

Changes to the Long-Term Plan made since 10 July 2021

1 Link Pathway grant

Subsequent to the audit commencing on the full LTP document, the government announced that Kaikōura DC's application to the TIF fund was successful and confirmed the amount to be \$1,909,115 plus GST. This amount was different to (and more than) what had been conservatively assumed in the 10 July version sent to Audit NZ, and so the LTP has been revised to reflect the actual amount of the grant now known. The level of Council funding (through debt funding) to the project has been retained in the LTP – as a contingency at this early stage.

There is no change in the effect on rates.

2 Koura Bay sewerage rate

The LTP had provided for the Council to assume responsibility for the Koura Bay sewerage scheme, and to levy a rate to properties connected to, or able to connect to, the scheme. Since 10 July there have been suggestions from some Koura Bay residents that their preference would be to consider a Body Corporate to take responsibility for the scheme rather than Council. As there is no urgency for that community to make a decision on the matter, and we have been asked to keep the option on the table for the possibility Council might take responsibility, with effect from the next (2022/23) financial year, rather than during the current year as had previously been suggested. As a result we have created a new rate, but it is not applicable until the outcome is clear (as this will assist the process later if Council takes responsibility).

There is no material change in the effect on rates.

3 Urban kerbside rubbish collection rate

The LTP consultation document had given options to the community for a new kerbside rubbish collection, and for a small targeted rate per household of \$22.41 for properties in the urban area to go towards the cost the collection service. Following public feedback and the results of the tender that went out in parallel with the consultation document, the preferred solution was for the kerbside rubbish collection to be 100% user pays. The actual arrangements for the kerbside collection service have now been clarified through the new contract with the service provider. The 10 July LTP version had been adjusted to reflect the changes to 100% user pays, but we have subsequently identified that we had not removed a \$33,600 cost of the kerbside collection service, funded by the \$22.41 rate per household. Both the cost and the rates revenue have been removed.

This is the main change that has resulted in the overall average rates increase for 2021-22 reducing to 5.46%.

As this rate was a fixed charge it was included in the UAGCs. Consistent with our approach to maximise use of the 30% threshold for the UAGCs, the removal of this cost has allowed a reduction in the general rates to be absorbed within the UAGC threshold. This reduction in the general rates primarily lessens/benefits the rates increases for high

capital value properties – for example our benchmark high and medium value rural properties increases drop to 4.69% and 4.79% respectively; and the high value semi-rural dairy farm to 5.6%.

The impact from the above changes is that the rates increase decreases, from 5.9% in the version that went to Audit NZ, down to 5.46% in the version that is ready to adopt.

The above changes affected narratives throughout the LTP where relevant, and also affected the financial statements. For completeness, the financial statements follow.

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

	2021 An-Plan \$000	2022 Forecast \$000	2023 Forecast \$000	2024 Forecast \$000	2025 Forecast \$000	2026 Forecast \$000	2027 Forecast \$000	2028 Forecast \$000	2029 Forecast \$000	2030 Forecast \$000	2031 Forecast \$000
Revenue											
Revenue from rates	7,978	8,414	8,756	8,920	9,243	9,561	10,159	10,594	10,675	10,936	11,044
Water meter charges	87	140	143	146	149	153	156	159	163	167	170
User fees & charges	1,390	1,528	1,590	1,817	1,869	1,931	1,947	1,983	2,038	2,058	2,095
Grants & subsidies	17,176	6,614	12,972	6,115	1,084	1,109	1,139	1,638	1,666	1,722	1,741
Development contributions	-	125	45	46	47	48	49	50	51	53	54
Finance income	14	7	4	4	3	3	2	2	1	-	-
Other revenue	369	78	91	114	127	130	133	342	480	532	535
Total revenue	27,014	16,905	23,601	17,162	12,522	12,935	13,584	14,768	15,074	15,467	15,639
Operating expense											
Personnel	3,395	3,393	3,471	3,565	3,723	3,805	3,885	3,970	4,058	4,147	4,234
Depreciation & amortisation	2,885	3,206	3,356	3,498	3,350	3,383	3,441	3,377	3,437	3,487	3,560
Finance expense	133	118	134	225	260	275	276	323	309	292	297
Other expenses	9,919	8,451	6,678	6,902	7,097	7,088	7,259	7,770	8,071	8,417	8,428
Total operating expenses	16,332	15,167	13,639	14,190	14,430	14,552	14,861	15,441	15,875	16,343	16,519
Net surplus/(deficit)	10,682	1,739	9,744	2,978	(1,902)	(1,611)	(1,271)	(668)	(796)	(870)	(874)
Other comprehensive income											
Gains on asset revaluation	-	-	-	10,159	-	-	16,546	-	-	19,273	-
Movement in provisions	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	10,159	-	-	16,546	-	-	19,273	-
Total comprehensive income	10,682	1,739	9,963	13,131	(1,908)	(1,617)	15,269	(673)	(801)	18,398	(880)

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

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue											
Roading	2,419	3,421	7,182	7,419	2,502	2,623	2,884	3,676	3,719	3,853	3,885
Water supplies	1,350	2,613	1,435	1,472	1,504	1,511	1,558	1,570	1,604	1,652	1,662
Wastewater	792	709	679	699	704	774	928	993	877	831	864
Stormwater	104	116	119	123	123	125	131	131	133	140	139
Refuse & recycling	266	348	377	408	424	434	445	452	462	476	482
Facilities ¹	13,030	4,487	8,399	1,581	1,512	1,540	1,640	1,788	2,017	2,038	2,055
Leadership & governance	194	36	53	38	40	57	42	43	61	45	46
Building & regulatory	610	836	853	854	869	896	914	933	954	966	984
Community services	332	97	64	56	60	58	60	58	62	61	65
District development	563	490	501	516	545	594	618	679	732	752	769
Earthquake rebuild	3,955	-	-	-	-	-	-	-	-	-	-
General rates	3,385	3,744	3,935	3,991	4,236	4,320	4,362	4,444	4,450	4,653	4,689
Finance revenue	14	7	4	4	3	3	2	2	1	-	-
Total revenue	27,014	16,905	23,601	17,162	12,522	12,935	13,584	14,768	15,074	15,467	15,639
Operating expense											
Roading	2,508	2,581	2,688	2,836	2,981	3,052	3,119	3,515	3,572	3,637	3,762
Water supplies	1,555	1,910	1,715	1,765	1,757	1,799	1,853	1,870	1,912	1,969	1,984
Wastewater	1,104	1,119	1,097	1,118	1,104	1,123	1,151	1,161	1,181	1,212	1,253
Stormwater	148	192	196	200	198	200	206	207	210	217	218
Refuse & recycling	508	793	771	775	653	663	680	688	700	741	743
Facilities	5,511	4,104	2,613	2,836	2,810	2,833	2,892	3,026	3,164	3,310	3,320
Leadership & governance	1,419	1,366	1,416	1,428	1,446	1,484	1,499	1,402	1,487	1,505	1,509
Building & regulatory	1,087	1,375	1,386	1,433	1,506	1,564	1,581	1,622	1,632	1,702	1,699
Community services	1,039	925	910	929	941	963	989	1,006	1,028	1,058	1,071
District development	1,235	802	847	870	1,033	870	890	943	988	992	960
Earthquake rebuild	218	-	-	-	-	-	-	-	-	-	-
Total operating expenses	16,332	15,167	13,639	14,190	14,430	14,552	14,861	15,441	15,875	16,343	16,519
Net surplus/(deficit)	10,682	1,739	9,963	2,972	(1,908)	(1,617)	(1,277)	(673)	(801)	(875)	(880)

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

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

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity at start of year (1 July)	201,563	209,084	210,823	220,785	233,917	232,009	230,392	245,662	244,988	244,187	262,585
Comprehensive revenue and expense											
Net surplus/(deficit)	10,682	1,739	9,963	2,972	(1,908)	(1,617)	(1,277)	(673)	(801)	(875)	(880)
Gains on asset revaluation	-	-	-	10,159	-	-	16,546	-	-	19,273	-
Total comprehensive income	10,682	1,739	9,963	13,131	(1,908)	(1,617)	15,269	(673)	(801)	18,398	(880)
Equity at end of year (30 June)	212,245	210,823	220,785	233,917	232,009	230,392	245,662	244,988	244,187	262,585	261,705

Prospective Statement of Financial Position for financial years ended 30 June

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Current assets											
Cash & cash equivalents	7,183	742	1,329	1,004	702	650	652	807	554	883	725
Receivables	1,849	1,157	1,616	1,175	857	886	930	1,011	1,032	1,059	1,071
Prepayments	98	185	185	185	185	185	185	185	185	185	185
Other financial assets	-	-	-	-	-	-	-	-	-	-	-
Total current assets	9,130	2,085	3,131	2,364	1,744	1,721	1,767	2,004	1,771	2,127	1,982
Non-current assets											
Other financial assets	-	207	207	207	207	207	207	207	207	207	207
Forestry	2,583	2,956	2,956	2,956	2,956	2,956	2,956	2,956	2,956	2,956	2,956
Investment property	2,513	4,329	10,229	10,229	10,229	10,229	10,229	10,229	10,229	10,229	10,229
Property, plant & equipment	211,376	211,052	215,861	230,440	229,196	228,611	243,865	243,029	241,508	259,603	258,882
Intangible assets	-	-	-	-	-	-	-	-	-	-	-
Total non-current assets	216,472	218,544	229,253	243,832	242,588	242,003	257,257	256,421	254,900	272,995	272,274
TOTAL ASSETS	225,602	220,629	232,383	246,196	244,332	243,724	259,024	258,425	256,671	275,123	274,255
Current liabilities											
Payables & deferred revenue	1,871	1,460	1,251	1,290	1,334	1,343	1,374	1,447	1,495	1,549	1,561
Employee entitlements	150	263	263	263	263	263	263	263	263	263	263
Borrowings	602	-	-	-	2,000	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	2,623	1,723	1,514	1,553	3,597	1,606	1,637	1,710	1,758	1,812	1,824
Non-current liabilities											
Borrowings	10,170	6,000	8,000	10,000	8,000	11,000	11,000	11,000	10,000	10,000	10,000
Provisions	-	1,616	1,616	258	258	258	258	258	258	258	258
Other term liabilities	564	468	468	468	468	468	468	468	468	468	468
Total non-current liabilities	10,734	8,084	10,084	10,726	8,726	11,726	11,726	11,726	10,726	10,726	10,726
Equity											
Accumulated equity	130,292	134,274	144,460	148,067	146,334	145,334	144,203	143,827	142,880	142,318	141,452
Special reserves & funds	7,457	3,799	3,576	2,941	2,766	2,149	2,003	1,706	1,852	1,539	1,525
Asset revaluation reserves	74,496	72,750	72,750	82,909	82,909	82,909	99,455	99,455	99,455	118,728	118,728
Total equity	212,245	210,823	220,785	233,917	232,009	230,392	245,662	244,988	244,187	262,585	261,705
TOTAL LIABILITIES & EQUITY	225,602	220,629	232,383	246,196	244,332	243,724	259,024	258,425	256,671	275,123	274,255

Prospective Statement of Cashflows for financial years ended 30 June

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cashflow from operating activities											
Receipts from rates	7,978	8,414	8,756	8,920	9,243	9,561	10,159	10,594	10,675	10,936	11,044
Interest income	14	7	4	4	3	3	2	2	1	-	-
Receipts from other revenue	19,233	8,884	14,382	8,679	3,594	3,342	3,379	4,092	4,377	4,504	4,583
Interest paid	(133)	(118)	(134)	(225)	(260)	(275)	(276)	(323)	(309)	(292)	(297)
Payments to staff & suppliers	(13,130)	(11,903)	(10,358)	(10,428)	(10,776)	(10,884)	(11,113)	(11,667)	(12,081)	(12,511)	(12,650)
Net cash from operating activities	13,962	5,283	12,651	6,950	1,803	1,747	2,151	2,697	2,663	2,638	2,681
Cashflow from investing activities											
Purchase of property, plant & equipment	(15,051)	(8,369)	(8,164)	(7,918)	(2,106)	(2,798)	(2,149)	(2,541)	(1,917)	(2,308)	(2,838)
Purchase of investments	-	(2,864)	(5,900)	-	-	-	-	-	-	-	-
Proceeds from sale of assets	143	250	-	-	-	-	-	-	-	-	-
Reduction in provisions	-	-	-	(1,358)	-	-	-	-	-	-	-
Net cash from investing activities	(14,908)	(10,983)	(14,064)	(9,276)	(2,106)	(2,798)	(2,149)	(2,541)	(1,917)	(2,308)	(2,838)
Cashflow from financing activities											
Proceeds from borrowings	4,147	4,000	2,000	2,000	-	3,000	-	-	(1,000)	-	-
Repayment of borrowings	(375)	(3,000)	-	-	-	(2,000)	-	-	-	-	-
Net cash from financing activities	3,772	1,000	2,000	2,000	-	1,000	-	-	(1,000)	-	-
Total net cashflows	2,826	(4,700)	587	(325)	(303)	(51)	2	155	(254)	329	(158)
Opening cash	4,357	5,442	742	1,329	1,004	702	650	652	807	554	883
Closing cash	7,183	742	1,329	1,004	702	650	652	807	554	883	725
Represented by:											
Cash & cash equivalents	7,183	742	1,329	1,004	702	650	652	807	554	883	725

Forecast Funding Impact Statement for financial years ended 30 June

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	An-Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Sources of operating funding											
General rates, UAGC, rates penalties	3,385	3,744	3,935	3,991	4,236	4,320	4,362	4,444	4,450	4,653	4,689
Targeted rates	4,680	4,809	4,964	5,075	5,156	5,394	5,952	6,309	6,388	6,449	6,525
Subsidies & grants for operating purposes	2,985	1,638	645	658	676	690	708	998	1,027	1,050	1,080
Fees and charges	1,371	1,528	1,590	1,817	1,869	1,931	1,947	1,983	2,038	2,058	2,095
Interest & dividends from investments	14	7	4	4	3	3	2	2	1	-	-
Fuel tax, fines & other revenue	389	78	91	114	127	130	133	342	480	532	535
Total sources of operating funding (A)	12,824	11,805	11,229	11,659	12,067	12,467	13,105	14,077	14,383	14,742	14,924
Application of operating funding											
Payments to staff and suppliers	13,391	11,843	10,149	10,467	10,820	10,893	11,144	11,741	12,129	12,564	12,662
Finance costs	134	118	134	225	260	275	276	323	309	292	297
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	13,525	11,961	10,283	10,692	11,080	11,169	11,420	12,064	12,438	12,856	12,959
Surplus (deficit) operating funding (A – B)	(701)	(156)	944	967	987	1,299	1,684	2,013	1,946	1,886	1,966
Sources of capital funding											
Subsidies & grants for capital expenditure	14,191	4,976	12,327	5,457	408	419	431	640	639	672	661
Development contributions	-	125	45	46	47	48	49	50	51	53	54
Increase (decrease) in debt	3,772	1,214	522	2,171	489	415	(161)	(460)	(574)	(616)	144
Gross proceeds from sale of assets	143	250	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	18,106	6,565	12,894	7,674	944	882	318	231	117	109	859
Application of capital funding											
Capital expenditure											
- To meet additional demand	4,793	3,894	7,227	-	-	-	-	-	-	-	-
- To improve level of service	1,307	2,623	272	264	270	195	260	254	250	262	269
- To replace existing assets	6,367	4,716	6,562	9,011	1,836	2,603	1,889	2,287	1,666	2,046	2,569
Increase (decrease) in reserves	4,938	(4,824)	(223)	(635)	(175)	(617)	(146)	(297)	146	(313)	(14)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	17,405	6,409	13,838	8,641	1,931	2,181	2,003	2,244	2,062	1,995	2,825
Surplus (deficit) of capital funding (C – D)	701	156	(944)	(967)	(987)	(1,299)	(1,684)	(2,013)	(1,946)	(1,886)	(1,966)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-