMENT Go to section 3.1 to determine what geographical area the development lies within.
STEP 2: PRICING SCHEDULE Go to the Development Contributions Schedule (Appendix A) and identify the fees payable per Household Equivalent Unit for the development contribution area.
STEP 3: EXISTING ENTITLEMENT Recognising existing demand on services and therefore any existing entitlement, it is necessary to determine any credits/debits applicable to the residual title. For subdivisions (where the residual lot remains residential – see diagram 1 section 3.5.3) the existing title will have a full historic credit meaning no development contribution is payable on the residual title.

Where a second (residential) dwelling is created on an existing title (see diagram 2 section 3.5.3) the existing dwelling will have a full historic credit meaning no development contribution is payable on the existing dwelling. There will be a development contribution payable on any additional titles created by subdivision or any additional dwelling(s) created in the absence of subdivision.
STEP 4: NUMBER OF HEUs Using the HEU conversion information in section 3.3, establish how many HEUs the proposed development will create for each asset category.
STEP 5: APPLICATION OF HEUs Apply the HEUs to the proposed development (i.e. multiply charges identified in Step 2 by the HEUs identified at Step 4).
STEP 6: TOTAL (EXCLUDING RESERVES) Calculate the total development contribution by summing the individual charges established in Step 5 and add GST of 15%.
STEP 7: RESERVES In addition, the development contribution for Parks and Reserves will be calculated as a percentage of land value after development in accordance with the formula in Section 6.6.
STEP 8: TOTAL DC PAYABLE Add together the results from Steps 6 and 7 to get the total development contributions for the proposed development.

3.5.2. Non-Residential development

STEP 1: AREA OF DEVELOPMENT Go to section 3.1 and check what (geographical) Development Contribution area the development lies within.
STEP 2: PRICING SCHEDULE Go to the Development Contributions Schedule (Appendix A) and identify the fees payable per Household Equivalent Unit for the Development Contribution area.
EXISTING ENTITLEMENT Recognising existing demand on services and therefore any existing entitlement, it is necessary to determine any credits/debits applicable to the residual title. (See diagrams 1 and 3, section 3.5.3) Historic credit will be given for the pre-existing status of the property. This credit will only apply to the residual title (see diagram 1 section 3.5.3) and cannot be transferred to other titles created as a part of the development.
STEP 3: NUMBER OF HEUs: EXISTING ENTITLEMENT Using the HEU conversion information in section 3.4, establish how many HEUs the existing site has for each asset category as a result of historic credits.
STEP 4: APPLICATION OF HEUs: EXISTING ENTITLEMENT Apply the HEUs to the existing site (i.e. multiply charges identified in Step 2 by the HEUs identified at Step 3).
STEP 5: TOTAL HISTORIC CREDIT Calculate the total historic credit by summing the individual charges established in Step 4 and add GST of 15%.
RESERVES (HISTORIC CREDIT) There will be no historic credit for Reserves, as the Council has only historically imposed Reserves Contributions on Residential development.
STEP 6: PROPOSED DEVELOPMENT – RESIDUAL TITLE The residual title will be subject to a development contribution that is calculated in Steps 7-10.
STEP 7: NUMBER OF HEUs PROPOSED DEVELOPMENT – RESIDUAL TITLE Using the HEU conversion information in Section 3.4 establish how many HEUs the proposed development will create for each asset category.
STEP 8: APPLICATION OF HEUs PROPOSED DEVELOPMENT – RESIDUAL TITLE Apply the HEUs to the proposed development (i.e. multiply charges identified in Step 2 by the HEUs identified at Step 7).

STEP 9: TOTAL PROPOSED DEVELOPMENT – RESIDUAL TITLE Calculate the total development contribution by summing the individual charges established in Step 8 and add GST of 15%.
STEP 10: DEVELOPMENT CONTRIBUTIONS PAYABLE ON RESIDUAL TITLE Subtract the total in Step 5 from that in Step 9 to get the total development contribution payable on the existing title taking into account the credit for any existing entitlement. Note that there will be no refund associated with any excess historic credit.
STEP 11: DEVELOPMENT CONTRIBUTIONS PAYABLE FOR ADDITIONAL NEW TITLE(S) Repeat Step 6 to 9 for the new titles to obtain the development contribution payable for these titles in relation to network infrastructure and community infrastructure.
STEP 12: RESERVES In addition, the development contribution for Reserves will be calculated as a percentage of land value after development in accordance with the formula in Section 6.6.
STEP 13: TOTAL DC PAYABLE Add together the results from Steps 11 and 12 to get the total development contributions for the proposed development.

3.5.3. Definition and Explanation of Terms

Diagram 1: Subdivision to create additional titles (residential or non-residential)

Existing title The title before subdivision Residential: full historic credit Non-residential: Section 3.5.2 Steps 1-5	
Residual title Existing title minus any additional titles created as a result of subdivision Residential: no DC payable Non-residential: Section 3.5.2 Steps 1-2 and Steps 6-9	
New title(s) Those additional titles subdivided off from the existing title Residential: Section 3.5.1 Steps 1-7	

Diagram 2: Construction of a new dwelling on an existing residential title (no subdivision)

Existing Title

Residential Dwelling
DC: No DC payable

New Dwelling(s)
DC: Section 3.5.1 Steps 1-7

Diagram 3: Development of a non-residential site - no subdivision

Existing Title
The title before development
DC: Section 3.5.2 Steps 1-5

Residual Development
Existing development on site
DC: Section 3.5.2 Steps 1-2 and steps 6-10

New Development
Proposed new development on site
DC: Section 3.5.2 steps 11-13

Diagram 4: Residential subdivision of land where there is more than one existing dwelling on the residual title.

Where there is more than one house (or dwelling) already on a title, and that title is subject to a subdivision to provide for each dwelling to occupy an individual title, it is deemed that the subdivision is not creating growth, and therefore no development contributions are payable.

By example:

The existing title

Following subdivision

This is due to interpretation of 3.5.1, Residential Development, where, in the section dealing with calculating the existing entitlement, each dwelling is deemed to be one household equivalent unit. Therefore, in the above example, there are two HEUs for the existing credit, and upon completion of the subdivision there are still only two HEUs.

However, should the subdivision also become subject to a land use consent or building consent to provide for some purpose other than its original use, development contributions may be triggered at that point.

3.6. Trigger for taking a development contribution

3.6.1. Initial calculation and interim assessment

The initial calculation of the development contribution will occur in conjunction with an application for:

(a) Subdivision consent; or
(b) In the absence of subdivision consent, on land use consent; or
(c) In the absence of subdivision consent and land use consent, on project information memorandum
(d) In the absence of the above three, on building consent.

The interim assessment serves the purpose of informing the applicant of the likely development contributions liability. This interim assessment will contain details of the number of HEU, the amount to be levied for each activity, and the total payable including GST.

The interim assessment will also contain an estimated parks and reserves contribution based on an estimated value of the land which considers the value of land in similar developments in the same, or a reasonably comparable, location within the Kaikōura district.

3.6.2. Request for individual developer agreement

The interim assessment may also contain a request in writing that the applicant enter into an individual developer agreement in lieu of the development contributions as assessed. See Section 5 for information on developer agreements.

3.6.3. Final calculation, invoicing and payment of development contributions

Final calculation, invoicing, and payment of a development contribution shall occur prior to the earlier of:

(a) The issue of the section 224 completion certificate per the Resource Management Act; or
(b) The issue of code compliance certificate per the Building Act; or
(c) An authorisation for a service connection.

Note it will be essential at this point to have either obtained an independent valuation for the parks and reserves development contributions to be assessed, or for the estimated value provided as part of the interim assessment to be agreed to by the applicant, with affirmation of agreement in writing.

Note: Further recalculation of the development contribution payable will occur if payment is not received within twelve months of the issuing of invoice.

3.6.4. Enforcement powers

If payment of development contribution is not received as per 3.6.3, the Council will enforce powers outlined in Section 208 of the Local Government Act (2002).

Until a development contribution has been paid or made, the Council may:

1) In the case of a subdivision or land use consent:
   a) withhold a certificate under section 224(c) of the Resource Management Act (1991)
   b) prevent the commencement of a resource consent
2) in the case of a building or other construction:
   a) withhold a code compliance certificate under section 95 of the Building Act (2004)
   b) withhold a certificate of acceptance under section 99 of the Building Act (2004)
3) in the case of a service connection, withhold a service connection to the development

In each case, register the development contribution under the Statutory Land Charges Registration Act (1928) as a charge on the title of the land in respect of which the development contribution was required.

3.6.5. Service connection and approval fees unaffected

The Council will continue to collect service connection and/or approval fees in accordance with current practice, current Council bylaws, and the LGA for the following assets:

a) water supply
b) wastewater
c) stormwater
d) vehicle crossings

4. Requests for reconsideration or objection

There are key differences in the terminology under the Local Government Act (2002) as to what constitutes reconsideration vs. an objection. Reconsideration responds to claims of errors in calculation, and can be considered by the Council or its officers. An objection is a claim that the Council failed to take into account features of a specific development, or required contributions for facilities that are not related to the specific development, and calls into question the equity or fairness of the development contributions as assessed. Under changes to the LGA in 2014, objections can only be considered by an approved independent development contributions Commissioner selected by the Council. All reasonable costs of the Commissioners would be at the cost of the objector.

Given the emphasis within this policy on obtaining individual developer agreements with developers, it is hoped that the expensive process of objecting to development contributions can be avoided wherever possible. It is the intention of this policy that objections be the last option and only used where developer agreements cannot be reached.

4.1. Request for reconsideration

Applicants may apply to the Council to reconsider their development contributions assessment where they have grounds to believe that;

a) The development contribution was incorrectly calculated or assessed; or
b) The policy has been incorrectly applied; or
c) The information used to assess the development was incomplete or contained errors.

A person may not apply for a reconsideration of their assessment if they have already lodged an objection to their assessment under section 199C and Schedule 13A of the LGA. A request for reconsideration must be made within 10 working days after the date on which the person lodging the request received the development contribution assessment notice, as required by section 199A (3) of the LGA.

Requests for reconsideration of contributions should also be made prior to those development contributions being paid, unless there is urgent and pressing need to proceed with issuance of s224 certificate, code compliance certificate, or service connection.

4.1.1. Procedure for reconsideration of contributions

The officer responsible for calculating development contributions will, within three working days of receipt of a request for reconsideration of an assessment, acknowledge receipt of the request to the person lodging the request.

The procedure to reconsider contributions is as follows:

1. Determine whether there has been an error in calculation, an error in application of the policy, or the assessment was made based on incorrect information, per s199A of the Local Government Act (2002);
    a. If yes, proceed to 2.
    b. If no, advise the applicant that there has not been an error and provide details on how to make an objection under section 199C of the LGA.
2. Where there has been an administrative error in the calculation, the officer may recalculate the development contributions payable as corrected and issue a replacement development contributions assessment to the applicant. The recalculation is to be reviewed by the Chief Executive Officer.

3. Where there has been an error in assessment or application of the policy, or the assessment was based on incorrect or incomplete information, the request for reconsideration will be considered by the Development Contributions Review Committee.
4. That committee may, at its discretion, uphold, reduce, postpone, or cancel the original amount of development contributions required on the development and shall communicate its decision in writing to the applicant within 15 working days of any determination or hearing.
5. Where that committee considers a request for reconsideration the following matters will be taken into account:
    - The development contributions policy including the intent of the policy
    - The provisions relating to development contributions in the LGA
    - The relevance of the information used to assess the applicant's development
    - The way in which the information has been applied in making the assessment
    - The extent to which the information was incomplete or contained errors
    - The potential for an individual developer agreement to be entered into, in lieu of upholding the contributions assessment.

In any case, the Council retains the right to uphold the original amount of development contributions levied on any particular development.

Note that until contributions are paid, whether or not the application for remissions was successful, the Council will use its enforcement powers per 3.6.4.

4.2. Objections to assessed amount of development contributions

A person may object to the amount of the development contributions that have been assessed, and this objection may be made regardless of whether or not a request for reconsideration has also been made.

An objection under section 199C of the LGA must be received by the Council within 15 working days after the after the date on which the person received notice from the Council of the level of development contribution that the Council requires.

An objection under section 199C of the LGA may be made only on the ground that the Council has:

- Failed to properly take into account features of the objectors' development that, on their own or accumulatively with those of other developments, would substantially reduce the impact of the development on requirements for community facilities in the district or parts of that district; or
- Required a development contribution for community facilities not required by, or related to, the objector's development, whether on its own or cumulatively with other developments, or
- Required a development contribution in breach of section 200 of the LGA, or
- Incorrectly applied its development contributions policy to the objector's development.

The procedure and legislative requirements surrounding development contribution objections are extensive and are contained within the Local Government Act (2002), sections 199C through to 199P and Schedule 13A. The Council will provide developers with this information when the potential for an objection is made known.

5. Developer agreements

It is the intention of this policy that larger developments – creating 10 or more HEU – are substantial enough that new assets or increased capacity of existing assets, whether whole or in part, may be required to service that development. In those circumstances, it is the intent of this policy that the developer meets the cost, or an appropriate portion of that cost, of the capital expenditure involved.

Nothing in this policy prevents a development contribution or a developer agreement requiring a developer to contribute to past costs already incurred by the Council to increase the capacity of its assets, as provided in 2.5.3. This recognises that past expenditure, such as to increase the capacity of water reservoirs (for example), was spent in anticipation of further development, and that those costs should still be funded by development contributions up until the portion of costs attributable to growth for each of those projects have been recovered.

5.1. Legislative provisions

Sections 207A through to 207F of the LGA provide the legislative framework for developer agreements. In summary the framework provides that;

- The request to enter an agreement may be made by either the Council or the developer,
- Either party may accept the request to enter an agreement, in whole or in part, or decline the request,
- The agreement contains specific details, such as legal name of the parties, description of the land to which the agreement relates, and details of the infrastructure that each party will pay for,
- The agreement is a legally enforceable contract,
- There are restrictions on use of the agreement, and
- There are conditions surrounding the amendment or termination of the agreement.

5.2. Developer agreements preferred

The advantage of a developer agreement is that it enables the Council to identify those assets, in whole or in part, that may need to be created and/or upgraded to cope with specific developments, and to request that agreement be reached with the developer to fund, in whole or in part, that capital expenditure. In other words, developers will be expected to pay for capital work that is related to the impact of their development on Council services. As an example, a wastewater pump station may need to be upgraded so as to have increased capacity to cope with a new hotel. The developer will be expected to fund the cost of increasing the capacity of the pump station, to the extent that the capacity is required to be increased in relation to that hotel.

It also enables a developer to request that the Council provide some specific assets outside of the development boundary that the developer deems beneficial, at the developers' expense (in whole or in part). As an example, the hotel developer in the above scenario may request that a walkway be developed between their hotel and the beach or some other public area. The Council would be expected to agree to develop the walkway, at the developer's expense.

In all cases, mutual agreement is fundamental to the success of the developer agreement.

6. Development contribution calculations

6.1. Introduction

The application of the funding model to the total growth cost and predicted growth in the HEUs for all the combinations of activity and catchment results in the schedule of development contribution charges in $/HEU for each activity (see Appendix A).

6.1.1. GST exclusive

Development contributions specified in tables 1 to 4 of Appendix A exclude goods and services tax (GST). The parks: reserves contribution is assessed as a percentage of land value which is assumed to include GST.

6.1.2. Construction cost index

Note that all figures are expressed in 2024 dollars, and future projects may be updated annually as appropriate in accordance with the Local Government Cost Index (LGCI) or some other cost indices (such as BERL cost indices specific to roading and water for example).

6.2. Roads, footpaths, streetlights, access, and parking

Developers are required to provide all roading assets within the boundary of their development, per the conditions of their consent under the Kaikōura District Plan. In addition, all new developments will be subject to a development contribution for the broader roading network to cover the value of identified capital development works.

In its review of this Policy for the period 2024 to 2034, the Council does not consider there to be any future growth capital development works for roads, and only a very small component of growth-related works for footpaths. Unless there is a developer agreement reached with an individual development (where increased road capacity is agreed upon), there is no roading development contribution.

The development contributions for footpaths are based on the proportion of these works that have been assessed as the result of increased demand generated by new residential, rural and non-residential development.

The Council will require a contribution toward a share of the cost of new or upgraded footpaths or access where additional capacity is necessary to accommodate the cumulative effects of the development. The share will be calculated on the proportion of the additional capacity necessary to serve the activity or development. See development contributions schedule of fees and charges in Appendix A of this policy.

6.3. Water and wastewater

Developers will meet the full actual cost of the water supply or wastewater disposal system to the development. The developer will be responsible for the full actual costs of all necessary water supply or wastewater disposal reticulation within the development for each allotment or building.

A contribution will also be imposed for each new service connection to cover:

- The full actual cost of connections between the water supply or wastewater disposal system reticulation in the development and the water supply and wastewater disposal system, and
- The full actual costs of upgrading of any existing water supply or wastewater disposal system to the extent that it is necessary to service the development, and
- A share of the costs of the existing water supply and wastewater disposal system where additional capacity has been created in anticipation of future development.
- A share of the cost of new water supply or wastewater disposal system or upgraded water supply or wastewater disposal system where additional capacity is required by the cumulative effects of the development of an area.

See development contributions schedule of fees and charges in Appendix A of this policy.

The contribution may, at the Council's discretion, be required in the form of cash, land, works, services or any combination of these. In assessing the level of contribution, regard shall be had to the level of works and services to be provided by the applicant to address any increase in demand on infrastructure.

The payment is subject to whether the new activity or development is able to connect to the service system.

Any development outside a constituted water supply or wastewater drainage area has not been anticipated as part of the existing reticulation network. Any request to extend a constituted water supply or wastewater drainage area to incorporate a development, or any request to create a new development contribution area will need to be specifically assessed through a separate developer agreement.

The requirement to purchase water units in the rural water supplies is unaffected by this policy.

6.4. Stormwater

There is only one distinct stormwater development contribution area in Kaikōura district, being the Kaikōura urban area (which includes South Bay and Ocean Ridge). For all developments within this area, a contribution will be imposed upon the area of the land, to cover:

- the full actual cost of connection to the stormwater network, and/or
- the full actual costs of upgrading of the existing stormwater disposal system to the extent that it is necessary to service the development, and/or urban area,
- a share of the cost of new stormwater infrastructure where additional capacity is required by the cumulative effects of the development of an area.

See development contributions schedule of fees and charges in Appendix A of this policy.

6.4.1. Other areas

In areas outside that described above, developers are responsible for disposing of stormwater onsite. The developer will be responsible for the full actual costs of detaining and disposing of all stormwater within the development area. Subsequent owners will be responsible for the full actual costs of disposing of all stormwater for each allotment or building.

6.5. Community infrastructure

The LGA restricts the taking of development contributions for community infrastructure to;

- community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated
- play equipment that is located on a neighbourhood reserve
- public toilets

The contribution levied will be based on a per household equivalent unit (HEU) with the fees set out in appendix A of this policy. With the review of this development contributions policy for the period 2024-2034, no growth-related projects have been identified for the listed community infrastructure types. Unless there is a developer agreement reached with an individual developer (e.g. where additional playgrounds, public toilets or community centre upgrades are agreed upon), there is no community infrastructure development contribution.

6.6. Parks & reserves (reserves contribution)

A reserves contribution refers to the cost of providing additional improvements necessary to turn basic parks and reserve land into a particular form or standard of reserve. Possible improvements include park furniture, sports ground development, walkways, off-road cycleways, landscaping and beautification, and car parking. Improvements may also include seal extensions where road access needs to extend to a specific recreational development (such as the new swimming pool).

See development contributions schedule of fees and charges in Appendix A and D of this policy.

Contributions may be taken in the form of a cash contribution and will be used to purchase land and /or to undertake improvements and enhancements. Within the development, the Council may allow the developer to provide land to meet recreation and conservation needs which will be credited against the required cash contribution.

For reserves, the LGA section 203(1) states that development contributions shall not exceed the greater of:

a. 7.5 percent of the value of the additional allotments created by the subdivision; and

b. the value equivalent of 20m2 of land for each additional household unit created by the development.

There are two methodologies for determining the reserves contribution for developments as recognised in the LGA. One methodology deals with development where there is subdivision [S203(1)(a)] and the other where there is no subdivision [S203(1)(b)].

When determining the value of land for the purpose of calculating the parks & reserves contribution, the value of land is assumed to include GST.

6.6.1. Subdivision

Three contribution categories have been identified:

- Residential
- Rural residential
- Rural

These categories recognise the different demand for recreation and amenity reserves.

Recognising the difference in demand for these areas the Council has adopted different contribution rates for each of the categories:

Contribution Category	Description	Development Contribution Rate
1	Residential	2.5% of the value of each additional lot of subdivision.
2	Rural Residential	1% of the value of each additional lot of subdivision.
3	Rural	0.5% of the value of each additional lot of subdivision.

The value of each allotment will be assessed up to the following maximum site areas:

- Rural: 40,000m2
- Rural residential: 6,000m2

Applications that change rural areas into urban developments with reticulated services will end up as future service catchments, and consequently will be considered under the provisions of contribution category 1.

6.6.2. Residential non-subdivision

The development contribution for parks where there is no subdivision will be assessed as the value equivalent of 20m2 of land for each additional HEU created. This will be applied up to a maximum contribution, equivalent to 2.5% of the value of the allotment.

As explained in section 3.3.2, for visitor accommodation the number of HEUs is calculated by using a household conversion factor of 0.222.

6.6.3. Valuing of land

Development contributions will be payable in cash. All land requirements for reserves purposes will be obtained through sale and purchase agreements outside of this development contributions policy. The Council may use structure plans and where appropriate, designation processes under the RMA to identify future reserve requirements.

The Council may accept or require a contribution to the equivalent value in the form of land or infrastructure. In some cases, for example, it may be appropriate to allow reserve assets to vest in the Council through the subdivision consent process, where they meet the Council's reserve network requirements, and to credit them against the development contribution required.

Where the development contribution is to be in cash, the development contributions notice will include an estimate on the anticipated value of the additional lots created by a subdivision, or on the basis of 20 square metres of land (within the development) for each additional household units created (with final calculation of the contribution to occur at the time the consent is issued – see section 3.6.3).

That estimate will take into account the current value of similarly sized and serviced lots in the same area, or similarly sized and serviced lots in a comparable area within the district, using information from the Council’s rating information database and any information from property sales within the district that it considers relevant. The developer may accept the estimate provided for the purposes of calculating the development contribution payable, but is under no obligation to accept the estimate provided.

Where the developer does not accept the estimate provided, the amount will be established by either a signed sale and purchase agreement for the land subject to the development, or an independent registered valuer's report on the anticipated sale value of the land, or in the absence of subdivision, on 20m2 of that land. Registered valuer's reports shall be no more than three months old and produced at the developers cost.

Where the development contribution is to be in land or infrastructure, the value of the land and infrastructure to be vested will be established on the basis of a registered valuer's report and substantiated prices prior to purchase and installation.

Appendix A: Schedule of development contributions (excluding GST)

Table 1: Roading and footpaths

Area	Roads and bridges	Footpaths	
	Per HEU	Per HEU[16]	Per person
Kaikōura urban area (excluding Ocean Ridge)	$Nil	$1,664.38	$369.86
District wide (outside Kaikōura Urban area as above)	$Nil	$Nil	

Table 2: Wastewater

Area and/or connection	Per HEU	Per person
Kaikōura urban area (excluding Ocean Ridge) and including the Suburban area where the Kaikōura wastewater scheme is available to be connected	$2,987.91	$663.98
Ocean Ridge	Refer to separate developer agreement once the original 260 allotments are exceeded	

Table 3: Water supplies

Area and/or connection	Per HEU	Per person
Kaikōura urban area including Kaikōura township, South Bay, and Suburban area, but excluding Ocean Ridge	$998.44	$221.88
Ocean Ridge	Refer to separate developer agreement once the original 260 allotments are exceeded	
Peketa	$1,228.45	$272.99
Oaro	$1,228.45	$272.99
Area and/or connection	**Per Water Unit**	
Kincaid scheme	$2,000.00	
East Coast scheme (including Clarence)	$1,265.36	

Table 3: Stormwater

Area	Per HEU	Per person
Kaikōura urban area (excluding Ocean Ridge)	$450.58	$100.13

[16] Per person contributions apply to visitor accommodation.

Table 4: Reserves

Contributing Category	Maximum site area on which contributions are assessed	Development Contributions % of Land Value
Residential	No maximum	2.5%
Rural	40,000m^2	0.5%
Rural Residential	6,000m^2	1%
Visitor accommodation	20m^2 per HEU	100% limited to no more than 2.5% of total land value

Appendix B: Development contributions calculation – examples

Example 1 – Residential Subdivision

Proposal: **One residential lot subdivided into four new sections of about 1,600 m2 thereby creating three additional lots**

Location: **Kaikōura township**

Value of additional lots: **$180,000 (including GST) per lot ($540,000 in total)**

A full credit is given for the existing household unit (residual title) and the development contribution is only calculated on the three additional household units (the new titles).

Household Equivalent Units	Activity/Service	Contribution per HEU $	Total Contribution $
3	Footpaths	1,664.38	4,993.14
3	Kaikōura urban water	998.44	2,995.32
3	Wastewater	2,987.91	8,963.73
3	Stormwater	450.58	1,351.74
	Subtotal (excluding GST)	6,101.31	18,303.93
	GST	915.20	2,745.59
	Subtotal (including GST)	7,016.51	21,049.52
Valuation $540,000	Parks & reserves calculated at 2.5% of the value of each lot ($180,000)	4,500.00	13,500.00
	TOTAL (including GST)	11,516.51	34,549.52

Example 2 – Visitor Accommodation

Proposal: **Visitor accommodation (motels) providing for 50 people, plus a manager's residence**

Location: **Kaikōura township**

Value of land (total): **$540,000 including GST**

Size of existing land: **2,500m^2**

Valuation of land: **$216m^2**

A full credit is given for the existing household unit (the manager's residence) and the development contribution is only calculated on the additional household units, assessed by the number of people able to be accommodated (discounted to a 60% occupancy). In this instance there are 50 people able to be accommodated, divided by 2.7 people per HEU equals 18.52 HEU, then further discounted to 60% occupancy.

The parks & reserves contribution is calculated as the value of 20m^2 per HEU equivalent, up to a maximum of 2.5% of the total land value of the lot, therefore the total parks & reserves amount in this example is capped at $13,500 (2.5% of $540,000).

No. of people able to be accommodated	Activity/Service	Contribution per person $	Total contributions $
50	Footpaths	369.86	18,493.00
50	Kaikōura urban water	221.88	11,094.00
50	Wastewater	663.98	33,199.00
50	Stormwater	100.13	5,006.50
	Subtotal (excl. GST)	1,355.85	67,792.50
	GST	203.38	10,168.88
	Subtotal (incl. GST)	1,559.23	77,961.38
20m^2 x $216m^2 x 18.52 HEU x 60%	Parks & reserves using LGA S203(1)(b)	960.00	13,500.00
	TOTAL (including GST)	2,519.23	91,461.38

Appendix C: Development contributions funding model

Purpose

The purpose of the funding model is to provide an equitable assessment of the funding requirements to support the development contributions regime. The primary output of the funding model is an assessment of the required development contributions charges.

The model takes account of:

- The funding requirements to support the cost of growth infrastructure.
- Equitable application of those funding requirements to the incoming growth community.
- Recognition that the backlog components of the growth infrastructure are funded by the existing community. The rating charges applied to the existing community will also be applied to the incoming community as there is no differential rating process to exclude the incoming community from those rates charges. The resultant rating charge on the incoming community is offset against the development contribution charge.
- Interest on funds raised to implement growth infrastructure.
- Interest on contributions received in advance of provision of growth infrastructure.
- Recognition that money raised must meet the financial requirements of projects, therefore consideration is given to the effects of inflation on both the costs and the income. (Note, currently the inflation is set to zero in the model as CCI is to be added separately to the contribution rates each year).

Background information

For each project planned, Council officers have determined the components of the project that are allocated to meeting the needs of the growth community. This allocation takes into account and deducts funds available from alternate funding sources such as Waka Kotahi (NZTA). These projects are reported in development contribution areas for each service type.

For each development contribution, Council officers have determined the anticipated number of new lots as the district expands. These are reported as Household Equivalent units (HEU's).

Development contributions

The development contribution will be assessed for each service type and each development contribution will be charged based on the number of HEUs demanded by each incoming activity.

Modelling principles

A project cannot be considered for development contributions unless it is an approved project in the LTP. The LTP includes schedules of planned projects and in the future will include schedules of past projects with remaining capacity intended to support the new and future incoming community.

Terms and definitions

Past growth and past expenditure	Relates to the growth capacity and cost that has been provided by past expenditure. In terms of cost, it relates to actual costs incurred in past years – including the current year (ending 30 June 2024). In terms of demand, it relates to the provided capacity for the period between implementation and the current year. (Note: The Council is not proposing to recover development contributions for capital expenditure incurred prior to 1 July 2005.)
New growth and new expenditure	Relates to the growth demand and planned costs in the ten years from the current year. Starting in year 1 – the 2025 financial year from 1 July 2024 to 30 June 2025, and ending in year 10 – the financial year ended 30 June 2034

Future growth and future expenditure	Relates to the growth demand and planned costs in the years beyond the new growth period, starting in year 11 (2035). Potentially there is no end point to future growth but in practical terms it will end with the end of the funding period.
Funding period	Not less than 10 years, otherwise lesser of asset capacity life, asset useful life, or 30 years.

Notes

- Year will be end of year, i.e. 2024/2025 will be stated as 2025.
- Past expenditure will be actual cost of the project and will not be inflation adjusted.
- Interest on past expenditure will be based on the typical average interest rate for either borrowing or lending in each year since the past expenditure was incurred.

Expenditure

Expenditure will be assumed to occur in the year identified in the LTP or its amendments.

Development contribution

For each project the development contribution capital charge for each incoming HEU is assessed as the net cost of growth, divided by the number of HEUs assumed to be incoming from year 1 to the end of the funding period for that project.

The net cost of growth is determined as;

- For past projects, on the actual cost of the project less any third-party funding such as grants or subsidies,
- For future projects, on the forecast cost of the project in today's dollars, less any third-part funding such as grants or subsidies, and
- based on the assumption that at the end of the funding period the remaining debt will be zero.

Development contributions collected after a project has been completed will be used to repay loan servicing costs including principal and interest associated with the project.

Appendix D: Non-residential HEU conversions

Wastewater

Kaikōura District Council District Subdivision Code of Practice Design Standard: 1000 litres/household/day (1m3/lot/day)

Land use description	District Design Std (Litres/Day)	Units	HEUs
Commercial/industrial	200	100m2 GFA	0.2
Retail	266	100m2 GFA	0.26

Water

Kaikōura District Council Urban Water Supply Upgrade Officers Report 2000: 1930 litres/household/day - 1.9m3/lot/day

Land use description	District Design Std (Litres/Day)	Units	HEUs
Commercial/industrial	210	100m2 GFA	0.1
Retail	280	100m2 GFA	0.13

Roading

Land use	Vehicles per day	HEUs
Commercial/industrial	13.6	1.36
Retail	24.0	2.40
Rural	4 heavy trucks	5.0

Vehicles per day (VPD)

In using vehicles per day, consideration should be given to:

(1) The end destination and sole purpose of the trip is to that activity therefore VPD rate is at 100%
(2) Trip is made as one of a number of linked trips therefore VPD rate is at 25%
(3) Trip is made but only because the route goes past that location therefore VPD rate is at 5%

Footpaths

Land use	Pedestrians per day	HEUs
Retail	30.0	3.0
Industrial	12	1.2
Commercial	20	2.0
Rural	Nil	-

Appendix E: Capital expenditure

The following table summarises the capital expenditure that the Council has already incurred, or expects to incur within the next ten years, to meet the increased demand for services resulting from growth. The Council has determined to use the funding sources stated as the most appropriate source of funds for each of these capital projects, to most equitably the distribution of benefits to groups and/or individuals, and to make the optimum use of alternative sources of funding such as grants and subsidies, and development contributions where appropriate.

The Council's development contributions policy was first adopted in June 2004 and provided for several capital projects that have already been completed. In many cases, loans have been raised to complete that work, and development contributions are collected to meet the cost of loan servicing and to contribute towards the cost of that work previously undertaken. Development contributions are only levied until the portion of costs of the capital work has been recovered.

Capital project by activity	Reason a development contribution is appropriate	Year	Estimated cost	Funding Sources		Amount to be funded by DC's	Balance remaining after funds received to date	Forecast No. of new lots or water units	DC per HEU
				Grants, Loans & other	Development contributions				
Roading									
Footpath renewals	Includes new footpaths to service growth areas, and better surfaces to provide for more pedestrians	2024-2034	$2,000,000	95%	5%	$100,000	$100,000	80	$1,250.00
Footpath renewals		2023-2024	$291,089	97%	3%	$8,733	$4,948	80	$61.85
Footpath upgrades		2005-2006	$535,204	90%	10%	$53,520	$28,202	80	$352.53
Total footpath contribution per Housing Equivalent Unit (HEU)									$1,664.38
Water services									
Kaikōura urban reservoirs and water source	Increased capacity for water storage and to meet demand	2012-2014	$232,679	20%	80%	$119,831	$81,373	82	$998.44
Kincaid reservoirs and new pipeline	Increased capacity for water storage and larger pipes	2006-2013	$361,933	30%	70%	$253,353	$92,063	47	$2,000.00
East Coast pumps, pipes, and switchboard upgrade	Increased pump capacity and improve to meet demand	2010	$37,961	90%	10%	$3,796	$3,796	3	$1,265.36
Peketa new treatment system & telemetry	Improved treatment needed to meet demand	2008	$8,190	85%	15%	$1,228	$1,228	1	$1,228.45
Oaro new treatment system & telemetry	Improved treatment needed to meet demand	2008	$8,190	85%	15%	$1,228	$1,228	1	$1,228.45
Wastewater									
New pump stations	Increased pump capacity	2014	$367,061	50%	50%	$183,530	$128,943	85	$1,525.95
Pump renewals	Resilience to meet demand	2024-2034	$450,000	79%	21%	$94,500	$94,500	161	$586.96
Overflow prevention	Provide for volume of waste	2024-2034	$350,000	0%	100%	$350,000	$350,000	400	$875.00
Total wastewater contribution per Housing Equivalent Unit (HEU)									$2,987.91

Capital project by activity	Reason a development contribution is appropriate	Year	Estimated cost	Funding Sources		Amount to be funded by DC's	Balance remaining after funds received to date	Forecast No. of new lots or water units	DC per HEU
				Grants, Loans & other	Development contributions				
Stormwater									
Drainage system upgrade	Increased capacity	2011	$180,233	70%	30%	$54,070	$51,817	115	$450.58
Parks & reserves									

Projects include:

- Land purchases
- New walkways & cycleways
- Beautification, planting & landscaping
- Artwork installations and any other significant features
- Safety improvements (handrails, steps, vehicle barriers, security cameras, lighting)
- Grants paid out for biodiversity projects
- Projects identified in the Council's Coastal Management Strategy (including any review of that Strategy)
- Costs include demolition and site preparation if applicable

Glossary of terms

Backlog	That portion of a project that relates to historical catch-up to meet the required level of service for the existing community.
Bed	When assessing development contributions for visitor accommodation, per bed is used. A bed refers to a single bed, therefore equates to per person per night.
CCI	Construction Cost Index.
Commercial	Any activity, whether temporary or permanent, involving payment, exchange, or other consideration, but not including visitor accommodation. Examples include restaurants, bars, conference facilities, tourism operator ticketing counters, and office spaces.
Community infrastructure	Community infrastructure means the following assets when owned, operated, or controlled by the Kaikōura District Council: • community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated, • play equipment that is located on a neighbourhood reserve, and • toilets for use by the public.
Credits	Where development contributions or financial contributions for a particular property have previously been assessed and paid, credit to that amount will be given for the particular activity.
DC	Development contribution
Development	Any subdivision or other development that generates a demand for reserves, network infrastructure, or community infrastructure (but does not include network utilities such as electricity or telecommunications).
Developer agreement	Any private agreement signed between a developer and Kaikōura District Council, and takes the same meaning as a development agreement in the Local Government Act 2002 (e.g. s197).
Development contribution area	Separate development contribution areas exist for each area asset category. For some assets, e.g. roading, the development contribution area is district wide, whereas for asset categories such as stormwater, water and wastewater development contribution areas are based upon existing service catchment areas.
Financial contributions	These are provided for by the Resource Management Act (RMA) and the Council's policy is set out in section 5 of the Kaikōura District Plan. A financial contribution is a contribution from developers of cash, land, works, services, or a combination of these. Financial contributions are used to offset or mitigate the adverse impacts on the natural and physical environment including utility services, of a new development.
Funding model	The funding model ensures an equitable assessment of the funding requirements to support the development contributions regime. The primary output of the funding model is an accurate assessment of the required development contribution charges.

Funding period	Not less than ten years, otherwise lesser of asset capacity life, asset useful life, or 30 years.
GFA	Gross Floor Area
Growth model	For each development contribution area the Council has determined the population changes anticipated as the district expands. These are reported as "Household Equivalent Units" (HEUs).
GST	Goods and Services Tax
HEU	Household Equivalent Unit. A type of unit of demand that relates to the typical demand for infrastructure by an average household (2.7 people).
Industrial	Activities including associated land, infrastructure and buildings used for the manufacturing, fabricating, processing, packing or storage of goods, substances, energy or vehicles, and the servicing and repair of goods and vehicles whether by machinery or hand.
Level of service (LOS)	The standard of service provision for assets.
LGA	Local Government Act (2002) including amendments
Lot	Lot is deemed to have the same meaning as "Allotment" under both the LGA, and the Resource Management Act 1991.
LTP	Long Term Plan
New expenditure	Relates to the growth demand and planned costs in the ten years from the current year. Starting in year 1 (2025) and ending in year 10 (2035).
Past expenditure	Relates to actual costs incurred in past years, including the 2024 year.
Parks & reserves	This refers to the cost of providing additional improvements necessary to turn basic reserve land into usable reserves such as: • Amenity reserves – generally small areas of scenic or recreation reserve that are intended primarily to "beautify" an urban area. • Neighbourhood reserves – small to medium sized areas of scenic or recreation reserve that are intended primarily to preserve natural features or provide for information local passive and active recreation. • Parks/domains – larger scenic or recreation reserves intended primarily to provide for passive recreation with a feeling of remoteness from urbanity and more formal active recreation and events • General reserves – this refers to the cost of purchasing land and minor improvements necessary to enable that land to function as a basic area of green open space, including earthworks and grassing. Reserves, for this purpose of this policy, do not include land that forms or is to form part of any road or is used or is to be used for stormwater management purposes.
RMA	Resource Management Act 1991
Renewal	That portion of project expenditure that has already been funded through depreciation of the existing asset.

Residential	The use of land and buildings by people for accommodation purposes, including unit/strata title development and visitor accommodation.
Retail	The use of land, a building, or parts of a building where goods are sold or displayed for sale, by retail, or are offered for hire.
Roading	Roads, bridges, kerb and channel, traffic services, footpaths, streetlights, and cycleways within the road corridor.
Rural	Deemed to be in the same area as both Rural and Semi-rural in the Council's rating information database, and that are 5 hectares or more.
Rural residential	Properties outside of the urban area and less than 5 hectares and containing, or intending to contain, a dwelling.
Service connection	A physical connection to a service provided by, or on behalf of the Kaikōura District Council.
Wastewater	The assets relating to the collection, treatment, and disposal of sewage
Urban area	The urban area within the Kaikōura township as defined by the Council's Rating Information Database.
VPD	Vehicles Per Day

Rates Remissions and Postponement Policy

Including the Council's policy on remission and postponement of rates on Māori freehold land

Policy status:	Adopted
Review due:	30 June 2024
Legal reference:	Local Government Act 2002 Section 102(2)(e) and 102(3), and 108, 109 & 110

Purpose

Rates remissions are a useful tool for the Council to address inequities and/or unintended consequences of its rating systems. This policy contains specific sub-policies that each outline objectives sought to be achieved by the use of remissions or postponements, and the conditions and criteria to be met in order for rates to be remitted or postponed.

This policy is made in accordance with sections 102, 109 and 110 of the Local Government Act 2002 and is applied per sections 85-90 of the Local Government (Rating) Act 2002.

General provisions

- The Council may remit all or part of the rates covered by this Policy, provided both the general conditions and the specific conditions have been met.
- Nothing in this policy provides for the permanent remission or postponement of rates on any property.
- This policy applies to rates within the Kaikōura District levied and collected by the Kaikōura District Council and may include rates collected on behalf of Environment Canterbury subject to the contractual obligations between those two parties.

General conditions

The granting of remissions or postponements available under this policy are subject to the following conditions:

1. Unless provided for in specific conditions & criteria, application must be made in writing, clearly identifying the property, the owner(s) of the property, and full reasons as to why the application for remission or postponement is being made.

Application may be sent to either of the following addresses;

a. PO Box 6, Kaikōura 7340
b. Level 2, 96 West End, Kaikōura 7300
c. rates@kaikoura.govt.nz

2. All applications will be considered under their own merit and will be granted only where it is considered fair and equitable to do so.
3. In considering each application, the Council will consider the extent to which the social, cultural, economic, and environmental wellbeing of the district will be promoted by the granting of remission or postponement of rates.
4. Where an error has been made in the setting of rates on any property, or on the categories and factors used to assess the rates on any property, rates will be remitted as provided for in the Local Government (Rating) Act.
5. The Council has delegated the authority to consider rates remissions to certain Council officers, as stated in the Council's Delegations Manual. In the event of any dispute arising, the application may be referred to the Chief Executive.

Policy on Remission of Penalties

Objectives

To enable the Council to act fairly and reasonably in its consideration of penalties charged on rates which have not been paid to the Council by the due date.

Specific conditions & criteria

Remission of penalties on late payment of rates may be made when it is considered fair and equitable to do so. In making that consideration, the following criteria shall be applied.

a) In cases where ratepayers are in arrears with their rates but have entered into agreed payment plans with the Council, further penalties may be suppressed or reduced subject to the payment plan being adhered to.

b) In cases where ratepayers enter into a direct debit agreement that ensures their rates will be paid in full by the end of that rating year, the latest penalty applied to rates within that current rating year will be remitted.

c) Penalties imposed on an overdue rates instalment will be remitted if the ratepayer satisfies the Council that the late payment was due to circumstances outside the ratepayer's control, such as;

    a. Where the rates invoice was issued in the name of a previous property owner and/or to the previous owner's address

    b. Where a ratepayer has been unable to attend to payment due to serious illness, bereavement or similar personal misfortune, on compassionate grounds

    c. Where an error has been made through internal processing which has subsequently resulted in a penalty charge being imposed.

For the following criteria (d, e, f), penalties will not be remitted where they have been applied to overdue rates for prior years unless under exceptional circumstances.

d) Where there is a good payment history over the last two years and payment is made within a short time of the ratepayer being aware of the non-payment.

e) Where the remission will facilitate the collection of overdue rates and it results in full payment of all rates arrears.

f) Where the ratepayer pays the full years rates on or before 20 December (the last day for payment of instalment two), the penalty imposed on the current year's rates will be remitted.

Procedure

Landowners and/or ratepayers must apply for rates remission in writing to one of the addresses outlined in the general conditions, including a reason for the late payment or other circumstance which resulted in the penalty being applied. No particular form is required.

The circumstances of each case will be considered on its individual merits.

Policy on Remission of Rates for land protected for natural, historical, cultural or conservation purposes

Objectives

To encourage the protection of significant natural areas by providing rates relief for privately owned land that contains special features voluntarily protected for natural, historic, cultural or conservation purposes.

Specific conditions & criteria

Remission of rates will be considered under this sub-policy on land that is subject to QEII covenant and is therefore non-rateable under the Local Government (Rating) Act. Evidence of the QEII covenant must be stated on the certificate of title, including the land area involved.

The following conditions must be met to facilitate the remission of rates:

a) The land area subject to remission of rates is to be assessed by calculating the area of the covenant as a percentage of the total area of the property, or in the case of a property that crosses district rating boundaries, the covenant area within the district as a percentage of the property area within the district.

b) The area of land that is subject to covenant and that includes a dwelling or outbuildings may be liable for certain targeted rates where services apply (water, wastewater, and/or refuse disposal rates). Remission of rates do not apply to these services in this instance.

c) Where there is an economic use of the covenanted land such as grazing on a large landscape covenant, or commercial ecotourism ventures, partial remission of rates may be appropriate, for example;

    a. A 50% remission on all rates applied to the covenanted area, except for those rates collected for water, wastewater, refuse disposal, visitor accommodation, registered premises, and commercial rates.

Procedure

Landowners and/or ratepayers must apply for rates remission in writing to one of the addresses outlined in the general conditions, including evidence of the QEII covenant and sufficient detail for Council officers to assess the areas of land involved.

Once granted, rates remission is automatic each year, with no requirement for annual application by the landowner unless circumstances change that effect compliance with the above specific conditions and criteria.

Policy on Remission of Rates for land affected by a natural disaster

Objectives

To enable the Council to provide rates relief for landowners of property that has been affected by a natural disaster such as flooding, earthquake, or tsunami, and rendering the property inaccessible, unsafe to occupy, or uninhabitable. Rates relief may also be available for property that has been significantly affected by disaster, whereby the income derived from the land or the use of the land has been materially and detrimentally affected.

Specific conditions & criteria

Rates relief is only available subject to the Council's ability to access alternate sources of funding such as emergency government grants, donations, or the Council's own emergency reserves (including the Mayoral fund, earthquake levy fund, or others by Council's resolution).

Properties eligible for rates relief comprises all rateable properties within the Kaikōura district including residential, rural, and commercial property. Rates relief may apply only to a separately identifiable dwelling or building within a rating unit rather than the rating unit as a whole.

Rates relief will be available for consideration and approval based on evidence of the following:

a) The property or part of the property has a red placard (or red sticker) or some other form of identification which has been issued by Council building inspectors or qualified representative acting under authorisation of the Council, or

b) The property or part of the property are subject to a 'section 124 notice' issued under the Building Act 2004, or

c) The property has been determined to be uninhabitable by EQC or the landowner's insurance company, or qualified structural engineer, or

d) The property has been materially and detrimentally affected due to other factors, such as unable to connect to Council services, or only parts of the building are uninhabitable (for example). Where parts of the building are uninhabitable these will be assessed as to materiality within the context of the whole building.

e) Rates relief is only available to the landowner/ratepayer of the property at the date of the natural disaster, and rates relief under this policy is not available to subsequent landowners once the property is on-sold.

f) Rates relief is only available for the period of time that the property is inaccessible, unsafe to occupy, or uninhabitable.

Rates relief is not available to ratepayers who have voluntarily chosen not to occupy their property or opted not to operate commercially for any reason other than the property being uninhabitable or unsafe to occupy. Similarly, rates relief is not available to ratepayers who continue to occupy a dwelling or building that has been deemed uninhabitable or unsafe to occupy.

Procedure

Applications must be in writing to one of the addresses outlined in the general conditions and will be assessed on a case-by-case basis.

Rates remissions will be pro-rated from the date of the natural disaster (or the date the property became unsafe to occupy if that is a later date), until the earlier of re-habitation, commencement of business, or the property becoming available for use, and notified to the Council. Notwithstanding this, rates relief will only extend into a subsequent financial year by resolution of the Council.

To enable an appropriate response to any disaster, this policy may be amended by the Council at short notice and without public consultation to aid a timely relief package if required.

Policy on Remission of excessive targeted rates by water meter

Objectives

To promote efficient water use and provide an incentive to ratepayers to promptly repair any leaks to their internal water reticulation.

Specific conditions & criteria

This policy applies to properties which have a water meter, and who have excessive water meter consumption charges found to be due to a leak in the property's internal water reticulation. Internal water reticulation means the water pipe within the landowner's private property from (and including) the water meter.

a) Remission on water meter charges will only be granted subject to evidence that satisfies the Council that the water leak has been repaired, such as a copy of an invoice from a registered plumber or other suitably qualified person which shows the details of the repair.

b) Where a remission is granted, the remission will be calculated by assessment of the water consumption charged for that metered connection for the past three years (which may include an assessment of seasonal fluctuations in water consumption).

c) Where three years of recorded evidence of consumption is not available, or if the property has had a substantial change of use during the last three years, remission will be on a fair and reasonable assessment of water consumption on similar properties.

d) If there is a second application for remission on the same metered connection within five years of the first application, the ratepayer will pay 80% of the water meter charges as invoiced, or the maximum six-monthly amount invoiced for that metered connection in the last five years, whichever is the greatest.

e) If there are third or subsequent applications for remission for the same metered connection within five years of the first application, the application will be declined.

Procedure

Applications for remission of rates by water meter must be received in writing to one of the addresses outlined under general conditions within three months of the date of the water invoice and supported by evidence that the water leak has been repaired.

The Council's revenue officer(s) will make an assessment of the appropriate remission (based on the criteria above), and the remission will be approved by those Council officers with delegated authority to do so.

Policy on Remission of rates for Māori freehold land and general land that is owned by Māori

Objectives

To ensure the fair and reasonable collection of rates from all sectors of the community, recognising that certain Māori freehold land and general land that is owned by Māori has conditions, features or other circumstances which may make rates remission appropriate.

Specific conditions & criteria

Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court. Both land that is subject of such an order, and general land that is owned by Māori but has not been registered with the Māori Land Court may qualify for remission under this policy.

The Council will consider remission of rates on land that comes within the following criteria:

a) The land is unoccupied, and no income is derived from that land, and/or

b) The land is inaccessible, and no income is derived from that land, and/or

c) The land is better set aside for non-use (whenua rahui) because of its natural features, and/or

d) Where there are multiple owners/trustees, and the owners/trustees cannot be easily held liable for payment of rates.

Procedure

Applications for remission of rates under this policy must be made annually in writing.

The Council or its officers may require supporting evidence and/or investigate any claim that no income is derived from the land if it is considered reasonable that the land is being used for commercial return. By way of example, inaccessible land may generate substantial returns if being used for the harvesting of manuka honey.

Policy on Postponement of rates

The Council does not currently provide for the postponement of rates but may consider adopting a postponement policy if it were deemed to be appropriate due to extreme financial hardship.

Policy on Postponement of rates for Māori freehold land

The Council has considered its obligations under section 108 and the matters relating to rates relief on Māori freehold land in Schedule 11 of the Local Government Act 2002.

The Council does not provide a policy specifically for the postponement of rates on Māori freehold land.

Policy on Remission of additional Uniform Annual General Charge and other fixed dollar amount targeted rates

Objectives

The objective of this remission policy is to apply the Uniform Annual General Charge and Fixed targeted rates on a fair and equitable basis to ratepayers.

Specific conditions & criteria

The Council will consider remission of rates on land that comes within the following criteria:

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

Rating units that meet the criteria under this policy may qualify for a remission of the uniform annual general charges (UAGC's) and any targeted rates set on the basis of a fixed dollar charge per SUIP. The ratepayer will remain liable for at least one set of each type of uniform annual general charge or fixed charge.

Procedure

Applications for remission of rates under this policy must be made annually in writing.

The Council or its officers may require supporting evidence and/or investigate any claim that the separately used or inhabited part of a rating unit is not being separately used or inhabited if it is suspected of being used for commercial return. By way of example, a self-contained granny flat only rented out 3 months of the year is being used for commercial reward and therefore is subject to the fixed dollar targeted rates for the additional SUIP.

Statement of Accounting Policies

Reporting Entity

Kaikōura District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and operates in New Zealand. The relevant legislation governing the Kaikōura District Council's operations include the LGA and the Local Government (Rating) Act 2002,

The Kaikōura District Council group (KDC) consists of Kaikōura District Council and Innovative Waste Kaikōura Ltd (IWK). The Council has an 11.5% interest in the Marlborough Regional Forestry joint operation (MRF), with the Marlborough District Council owning the 88.5% shareholding.

The prospective forecast financial statements in this LTP are for the parent (the Council, which includes the share of MRF, but excludes IWK).

The primary objective of Kaikōura District Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the group as public benefit entities (Tier 2) for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The forecast financial statements of the Council are for the year ended 30 June in each of the ten years of the Long-Term Plan.

The person or body that authorised the issue of the prospective financial statements by the local authority is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The prospective financial statements were authorised for issue by the Council on 26 June 2024.

Basis of Preparation

Statement of Compliance

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

The financial statements have been prepared in accordance with Tier 2 PBE Accounting Standards Reduced Disclosure Regime, as appropriate for public benefit entities that have expenses of less than $33 million and do not issue debt or equity securities or hold funds in a fiduciary capacity as part of our primary business. These financial statements comply with PBE Standards.

Measurement Base

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

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

The prospective financial statements have been prepared in accordance with PBE financial reporting standard 42.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Council is New Zealand dollars.

Significant Accounting Policies

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

Subsidiaries

The Council publishes both parent and group financial statements for historical reporting purposes in its Annual Reports but does not publish group prospective financial statements for its Long-Term Plans or Annual Plans. This is because the Council believes presentation of group financial statements would cause the prospective financial information to be overly complex for the purposes of a Long-Term Plan or Annual Plan.

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

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

Basis of consolidation

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

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

Joint operations

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

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

Revenue

Revenue comprises rates, revenue from operating activities, investment revenue, gains and finance revenue and is measured at the fair value of consideration received or receivable.

Revenue from exchange transactions

Revenue from exchange transactions arises where the Council provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash) in exchange.

Revenue from non-exchange transactions

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally akin with an arm's length commercial transaction between a willing buyer and willing seller. Some services which Council provides for a fee are charged below market value as they are subsidised by rates. Other services operate on a cost recovery or breakeven basis which may not be considered to reflect a market return. A significant portion of the Council's revenue will be categorised non-exchange.

As the Council satisfies an obligation which has been recognised as a liability, it reduces the carrying amount of the liability and recognises an amount of revenue equal to the reduction.

Specific accounting policies for the major categories of revenue are outlined below:

Rates revenue

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

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

Donations and Vested Assets

Where a physical asset is received for no or minimal consideration, the fair value of the asset received is recognised as revenue. Assets vested in Council and goods donated are recognised as revenue when control over the asset is obtained. Vested assets and donated goods are categorised as non-exchange revenue.

Other revenue

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

Government Grants

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

Other grants & subsidies received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants revenue as the conditions are met (for example, as the funds are spent for the nominated purpose). Grant revenue is categorised as non-exchange revenue.

Provision of Services

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

Sale of Goods

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

Agency Arrangements

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

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Dividends are recorded net of imputation credits.

Development Contributions

Development contributions are classified as exchange revenue and recognised as revenue in the year in which they are received.

Expenses

Specific accounting policies for major categories of expenditure are outlined below:

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant Expenditure

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

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

Foreign currency transactions

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

Income Tax

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

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

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

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

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

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

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

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

Leases

Finance leases

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

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

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

Operating leases

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

Cash and Cash Equivalents

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

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

Debtors and Other Receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The Council applies the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates receivable

The Council does not provide for ECLs on rates receivable. Council has various powers under the Local Government (Rating) Act 2002 (LG(R)A 2002) to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Rates are "written-off":

- when remitted in accordance with the Council's rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than one year overdue.

Previous accounting policy PBE IPSAS 29
In the previous year, Trade and other receivables were recorded at their face value less any provision for impairment, the allowance for credit losses was based on the incurred credit loss model. An allowance for credit losses was recognised only when there was objective evidence that the amount due would not be fully collected.

Derivative financial instruments and hedge accounting

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

Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless the it has been designated at FVTSD, in which case it is recognised in surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.

Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity.

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council has no instruments in this category.

Expected credit loss allowance (ECL)

The Council recognises an allowance for ECLs for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and including forward-looking information.

The Council considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

The Council measures ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Shares in subsidiaries (at cost)

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Previous accounting policy (summarised)

In the previous year, other financial assets were classified into the following categories:

- loans and receivables at amortised cost (included term deposits, related party loans, and community loans);
- held-to-maturity investments at amortised cost (included listed bonds); and
- fair value through other comprehensive revenue and expense (included shares and listed bonds).

The main differences for the prior year policies are:

- Impairment was recorded only when there was objective evidence of impairment. For equity investments, a significant or prolonged decline in the fair value of the investment below its cost was considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability the debtor would enter into bankruptcy, receivership or liquidation, and default in payments were indicators the asset is impaired.
- Impairment losses on shares would have been recognised in the surplus or deficit.
- For shares, the cumulative gain or loss previously recognised in other comprehensive revenue and expense would have been transferred from equity to surplus or deficit on disposal of the investment.

Inventory

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

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

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

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

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

Non-Current Assets Held for Sale

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

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

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

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

Property, Plant and Equipment

Property, plant and equipment consists of:

Operational assets

These include land, buildings, harbour assets, library books, computer equipment, office furniture, vehicles and plant.

Restricted assets

Restricted assets are parks and reserves owned by the Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets

These are the fixed utility systems owned by the Council, such as roads and three-waters. Each asset class includes all items required for the network to function, for example sewer reticulation includes reticulation pipes and sewer pump stations.

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

Revaluation

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

Land and buildings

Land and buildings were valued effective as at 30 June 2022 by Cameron Ferguson, (B. Com, VPM) of Quotable Value NZ, at fair value as determined from market-based evidence. Carrying values for those specific assets are shown less accumulated depreciation and plus any subsequent additions at cost.

Infrastructure assets

This includes roads, bridges & footpaths, water systems, sewerage systems and stormwater systems, stated at fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date the Council assesses the carrying values of its infrastructure assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. Roading, water, wastewater and stormwater infrastructure were valued internally as at 30 June 2022 and the valuation was independently reviewed by Rachel Wells and John Vessey of WSP.

Additions

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

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

Disposals

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

Depreciation

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

The estimated useful economic lives of major classes of assets, and the depreciation rates to apply to them, are as follows:

Operational Assets	**Estimated Life (years)**	**Rate (Rounded)**
Land		Not Depreciated
Buildings – Structure	20 - 135	From 0.74% to 5%
Buildings – Services	9 - 33	From 3% to 11%
Buildings – Internal fit out	5 - 25	From 4% to 20%
Harbour Seawall & Wharf	10 – 50	From 2% to 10%
Computer equipment	5	20%
Plant, vehicles and machinery	5 - 50	From 2% to 20%
Library books	12	8%
Library non-books	1	100%
Restricted Assets	**Estimated Life (years)**	**Rate (Rounded)**
Parks & reserves buildings	50	2%
Parks & reserves land		Not depreciated
Park furniture & other assets	3 – 50	From 1.33% to 30%
Artwork		Not Depreciated
Infrastructural Assets	**Estimated life (years)**	**Rate (Rounded)**
Roading		
Road formation and base course		Not Depreciated
Bridges	50 - 100	2.02%
Sealed Top Layer	7	20.15%
Kerb and Channels	37	2.25%
Drainage	57	2.42%
Traffic Facilities	4	16.38%
Seawalls	50	3.62%
Footpaths – Structure		Not Depreciated
Footpaths – Surface	25	5.54%
Street Lighting	17	5.37%

Sewerage		
Equipment & Oxidation Ponds	50	From 2% to 6%
Pump Stations	17 - 100	From 2% to 7%
Rising Mains & Gravity Reticulation	25 – 77	From 1% to 4%
Water		
Pump Stations	12 – 25	From 4% to 8%
Pipes & Reticulation	7 – 99	From 1% to 14%
Stormwater		
Catchment Mains & Reticulation	70 – 99	From 1% to 2%
Structures	19 – 75	From 1% to 6%

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

Subsequent costs

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

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

Deemed cost

Land under roads

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

Library collections

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

Accounting for revaluations

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

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

Forestry Assets

Forestry assets owned via the Marlborough Regional Forestry joint operation, and also the Council's own forestry assets, are independently revalued annually at fair value less estimated point of sale costs. These valuations were performed at 30 June 2022, by Forme Consulting Group for the joint operation, and by Merrill & Ring Ltd for the South Bay plantation. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

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

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

Investment Property

Properties leased to third parties under operating leases only classified as investment property if the property is held to earn net rental yields or for capital appreciation. Most of the Council's leased properties are held to meet service delivery objectives and therefore are not classified as investment property.

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

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

Intangible Assets

Carbon Credits

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

Software Acquisition

Acquired computer software licenses are capitalised on the basis of costs to acquire and bring to use the specific software. Costs associated with maintaining computer software, staff training on software use, and website development and maintenance, are recognised as an expense with incurred. Computer software has a 5-year useful life, and a 20% straight line amortisation rate.

Impairment of Property, Plant and Equipment and Intangible Assets

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

Value in use for non-cash generating assets

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

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

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

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

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

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

Creditors and other payables

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

Borrowings

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

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

Employee Entitlements

Short-term benefits

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

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

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

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

Long-term benefits

Superannuation schemes

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

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

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

The actuary to the Scheme recommended previously that the employer contributions were suspended with effect from 1 April 2011. In the latest report, the actuary recommended employer contributions change from zero to 1 times (100%) of the employee's contribution from 1 April 2019.

Provisions

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

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

Equity

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

The components of equity are:

- Public equity – accumulated funds
- Special reserves

- Special funds
- Asset revaluation reserves
- Fair value through other comprehensive revenue reserves

Special and Council-created reserves

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

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

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

Asset revaluation reserves

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

Fair value through other comprehensive revenue reserves

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

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Cost Allocation

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

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

Direct costs are charged directly to significant activities. Indirect costs are allocated to Council activities based on the total operating costs of the activity proportionate to the total operating costs of the Council.

Statement of Cash Flows

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

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

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

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

Critical Accounting Estimates and Assumptions

In preparing these financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the prospective financial statement are discussed below:

Infrastructural assets

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

These include:

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

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

Critical Judgments in Applying the Council's Accounting Policies

Kaikōura District Council management has exercised the following critical judgments in applying accounting policies for financial years 2025-2034:

Classification of property

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

Service performance reporting

The Council's statements of service performance are included in Part Two: Council Activities, within this Long-Term Plan. The relevant legislation governing the requirement of reporting the Council's service performance is Part 3 of Schedule 10 of the Local Government Act (2002).

The Council's statements of service performance have been prepared in accordance with Public Benefit Entity (PBE) standards and are for the year ended 30 June unless otherwise stated.

In preparing the statements of service performance, the Council has made judgements on the application of reporting standards and has made estimates and assumptions concerning the measurement of certain service performance targets. The main judgements, estimates and assumptions are discussed below.

Measurement selection and level of aggregation

The service performance measures in this Long-Term Plan are intended to show the targeted levels of service over the ten-year period.

The performance measures were selected to cover quantitative measurement of progress towards the Council's Long-Term Plan and Annual Plan outcomes and objectives. The measures included in this LTP are broken down into the ten groups of activities, providing a set of measures that give a rounded picture of the non-financial performance activity goals of the Council. Each group of activities has a set of measures that were identified through as the 2024-2034 LTP was being developed, involving Council and management. The performance framework in the Part Two: Council Activities section of the LTP shows how the performance measures are linked to the Council's Community Outcomes, goals and objectives. This process ensured the selected measures best reflect the Council's performance and are available in a timely manner.

Several measures pertaining to water supplies, wastewater, stormwater and roading are the mandatory performance measures set under Section 261B of the Local Government Act (2002), the Secretary for Local Government made the Non-Financial Performance Measures Rules (2013).

The service performance measures are reported to the Council in a half year report, for the period ended 31 December, during the relevant annual period. The annual results are then reported in the relevant annual report for the year to 30 June.

Satisfaction and Complaints

The Council has chosen to report on customer satisfaction (gathered by responses to our Resident & Ratepayer Satisfaction Survey) for some of its performance measures, and also measures on the number of complaints received in relation to services delivered by the Council. While levels of customer satisfaction or the number of complaints are important, these measures are not critical to the functioning of the activity or service. The measures do not require interpretation by the reader. This judgement is not considered to be significant.

Customer Service Requests (CSRs)

CSRs referred to in a range of measures means requests received by email, telephone, snap-send-solve, or through automated telemetry alarm systems, by Council staff and those received by the Council's contractor, Innovative Waste Kaikōura Ltd (IWK).

The Council and IWK do not have integrated systems, and so CSR's received by the Council are entered into the Council's enterprise system and forwarded to IWK as necessary, and IWK's CSR's are entered into a spreadsheet that is sent back to the Council to include in the Council's service performance reporting.

Prior year comparisons

Where financial statements include a comparison for the prior year (2023/2024) those comparisons are sourced from the Council's Annual Plan and are not the Council's actual financial results.

The Council's actual financial results from any financial year have not been incorporated in this Long-Term Plan.

Updates to prospective financial information

The Council does not intend to update the prospective financial information contained within this Long-Term Plan after presentation. The Council does, however, intend to update this information in the future for the purposes of future Annual Plans (annually) and Long-Term Plans (every three years).

Purpose

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

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

Changes in Accounting Policy

There have been no significant changes in accounting policies.

Part Four

Financial Information & Rates

Part four of the Kaikōura District Council's Long-Term Plan 2024-2034

KAIKŌURA DISTRICT COUNCIL

Contents

Financial Overview

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

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

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

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

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

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

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

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

	2024 An-Plan $000	2025 Forecast $000 Year 1	2026 Forecast $000 Year 2	2027 Forecast $000 Year 3	2028 Forecast $000 Year 4	2029 Forecast $000 Year 5	2030 Forecast $000 Year 6	2031 Forecast $000 Year 7	2032 Forecast $000 Year 8	2033 Forecast $000 Year 9	2034 Forecast $000 Year 10
Revenue											
Revenue from rates	9,243	10,538	11,603	12,344	13,194	13,624	13,718	13,974	14,443	14,447	14,688
Water meter charges	140	230	235	242	248	254	260	266	272	278	283
User fees & charges	1,735	1,923	1,920	1,997	2,086	2,167	2,269	2,325	2,401	2,443	2,511
Grants & subsidies	20,483	15,039	17,122	3,113	1,381	1,403	1,441	1,419	1,502	2,981	1,558
Development contributions	44	62	97	101	102	104	106	109	110	111	118
Finance income	3	57	46	57	47	59	68	66	59	60	54
Other revenue	113	685	341	344	349	560	629	611	592	606	409
Gains	-	88	65	255	250	245	239	244	237	242	235
Total revenue	**31,761**	**28,621**	**31,429**	**18,452**	**17,657**	**18,417**	**18,730**	**19,013**	**19,617**	**21,169**	**19,855**
Operating expense											
Personnel	3,836	4,126	4,325	4,462	4,602	4,704	4,803	4,899	4,997	5,093	5,190
Depreciation & amortisation	6,247	6,239	6,113	6,263	6,343	6,175	6,249	6,318	6,497	6,597	6,817
Finance expense	327	392	488	527	530	519	517	506	485	461	543
Other expenses	8,633	8,947	8,869	8,987	9,220	9,290	9,462	9,528	9,831	9,985	10,086
Total operating expenses	**19,044**	**19,705**	**19,795**	**20,239**	**20,695**	**20,688**	**21,032**	**21,252**	**21,810**	**22,136**	**22,635**
Net surplus/(deficit)	**12,717**	**8,916**	**11,634**	**(1,786)**	**(3,038)**	**(2,271)**	**(2,302)**	**(2,239)**	**(2,194)**	**(967)**	**(2,780)**
Other comprehensive income											
Gains on asset revaluation	-	8,591	-	-	12,224	-	-	30,412	-	-	35,578
Movement in provisions	-	-	-	-	-	-	-	-	-	-	-
Fair Value Gains through Equity		-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	**-**	**8,591**	**-**	**-**	**12,224**	**-**	**-**	**30,412**	**-**	**-**	**35,578**
Total comprehensive income	**12,717**	**17,507**	**11,634**	**(1,786)**	**9,186**	**(2,271)**	**(2,302)**	**28,173**	**(2,194)**	**(967)**	**32,798**

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

	2024 An-Plan $000	2025 Forecast $000 Year 1	2026 Forecast $000 Year 2	2027 Forecast $000 Year 3	2028 Forecast $000 Year 4	2029 Forecast $000 Year 5	2030 Forecast $000 Year 6	2031 Forecast $000 Year 7	2032 Forecast $000 Year 8	2033 Forecast $000 Year 9	2034 Forecast $000 Year 10
Revenue											
Roading	14,865	11,529	16,635	4,868	3,801	3,869	3,979	4,077	4,289	4,366	4,462
Water supplies	1,388	1,666	1,929	2,223	2,352	2,502	2,394	2,500	2,608	3,979	2,561
Wastewater	758	1,269	1,319	1,345	1,353	1,435	1,533	1,552	1,602	1,616	1,645
Stormwater	57	113	130	133	136	139	144	144	148	152	154
Refuse & recycling	421	444	484	491	499	507	574	583	596	610	621
Facilities	7,843	7,127	4,235	2,227	2,068	2,334	2,511	2,467	2,457	2,473	2,232
Leadership & governance	86	45	64	47	48	69	50	51	73	53	54
Building & regulatory	1,049	1,027	1,063	1,086	1,100	1,122	1,144	1,163	1,185	1,207	1,227
Community services	583	249	35	36	37	38	39	39	40	41	42
District development	549	656	664	866	934	1,011	956	1,004	1,051	1,100	1,145
General rates	4,158	4,351	4,758	4,819	5,029	5,088	5,098	5,123	5,270	5,269	5,425
Finance revenue	3	57	46	57	47	59	68	66	59	60	54
Gains	-	88	65	255	250	245	239	244	237	242	235
Total revenue	**31,761**	**28,621**	**31,429**	**18,452**	**17,657**	**18,417**	**18,730**	**19,013**	**19,617**	**21,169**	**19,855**
Operating expense											
Roading	4,129	4,612	4,819	4,994	4,964	4,997	5,050	5,087	5,275	5,320	5,404
Water supplies	2,389	2,365	2,434	2,533	2,589	2,608	2,691	2,717	2,788	2,894	3,088
Wastewater	1,554	1,779	1,818	1,848	1,882	1,879	1,935	1,958	2,009	2,045	2,074
Stormwater	236	252	267	270	274	275	280	281	291	294	296
Refuse & recycling	698	647	703	724	743	751	768	773	785	798	814
Facilities	4,418	4,001	3,991	4,131	4,204	3,997	4,071	4,075	4,075	4,133	4,183
Leadership & governance	1,468	1,924	1,657	1,398	1,398	1,513	1,484	1,576	1,643	1,652	1,654
Building & regulatory	1,689	1,717	1,844	1,816	1,968	1,897	1,995	1,964	2,058	2,047	2,131
Community services	1,599	1,369	1,190	1,216	1,243	1,269	1,306	1,322	1,350	1,378	1,405
District development	864	1,038	1,071	1,309	1,429	1,501	1,452	1,499	1,538	1,574	1,584
Total operating expenses	**19,044**	**19,705**	**19,795**	**20,239**	**20,695**	**20,688**	**21,032**	**21,252**	**21,810**	**22,136**	**22,635**
Net surplus/(deficit)	**12,717**	**8,916**	**11,634**	**(1,786)**	**(3,038)**	**(2,271)**	**(2,302)**	**(2,239)**	**(2,194)**	**(967)**	**(2,780)**

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

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

Prospective Statement of Financial Position for financial years ended 30 June

	2024 An-Plan $000	2025 Forecast $000 Year 1	2026 Forecast $000 Year 2	2027 Forecast $000 Year 3	2028 Forecast $000 Year 4	2029 Forecast $000 Year 5	2030 Forecast $000 Year 6	2031 Forecast $000 Year 7	2032 Forecast $000 Year 8	2033 Forecast $000 Year 9	2034 Forecast $000 Year 10
Current assets											
Cash & cash equivalents	1,615	**1,682**	1,948	2,318	2,093	1,598	1,972	1,931	1,694	1,641	1,516
Receivables	2,175	**1,956**	2,149	1,260	1,206	1,257	1,278	1,298	1,340	1,446	1,356
Prepayments	185	**254**	254	254	254	254	254	254	254	254	254
Other financial assets	20	**20**	20	20	20	20	20	20	20	20	20
Inventory	-	**330**	330	330	330	330	330	330	330	330	330
Total current assets	**3,995**	**4,243**	**4,702**	**4,182**	**3,903**	**3,460**	**3,854**	**3,833**	**3,637**	**3,691**	**3,476**
Non-current assets											
Other financial assets	177	**207**	207	207	207	207	207	207	207	207	207
Forestry	2,155	**2,521**	2,521	2,521	2,521	2,521	2,521	2,521	2,521	2,521	2,521
Investment property	9,236	**7,478**	10,572	10,827	11,078	11,323	11,562	11,806	12,043	12,285	12,520
Property, plant & equipment	298,294	**316,712**	327,808	326,317	335,278	332,226	329,325	356,295	353,109	350,877	382,680
Intangible assets	-	**-**	-	-	-	-	-	-	-	-	-
Total non-current assets	**309,862**	**326,917**	**341,107**	**339,872**	**349,083**	**346,277**	**343,614**	**370,829**	**367,880**	**365,889**	**397,927**
TOTAL ASSETS	**313,857**	**331,160**	**345,809**	**344,054**	**352,987**	**349,737**	**347,468**	**374,661**	**371,517**	**369,581**	**401,403**
Current liabilities											
Payables & deferred revenue	1,537	**1,612**	1,627	1,658	1,705	1,726	1,759	1,779	1,829	1,859	1,884
Employee entitlements	304	**257**	257	257	257	257	257	257	257	257	257
Borrowings	-	**1,000**	1,000	1,300	-	-	-	-	-	-	-
Provisions	-	**-**	-	-	-	-	-	-	-	-	-
Total current liabilities	**1,842**	**2,869**	**2,884**	**3,215**	**1,962**	**1,983**	**2,016**	**2,036**	**2,086**	**2,116**	**2,141**
Non-current liabilities											
Borrowings	8,300	**6,300**	9,300	9,000	10,000	9,000	9,000	8,000	7,000	6,000	5,000
Provisions	1,445	**225**	225	225	225	225	225	225	225	225	225
Other term liabilities	416	**483**	483	483	483	483	483	483	483	483	483
Total non-current liabilities	**10,161**	**7,008**	**10,008**	**9,708**	**10,708**	**9,708**	**9,708**	**8,708**	**7,708**	**6,708**	**5,708**
Equity											
Accumulated equity	130,831	**143,790**	155,323	153,633	150,823	148,331	145,608	142,952	140,595	139,224	136,241
Special reserves & funds	4,380	**2,378**	2,479	2,383	2,155	2,376	2,797	3,214	3,377	3,782	3,985
Asset revaluation reserves	166,644	**175,115**	175,115	175,115	187,340	187,340	187,340	217,751	217,751	217,751	253,330
Total equity	**301,855**	**321,283**	**332,918**	**331,131**	**340,318**	**338,046**	**335,745**	**363,918**	**361,724**	**360,757**	**393,555**

TOTAL LIABILITIES & EQUITY	**313,857**	**331,160**	**345,809**	**344,054**	**352,987**	**349,737**	**347,468**	**374,661**	**371,517**	**369,581**	**401,403**

Prospective Statement of Cashflows for financial years ended 30 June

	2024 An-Plan $000	2025 Forecast $000 Year 1	2026 Forecast $000 Year 2	2027 Forecast $000 Year 3	2028 Forecast $000 Year 4	2029 Forecast $000 Year 5	2030 Forecast $000 Year 6	2031 Forecast $000 Year 7	2032 Forecast $000 Year 8	2033 Forecast $000 Year 9	2034 Forecast $000 Year 10
Cashflow from operating activities											
Receipts from rates	9,243	**10,767**	11,838	12,858	13,442	13,879	13,978	14,240	14,715	14,725	14,971
Interest income	3	**57**	46	57	47	59	68	66	59	60	54
Receipts from other revenue	21,609	**16,871**	19,287	6,445	3,971	4,183	4,424	4,444	4,563	6,035	4,685
Interest paid	(327)	**(392)**	(488)	(527)	(530)	(519)	(517)	(506)	(485)	(461)	(543)
Payments to staff & suppliers	(12,520)	**(13,938)**	(13,179)	(13,417)	(13,776)	(13,973)	(14,232)	(14,408)	(14,779)	(15,047)	(15,251)
Net cash from operating activities	**18,008**	**13,366**	**17,504**	**5,142**	**3,154**	**3,628**	**3,721**	**3,836**	**4,074**	**5,312**	**3,916**
Cashflow from investing activities											
Purchase of property, plant & equipment	(18,447)	**(13,308)**	(17,207)	(4,772)	(3,079)	(3,123)	(3,348)	(2,877)	(3,311)	(4,365)	(3,041)
Purchase of investments	(4,436)	**(3,891)**	(3,030)	-	-	-	-	-	-	-	-
Proceeds from sale of assets	150	**-**	-	-	-	-	-	-	-	-	-
Reduction in provisions	-	**-**	-	-	-	-	-	-	-	-	-
Net cash from investing activities	(22,733)	**(16,899)**	(20,238)	(4,472)	(3,079)	(3,123)	(3,348)	(2,877)	(3,311)	(4,365)	(3,041)
Cashflow from financing activities											
Proceeds from borrowings	3,000	**2,000**	4,000	1,000	1,000	-	-	-	-	-	-
Repayment of borrowings	-	**(2,000)**	(1,000)	(1,000)	(1,300)	(1,000)	-	(1,000)	(1,000)	(1,000)	(1,000)
Net cash from financing activities	3,000	**-**	3,000	-	(300)	(1,000)	-	(1,000)	(1,000)	(1,000)	(1,000)
Total net cashflows	3,000	**(3,533)**	266	370	(225)	(495)	374	(41)	(237)	(53)	(125)
Opening cash	3,340	**5,215**	1,682	1,948	2,318	2,093	1,598	1,972	1,931	1,694	1,641
Closing cash	1,615	**1,682**	1,948	2,318	2,093	1,598	1,972	1,931	1,694	1,641	1,516
Represented by:											

Cash & cash equivalents	**1,615**	**1,682**	**1,948**	**2,318**	**2,093**	**1,598**	**1,972**	**1,931**	**1,694**	**1,641**	**1,516**

Forecast Funding Impact Statement for financial years ended 30 June

	2024 An-Plan $000	2025 Forecast $000 Year 1	2026 Forecast $000 Year 2	2027 Forecast $000 Year 3	2028 Forecast $000 Year 4	2029 Forecast $000 Year 5	2030 Forecast $000 Year 6	2031 Forecast $000 Year 7	2032 Forecast $000 Year 8	2033 Forecast $000 Year 9	2034 Forecast $000 Year 10
Sources of operating funding											
General rates, UAGC, rates penalties	4,159	**4,351**	4,758	4,819	5,029	5,088	5,098	5,123	5,270	5,269	5,425
Targeted rates	5,224	**6,417**	7,080	7,767	8,413	8,790	8,880	9,117	9,445	9,455	9,546
Subsidies & grants for operating purposes	1,903	**992**	801	817	790	805	820	835	850	865	879
Fees and charges	1,735	**1,923**	1,920	1,997	2,086	2,167	2,269	2,325	2,401	2,443	2,511
Interest & dividends from investments	3	**57**	46	57	47	59	68	66	59	60	54
Fuel tax, fines & other revenue	113	**685**	341	344	349	560	629	611	592	606	409
Total sources of operating funding (A)	13,137	**14,424**	14,946	15,800	16,713	17,470	17,765	18,077	18,617	18,698	18,824
Application of operating funding											
Payments to staff and suppliers	12,470	**13,074**	13,193	13,449	13,822	13,994	14,265	14,428	14,828	15,078	12,375
Finance costs	327	**392**	488	527	530	519	517	506	485	461	543
Other operating funding applications	-	**-**	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	12,797	**13,466**	13,682	13,976	14,352	14,513	14,782	14,934	15,313	15,539	15,819
Surplus (deficit) operating funding (A – B)	**340**	**958**	**1,265**	**1,824**	**2,361**	**2,957**	**2,983**	**3,143**	**3,304**	**3,160**	**3,005**
Sources of capital funding											
Subsidies & grants for capital expenditure	18,580	**14,047**	16,321	2,296	591	598	620	584	653	2,117	679
Development contributions	44	**62**	97	101	102	104	106	109	109	111	118
Increase (decrease) in debt	1,426	**-**	3,000	-	(300)	(1,000)	-	(1,000)	(1,000)	(1,000)	(1,000)
Gross proceeds from sale of assets	150	**-**	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	**-**	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	20,200	**14,109**	19,418	2,397	393	(298)	726	(307)	(238)	1,228	(203)
Application of capital funding											
Capital expenditure											
- To meet additional demand	5,271	**10,330**	8,641	-	140	33	430	-	-	1,451	-
- To improve level of service	9,286	**1,664**	694	741	519	588	462	335	336	343	349
- To replace existing assets	8,326	**4,906**	10,903	4,031	2,420	2,502	2,456	2,542	2,975	2,571	2,692
Increase (decrease) in reserves	(2,343	**(1,832)**	444	(551)	(325)	(465)	361	(42)	(245)	23	(239)
Increase (decrease) of investments	-	**-**	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	20,540	**15,067**	20,682	4,221	2,754	2,658	3,709	2,835	3,066	4,388	2,802
Surplus (deficit) of capital funding (C – D)	**(340)**	**(958)**	**(1,265)**	**(1,824)**	**(2,361)**	**(2,957)**	**(2,983)**	**(3,143)**	**(3,304)**	**(3,160)**	**(3,005)**

Funding balance ((A – B) + (C – D))	**-**	**-**	-	-	-	-	-	-	-	-	-

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

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

Depreciation & amortisation expense by group of activities

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

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

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

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

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

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

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

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

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

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

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

Special reserves & funds

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

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 $000	Deposits into fund (10 years) $000	Withdrawals from fund (10 years) $000	Closing balance 30 Jun 2034 $000
Special reserves						
Kaikōura water cohort	This reserve is funded by targeted rates that have been equalised across the water supplies listed, and this reserve separates all funding and expenditure for these water supply activities. By funding as a cohort, smaller supplies such as Peketa and Oaro benefit from being part of a larger funding pool.	Kaikōura urban water Suburban water Ocean Ridge water Peketa water Oaro water East Coast village water	678	-	(46)	632
Footpaths & streetlights	This reserve is funded by targeted rates and separates any surpluses or deficits from the footpaths and streetlighting activities separate from other activities.	Footpaths Streetlights	(323)	-	-	(323)
Roading	This reserve is funded by targeted rates and separates any surpluses or deficits from the roads and bridges activity separate from other activities. From 2021 onwards this reserve includes deficits from the earthquake rebuild programme.	Roads & bridges	(1,058)	-	-	(1,058)

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 $000	Deposits into fund (10 years) $000	Withdrawals from fund (10 years) $000	Closing balance 30 Jun 2034 $000
Special reserves						
Harbour	This reserve is funded by targeted rates and separates any surpluses or deficits from harbour activities separate from other activities.	Harbour	208	33	-	241
East Coast water	This reserve is funded by targeted rates and separates any surpluses or deficits from the East Coast water activity separate from other activities.	East Coast water	(21)	-	(1)	(20)
Kincaid water	This reserve is funded by targeted rates and separates any surpluses or deficits from the Kincaid water activity separate from other activities.	Kincaid water	74	-	(445)	(371)
Fernleigh water	This reserve is funded by targeted rates and separates any surpluses or deficits from the Fernleigh water activity separate from other activities.	Fernleigh water	19	-	(21)	(2)
Town Centre	This reserve is funded by targeted rates and separates any surpluses or deficits from the Town Centre separate from other activites.	West End town centre	(36)	-	-	(36)
District Plan	This reserve is funded by targeted rates and separates any surpluses or deficits from district planning activities separate from other activities.	District planning	(11)	-	-	(11)
Civic Centre	This reserve is funded by targeted rates and separates any surpluses or deficits from the Civic Centre separate from other activities.	Civic Centre	(280)	-	(266)	(546)

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 $000	Deposits into fund (10 years) $000	Withdrawals from fund (10 years) $000	Closing balance 30 Jun 2034 $000
Special reserves						
Stormwater	This reserve is funded by targeted rates and separates any surpluses or deficits from stormwater activities separate from other activities.	Stormwater	161	-	(156)	5
Wastewater	This reserve is funded by targeted rates and separates any surpluses or deficits from wastewater (sewerage) activities separate from other activities.	Wastewater	140	-	(51)	89
Stock control	This reserve is funded by targeted rates and separates any surpluses or deficits from stock control activities separate from other activities.	Stock control	18	-	-	18
Roading emergency	This reserve is funded by targeted rates and sets aside approximately $200,000 as a balance to be used if roads and bridges are damaged in an event, to commence urgent repairs.	Roads & bridges	174	656	-	830
Recycling	This reserve is funded by targeted rates and separates any surpluses or deficits from recycling activities separate from other activities.	Recycling	158	-	-	158
Tourism & Commercial	This reserve is funded by targeted rates and separates any surpluses or deficits from tourism and marketing activities separate from other activities.	Tourism	(50)	-	-	(50)

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 $000	Deposits into fund (10 years) $000	Withdrawals from fund (10 years) $000	Closing balance 30 Jun 2034 $000
Special funds (Council-created)						
Social services	Funded by donations, this fund is used for social wellbeing initiatives	District grants & events	5	-	-	5
Tourism strategy	To hold funds set aside for district tourism activities	Tourism	35	-	-	35
George Low	A bequest set aside for recreational facilities for the youth of Kaikōura.	District grants & events	61	9	-	70
Forestry	Funded by capital distributions from the Marlborough Regional Forestry and logging sales, this fund is set aside for strategic purposes at the discretion of the Council.	Forestry	807	1,202	-	2,009
Reserve development	Funded by the parks & reserves development contribution, this fund is to upgrade existing, or develop new parks & reserve assets.	Parks & reserves	141	584	-	725
Community facilities	Funded by grants, loans, and other revenues, this fund is used to upgrade existing, or develop new community facilities.	Community facilities	983	157	-	1,140
Landfill site aftercare	Funds are set aside annually to accumulate a fund to rehabilitate the landfill site once the landfill is closed.	Solid waste	-	-	-	-
Landfill development	Funds have been set aside to help fund the cost of capping the landfill and reconfiguring the site.	Solid waste	-	-	-	-
Mayoral fund	Funded by donations, the Mayoral fund may provide assistance to those suffering severe financial hardship, subject to certain criteria.	District grants & events	26	4	-	30

Name of the fund	Purpose of the fund	Activity to which the fund relates	Opening balance 1 Jul 2024 $000	Deposits into fund (10 years) $000	Withdrawals from fund (10 years) $000	Closing balance 30 Jun 2034 $000
Special funds (Council-created)						
South Bay feasibility study	Funded by the Provincial Growth Fund (PGF), this fund has been established to track the South Bay feasibility study project.	Community facilities	-	-	-	-
Pensioner flats	Funded by rent reviews and loans, this fund separates housing for the elderly activities from other activities.	Housing for the elderly	(26)	-	-	(26)
Library grants	Funded by grants, this fund tracks the spend of those grants received.	Library	2	-	-	2
Building accreditation	Funded from building accreditation levies (a specific user fee charged to building con) this fund will cover the cost of the two-yearly Building Control accreditation process.	Building control	74	12	-	86
Financial sustainability (FCS)	Funded from the Department of Internal Affairs (DIA), this fund tracks the spend on the Financial & Corporate Sustainability project.	Corporate & financial services	78		(75)	3
Wakatu Quay (PGF project)	Funded by the PGF, this fund has been established to track the Wakatu Quay development project.	Community facilities	-	-	-	-
Airport	Funded by airport revenues and loans, this fund sets aside airport activities from any other activity.	Airport	(41)	-	-	(41)
Freedom Camping (TIF)	Partially funded by the Tourism Infrastructure Fund (TIF), this fund sets aside freedom camping activities until such time as funds are depleted	Responsible (freedom) camping	68	(31)	-	37

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

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

What is the purpose of this statement?

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

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

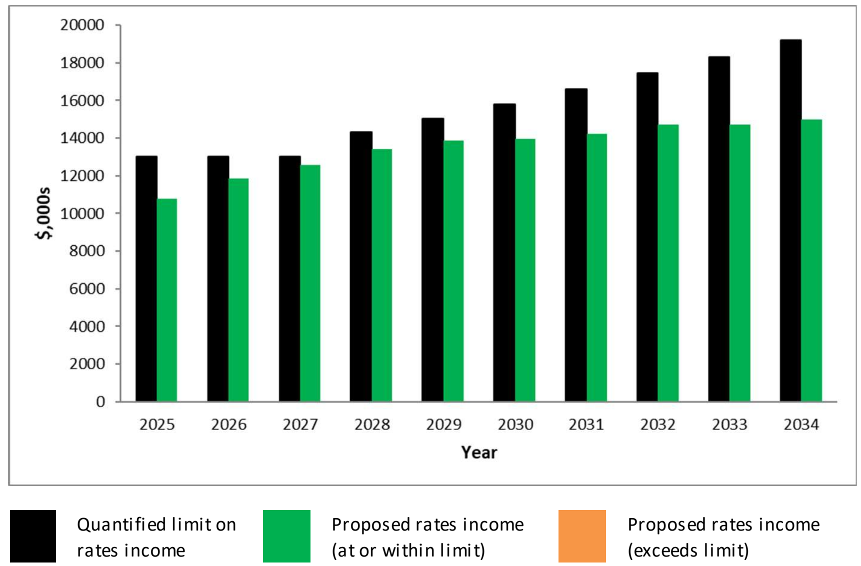
Rates affordability benchmark

The Council meets the rates affordability benchmark if:

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

Rates (income) affordability

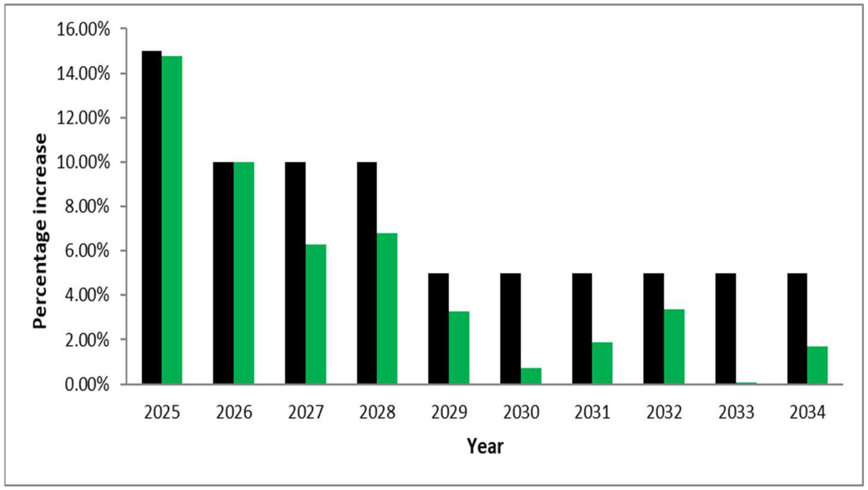
The following graph compares the Council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is that rates do not exceed $13 million in the first three years (2024 to 2027) and thereafter total rates are controlled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



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

Rates (increases) affordability

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



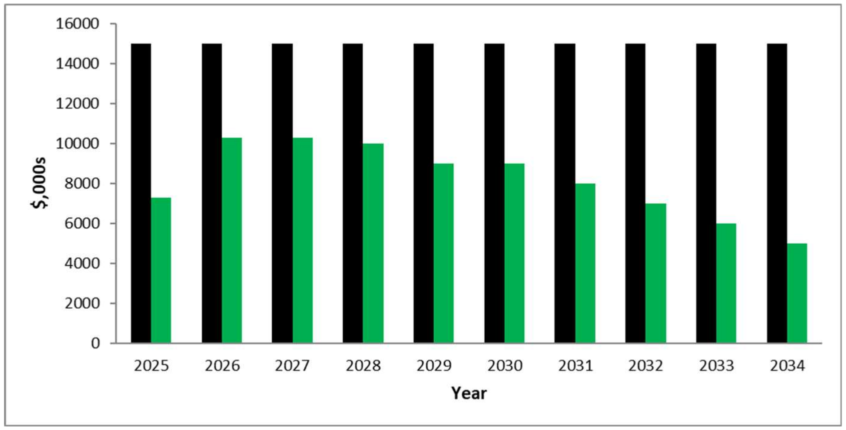
Quantified limit on rates increase | Proposed rates increase (at or within limit) | Proposed rates increase (exceeds limit)

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

Debt affordability benchmark

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

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



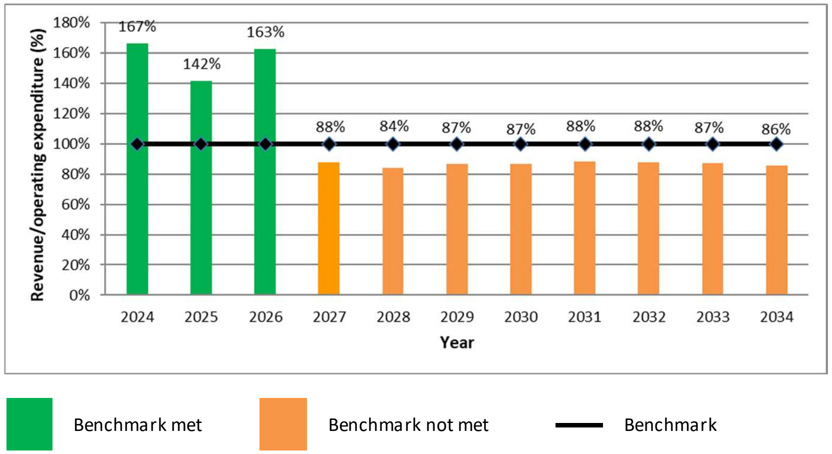
Quantified limit on debt | Proposed debt (at or within limit) | Proposed debt (exceeds limit)

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

Balanced budget benchmark

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

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



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

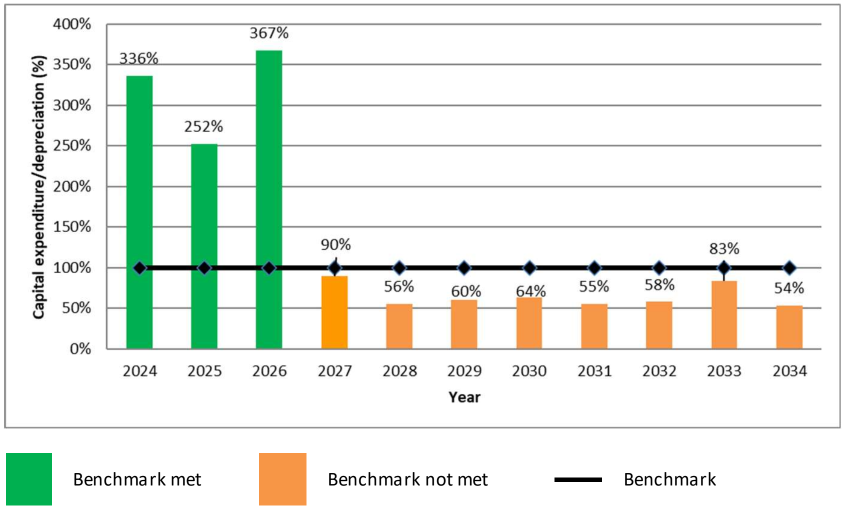
Depreciation is a non-cash expense, and so the amount of cash on hand that the Council holds is not affected by this decision.

Essential services benchmark

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

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

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



An important feature of this Long-Term Plan is the fact that, because of the extent to which the Council's essential infrastructure has been rebuilt following the 2016 earthquake, there is very little renewal expenditure required for at least the next 10 (if not 30) years.

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

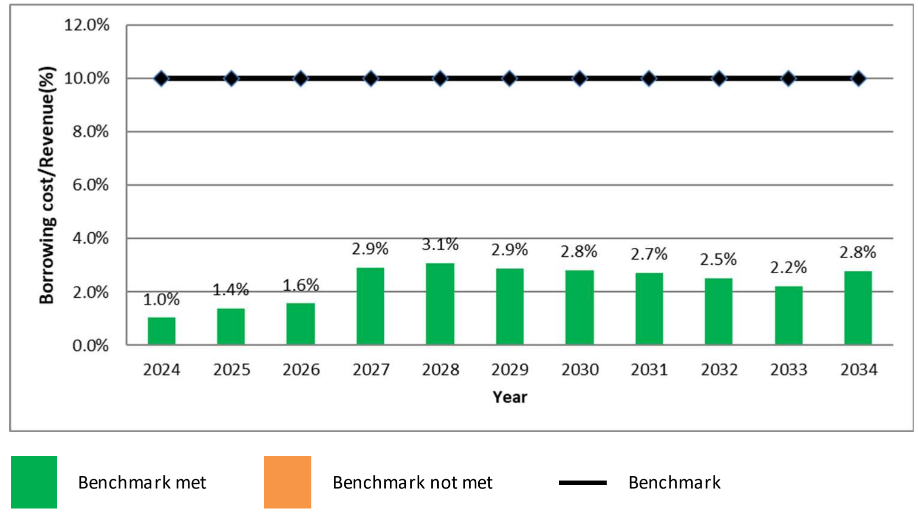
The first is the replacement of the Glen Alton Bridge which spanned the Clarence (Waiau-Toa) River and was destroyed during the earthquake. The project has suffered ongoing delays due to opposition from the Rūnanga and the impact of that opposition to obtaining consents and procurement of materials.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

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

Debt servicing benchmark

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

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



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

Significant Forecasting Assumptions

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

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

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

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

Assumption	Risk	Level of uncertainty	Impact
Population growth and demographic changes			
It is assumed (because of a lack of firm evidence to the contrary) that the resident population of the Kaikōura district in 2024 is similar to that at the 2018 census, but that the population will in future grow at an annual rate of approximately 1.5%, based on projected house construction numbers, an assumption of an average or 2.7 persons per household and that two-thirds of dwellings are permanently occupied. Such projected population increase is not dissimilar to the 'High' projection for the District from Statistics NZ. Stronger growth than previous is expected because of increased proposed housing developments. The most significant demographic change will be an increase in the proportion of	If population growth is higher than what is assumed, the Council and community may face challenges in obtaining the required resources (in particular, staff resources) to effectively respond to it.	Medium	Shortages of suitably qualified staff may adversely impact service delivery and result in increased costs to ratepayers.
	If population growth is higher than what is assumed it is likely to create challenges		If population decreases, the Council can lower the financial impacts by slowing its

Assumption	Risk	Level of uncertainty	Impact
residents aged over 65, forecast to increase by around 40% over 10 years (an extra 300 people in this age group). Approximately two-thirds of dwellings in the district will be permanently occupied, with most of the remainder being holiday homes. We consider that at least 75% of population growth will be within the existing Kaikōura urban area or within two kilometres of it.	associated with greater proportions of older residents.		capital spend, and/or revising its annual budgets.
	If population growth is less than expected, revenue from development contributions, user fees, and other revenue may be less than forecast.		The increase in the proportion of residents aged over 65 can be accommodated within available properties, although there is currently no specialist private aged care provider, due to the medical complexities and costs for a provider within a small population. Unless this changes, high-needs elderly will likely need to use facilities in other districts.
Subdivisions and housing development			
A new 67-lot subdivision at Mt Fyffe Road/Ludstone Road has recently been granted consent and is linked with a further 315-lot subdivision which extends the residential area of Ocean Ridge. Both subdivisions are referred to as the IAF[17] project. Due to the nature of subdivisions, the timing of the new lots being created could be as much as eight years from the date the consent is granted. We	If subdivision and housing growth is higher than assumed, then revenue from development contributions could be higher than forecast, and there would be more rateable properties in the district to absorb future rates requirements.	Medium	The IAF project is substantial for Kaikōura and requires the developer to create new roads, footpaths, streetlights, water and wastewater assets and recreational areas.

[17] Infrastructure Acceleration Fund

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

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

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

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

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

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

Assumption	Risk	Level of uncertainty	Impact
Legislative reform – Future for Local Government			
The recent national elections resulted in a move from centre left to centre right. Philosophically this should result in a move from centralisation to devolution, resulting in more decisions made at a local level. Coalition agreements seek to introduce financial incentives for Councils to enable more housing, including considering sharing a portion of GST collected on new residential builds with councils	Current funding models change	High	Uncertainty is created within rating models
New drinking water standards and reporting requirements			
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).	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.	Low	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.

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

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

** **Sea Level rise Impact:**

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

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

Air temperature

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

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

Rainfall

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

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

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

Assumption	Risk	Level of uncertainty	Impact
Asset revaluation			
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.	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.	Low	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.
Significant assets			
That the revaluation of roading and 3 waters assets as at 30 June 2022 reasonably reflects the likely cost of future asset renewals once adjusted for inflation.	The revaluation of assets at 30 June 2022 underestimates the actual cost of future asset renewals even when adjusted for inflation. The 2022 revaluation was peer reviewed and based upon new sets of estimated unit cost rates provided by WSP consultants which were very substantially higher than what had been adopted in previous revaluations, and which were in some cases significantly higher than what had been achieved in recent works	Low	An underestimation of asset replacement costs would likely translate into increased levels of Council debt.

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

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

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

Assumption	Risk	Level of uncertainty	Impact
Hot Pools	That the project does not go ahead, and the Council loses a forecast revenue stream. The project has so far received very positive indicative community support, is still to go through the relevant legislation processes however which could cause either delays or project closure.	High	Medium The largest impact will be on the multiplier effect to the community by having a seasonally diversified tourist attraction. For the Council, if the project does not go ahead, the impact will be the loss of a revenue stream independent of rates and potentially an increase in costs to remediate the site or attempt the process again.
Interest rates			
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: Existing loans are at the current weighted average interest rate of 4.0% July 2024 to June 2025 6.5% July 2025 to June 2026 6.0% July 2026 to June 2034 5.0% We assume interest rates on deposits will be 2.75%	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.	Low	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.

Assumption	Risk	Level of uncertainty	Impact
Inflation			
The financial information is based on the adjustments for inflation detailed in the following pages. The Council has used the Business & Economic Research (BERL) forecasts of price level changes to adjust future year's variable costs and revenues, relative to the type of activity (operational or capital). Further details about the specific assumptions for inflation are stated below.	If inflation were to be higher than the BERL economic forecasts, then all the following items will be underestimated in dollar terms: • User fees & charges • Operating expenses (excluding loan interest and depreciation) • Capital expenses If these items were to be underestimated, then this has a flow on effect to all the financial statements in this document.	Medium/Low	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.
Fair value of investment property			
It is assumed that the value of investment property increases by the BERL capital index throughout the ten years of this Long-Term Plan.	The actual investment property fair value movements may not reflect actual market conditions.	Low	Fair value gains and/or losses are non-cash movements which have no impact on rates, debt, or any other funding sources the Council may rely on.

Inflation

Local government cost adjustors, per annum % changes

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

Local government cost adjustors, cumulative % change

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

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

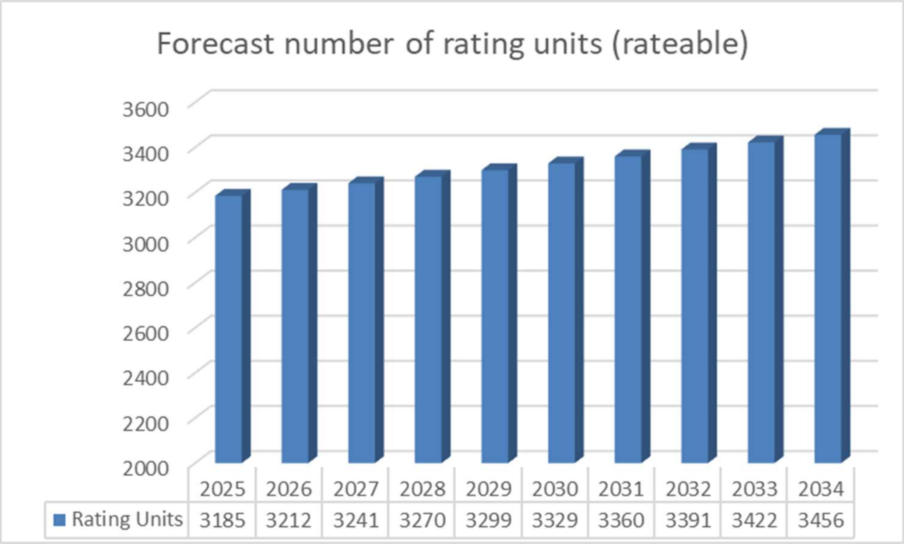
	Roading	Water & environment	Community activities	Planning & regulatory	LGCI Opex
Roads & bridges	X				
Footpaths & streetlights	X				
Water supplies		X			
Wastewater		X			
Stormwater		X			
Refuse & recycling		X			
Parks & reserves			X		
Facilities & properties			X		
Airport			X		
Harbour			X		
Forestry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

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

Rating Funding Impact Statement

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

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



Rating database information

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

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

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

The rating system

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

Definitions

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

Commercial property

All rateable properties in the district:

a) Used principally or exclusively for commercial and/or industrial purposes, (not being farmland as defined by Land Information NZ); or

b) Used principally for visitor accommodation for commercial reward for not less than five persons, and for the avoidance of doubt, including any motel, hotel, motor lodge, bed and breakfast, hostel, or camping ground; or

c) Used as licensed premises under the Sale and Supply of Alcohol Act 2012.

General rate

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

Self-contained and serviced

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

Separately used or inhabited part of a rating unit

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

(1) any part of a rating unit that is used or inhabited by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement (whether formal or informal), or

(2) Any part or parts of a rating unit that is used or occupied by the ratepayer for more than one single use. Without limitation, the following are separately used parts of a rating unit:

- Individual flats or apartments
- Separately used or leased commercial areas which are comprised in one rating unit, including each shop within a mall (for example)
- A business that employs more than one FTE who does not reside on site
- Single rating units which contain multiple uses such as a shop with a dwelling or commercial activity with a dwelling
- A building or part of a building that is used, or can be used as an independent residence
- A manager's residence within a hotel or motel

An independent residence is defined as a liveable space with its own kitchen, living and toilet/ bathroom facilities that can be deemed to be a secondary unit to the main residence. Note: a kitchen is defined as any space, facilities and surfaces for the storage, rinsing, preparation and/or cooking food, the washing of utensils and the disposal of wastewater, including, for example a food preparation bench, sink, cooking appliance(s), refrigerator, and may include other kitchen appliances.

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

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

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

Small accommodation property

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

a) not used principally and exclusively for commercial or industrial purposes (other than for visitor accommodation). Examples may include a residential dwelling where the principal use is residential, but visitor accommodation is also provided on the property (whether within the dwelling or in separate units); or a residential dwelling where the principal use is a holiday home for the owner, which is rented out as a holiday home for commercial reward (including Air B&B style accommodation); or any other property not principally commercial/industrial, but which provides visitor accommodation, or

b) if they are used principally for visitor accommodation, the property only provides for no more than four persons. This includes any property providing short-term accommodation such as small bed & breakfasts, but not including long-term rental accommodation.

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

Targeted rates

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

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

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

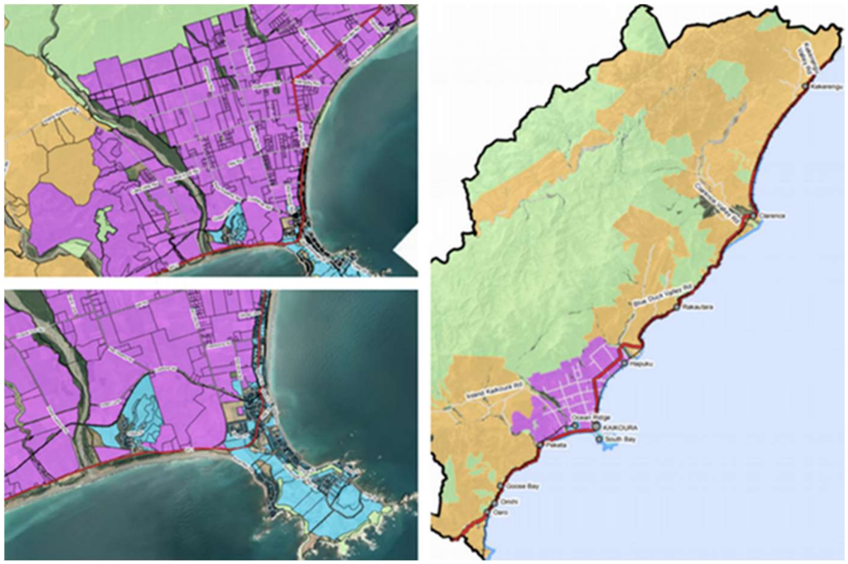
The Council has chosen to apply most of its uniform targeted rates to separately used or inhabited parts of a rating unit, to remain consistent with the principles of the uniform annual general charge. In some instances, however, such as the registered premises charge, or sewerage charges, these are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

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

Uniform Annual General Charge (UAGC)

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

Rating Areas



The above map shows each of the rating areas.

Urban area for rating purposes

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

Semi-rural area for rating purposes

The purple area on the map is the semi-rural area for rating purposes. It is an area defined for its proximity to urban services, and therefore has no relationship to the size, land use, or value of individual properties within, or outside of, this area. The semi-rural area extends to the Hapuku River in the north, and to the Kahutara River to the south (thereby including the villages of Hapuku and Peketa). This area also extends inland to the foothills of Mt Fyffe and west on the Kaikōura Inland Road as far as (but not including) Kowleigh Farm.

Rural rating area

The remainder of the district is rural, with rateable properties portrayed in pale orange. Effectively the rural area for rating purposes is all rateable property that is not located within either the Urban or Semi-rural rating areas. Department of Conservation (DoC) land is shown in pale green, and while it makes up a significant part of the district, this land is non-rateable.

Utilities

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

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

General rates

General rates	Differential	Category	Factor	2024/2025 Rate (incl. GST) $	2024/2025 Total Amount (incl. GST) $
General rate					
The general rate funds the general operations of the Council, including general management, community services, communications, strategy & policy, economic development, environmental planning, the net costs of statutory planning, building control, dog control, forestry, community facilities, general parks and reserves, and a portion of public toilets and traffic control. 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).	Urban & Utilities 1:1	All rateable property within the Urban area, and all rateable property within the district defined as Utilities	Rate in the $ of capital value	0.00128041	1,520,524
	Semi-Rural and Rural 0.8:1	All rateable property outside the Urban area except for property defined as Utilities	Rate in the $ of capital value	0.00102433	1,134,499
Uniform Annual General Charge (UAGC)					
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. 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.	None	All rateable property within the district	Fixed $ amount per separately used or inhabited part of a rating unit	742.14	2,348,117

Targeted rates applied across the whole district

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

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

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

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

Targeted rates for specific categories of land or services

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

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

WATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) $	2024/2025 Total Amount (incl. GST) $
Kaikōura Water Annual Rate[18]					
This water rate funds the net costs of the supply, treatment, upgrading and maintenance of the Kaikōura water cohort, which includes the Kaikōura Urban water supply, as well as partially subsidising the net costs of the Suburban, Ocean Ridge, East Coast village, Peketa, and Oaro water supplies.	Full charge 1:1	All rateable properties connected to the Kaikōura water supply.	Fixed $ amount per separately used or inhabited part of a rating unit	541.55	1,053,850
	Half charge 0.5:1	All rateable properties situated within 100 metres of any part of the Kaikōura water supply, but not connected to the supply.	Fixed $ amount per separately used or inhabited part of a rating unit	270.77	30,056
Kaikōura Water Loan Rate					
This water rate funds the loan servicing costs of the Kaikōura Urban water supply.	None	All rateable properties situated within 100 metres of any part of the Kaikōura water supply.	Fixed $ amount per separately used or inhabited part of a rating unit	-	-

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

WATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) $	2024/2025 Total Amount (incl. GST) $
Suburban Water Rate					
This water rate contributes to the cost of the supply, treatment, upgrading and maintenance of the Suburban water scheme.	None	All rateable properties within the Suburban water area[19] and connected to the Suburban water scheme.	Fixed $ amount per Suburban water unit (1,000 litres per day)	541.55	27,619
Ocean Ridge Water Rate					
This water rate contributes to the costs of supply, treatment, upgrading and maintenance of the Ocean Ridge water supply.	Full charge 1:1	All rateable properties connected to the Ocean Ridge water supply.	Fixed $ amount per separately used or inhabited part of a rating unit	541.55	41,158
	Half charge 0.5:1	All rateable properties situated within 100 metres of any part of the Ocean Ridge water supply, but not connected to the supply.	Fixed $ amount per separately used or inhabited part of a rating unit	270.77	20,308
Kincaid Water Rate					
This water rates funds the supply, treatment, upgrading, and maintenance of the Kincaid water supply.	None	All rateable properties connected to the Kincaid rural water supply.	Fixed $ amount per Kincaid water unit (1,000 litres per day)	184.77	121,208
Fernleigh Water Rate					
This water rates funds the supply, treatment, upgrading, and maintenance of the Fernleigh water supply.	None	All rateable properties connected to the Fernleigh rural water supply.	Fixed $ amount per Fernleigh water unit (1,000 litres per day)	631.78	199,010

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

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

WATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) $	2024/2025 Total Amount (incl. GST) $
Peketa Water Rate					
This water rates contributes to the costs of supply, treatment, upgrading, and maintenance of the Peketa water supply.	None	All rateable properties connected to the Peketa rural water supply.	Fixed $ amount per separately used or inhabited part of a rating unit	541.55	10,831
Water Meter Charges *The following two water rates will be billed separately from the rates invoice, twice annually.*					
Volumetric charges: This water rate contributes to the cost of the supply, treatment, upgrading and maintenance of the Kaikōura water supply.	None	All rateable properties connected to any water supply and with a metered connection to that supply.	Fixed $ amount per cubic meter of water usage which exceeds 365m^3 per annum (or 183m^3 per six months as read)	2.10	240,350
Meter Maintenance Charge: This water rate contributes to the cost of reading, maintaining and renewing water meters, and contributes to the general costs of the Kaikōura water supply.	None	All rateable properties connected to any water supply and with a metered connection to that supply.	Fixed $ amount per water meter	60.00 (30.00 invoiced twice a year)	23,690

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

WASTEWATER	Differential	Category	Factor	2024/2025 Rate (incl. GST) $	2024/2025 Total Amount (incl. GST) $
Sewerage Loan Rate					
This rate funds the loan servicing costs of the Kaikōura sewerage system.	None	All rateable properties within the area serviced by the Kaikōura sewerage system (which includes the Kaikōura township, South Bay, Ocean Ridge, and parts of the Kaikōura flats), or within 100 metres of any part of that system.	Rate in the $ of capital value	0.00000448	3,737
Sewerage Charge					
This wastewater targeted rate contributes to the costs of sewage collection, treatment, disposal, upgrading, and maintenance of the Kaikōura sewerage scheme.	Full charge 1:1	All rateable properties connected to the Kaikōura sewerage system (which includes the Kaikōura township, South Bay, Ocean Ridge, and parts of the Kaikōura flats).	Fixed $ amount for the first water closet per separately used or inhabited part of a rating unit (plus a targeted rate for each additional water closet or urinal if applicable, please refer to the following pages).	624.95	1,115,533
	Half charge 0.5:1	All rateable properties within the area connected to the Kaikōura sewerage system, not being either commercial or self-contained and serviced (see definitions on the following page).	Fixed $ amount for each water closet and urinal after the first, within each separately used or inhabited part of a rating unit where there are more than one water closet or urinal.[20]	312.47	7,811

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

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

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

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

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

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

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

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

Targeted rates for Commercial and/or Visitor Accommodation properties

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

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

	Differential	Category	Factor	2024/2025 Rate (incl. GST) $	2024/2025 Total Amount (incl. GST) $
Registered Premises Rate					
The registered premises charge funds the net costs of alcohol licensing, food and health safety inspections, and environmental health.	None	All rateable properties undertaking a licensed activity, such as premises where alcohol is sold or consumed, food premises, camping grounds, funeral directors, or hairdressers.	Fixed $ amount per license (whether an alcohol licence, food premises licence, camping ground licence, funeral directors licence, or hairdressers licence)	728.46	79,038
Harbour Special Operator Rate					
This rate funds the net costs (after user fees), of the South Bay harbour facilities (including operations, capital work, and loan servicing costs). The differential aims to align with the area of the harbour that is predominantly for the exclusive use of the special operators[21].	85% of total revenue to be collected from the rate	No. 1: The rateable property used as the primary ticketing office of Whale Watch Kaikōura (which is identified as a special operator of the harbour facilities at South Bay)	Rate in the $ of capital value	0.05977802	97,438
	15% of total revenue to be collected from the rate	No. 2: The rateable property used as the primary ticketing office of Dolphin Encounter (which is identified as a special operator of the harbour facilities at South Bay)	Rate in the $ of capital value	0.01011469	17,195

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

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

Rate assessments, invoicing, and penalties

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

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

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

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

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

Penalty dates are:

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

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

Water Meter Charges

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

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

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

Meter reading dates and the period they cover are approximate.

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

Environment Canterbury rates

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

Impact of proposed rates on benchmark properties

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

Type of property	Capital value[22]	2023/2024 Rates $	2024/2025 Rates $	2024/2025 Increase in dollar $	2024/2025 Increase in percent %	Rates 2033/2034 incl. inflation $	Average rates increase (ten years)
Residential – Urban – High value	1,160,000	4,634.87	**4,920.51**	**285.64**	**6.16%**	6,463.49	3.43%
Residential – Urban – Medium value	760,000	3,693.58	**3,990.75**	**297.17**	**8.05%**	5,248.66	3.63%
Residential – Urban – Low value	380,000	2,799.37	**3,107.49**	**308.12**	**11.01%**	4,094.57	3.95%
Farm – Semi-rural – High value	4,580,000	9,965.29	**10,263.88**	**298.59**	**3.00%**	13,891.66	3.43%
Lifestyle block – Semi-rural – Medium value	980,000	2,817.90	**3,074.17**	**256.28**	**4.93%**	4,103.47	3.89%
Residential – Semi-rural – Low value	450,000	1,765.63	**2,015.69**	**250.05**	**14.16%**	2,662.43	4.28%
Commercial – Urban – High value (30-room motel)	4,490,000	27,541.55	**30,021.50**	**2,479.95**	**9.00%**	36,743.09	2.98%
Commercial – Urban – Medium value (12-room motel)	1,485,000	12,843.25	**14,657.40**	**1,814.15**	**14.13%**	17,951.74	3.50%
Commercial – Urban – Medium value (Retail)	830,000	7,238.35	**8,608.78**	**1,370.43**	**18.93%**	10,729.39	4.15%
Commercial – Urban – Low value (Retail)	490,000	4,461.50	**5,184.23**	**722.73**	**16.20%**	6,685.26	4.24%
Farm – Rural – High value	8,750,000	18,205.46	**18,615.67**	**410.21**	**2.25%**	25,197.60	3.36%
Farm – Rural – Medium value	4,330,000	9,018.09	**9,223.59**	**205.49**	**2.28%**	12,484.01	3.36%
Farm – Rural – Low value	2,030,000	4,691.19	**4,917.53**	**226.34**	**4.82%**	6,617.10	3.55%

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

Part Five

Appendices & Other

Part five of the Kaikōura District Council's Long-Term Plan 2024-2034

Council Controlled Organisations

Innovative Waste Kaikōura Ltd

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

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

Ownership and control of IWK

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

Nature and scope of activities

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

Key performance targets

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

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

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

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

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

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

Fostering Māori participation in Council decision-making

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

Te Rūnanga o Kaikōura

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

Te Rūnanga o Ngāi Tahu

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

Working together

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

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

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

The relationship between the Council and Iwi has in the past been described as a flagship for Ngāi Tahu[23] in how they would see governing bodies working together. Over the last few years that partnership has continued to develop. There is currently no memorandum of understanding between the two organisations because to date an MOU has been seen as unnecessary.

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

We do this by;

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

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

Variation from Water and Sanitary Services Assessments

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

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

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

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

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

Variation from Waste Management and Minimisation Plan

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

Glossary

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

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

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

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

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

Capital expenditure (or Capex)
This is spending on new Council assets and renewing or replacing existing assets. It includes improving or upgrading assets beyond their original capacity. Capital expenditure is accounted for in the Statement of Financial Position because it increases the Council's asset values and has a useful life greater than one year.

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

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

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

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

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

Council-Controlled Organisation (CCO)

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

Debt

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

Depreciation

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

Development Contributions

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

District Plan

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

Exacerbator

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

Financial year

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

General rate

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

Group of Activities

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

Infrastructure

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

Infrastructure Acceleration Fund (IAF)

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

Land value (LV)

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

Long Term Plan (LTP)

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

Local Government Act 2002 (the LGA)

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

NAASRA count

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

Operating expenditure (or Opex)

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

Provincial Growth Fund (PGF)

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

Private Benefit

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

Public Benefit

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

Refuse or Solid Waste

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

Reticulation

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

Sewerage and Wastewater

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

Smooth Travel Exposure

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

Targeted rate

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

Tourism Infrastructure Fund (TIF)

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

Uniform Annual General Charge (UAGC)

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

Useful life (and remaining useful life)

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

Water Cohort

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

KAIKŌURA
DISTRICT COUNCIL

Level 2, 96 West End, Kaikōura 7300
(03) 3195026 kdc@kaikoura.govt.nz www.kaikoura.govt.nz