INFRASTRUCTURE STRATEGY 2024-2053

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Table of Contents

List of Tables

List of Figures

2024-2053 Infrastructure Strategy

1.0 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;

(c) include the following assumptions on which the scenario is based:
(i) the assumptions of the local authority about the life cycle of significant infrastructure assets:

(ii) the assumptions of the local authority about growth or decline in the demand for relevant services:
(iii) the assumptions of the local authority about increases or decreases in relevant levels of service; and

(d) if assumptions referred to in paragraph (c) involve a high level of uncertainty,—
(i) identify the nature of that uncertainty; and
(ii) include an outline of the potential effects of that uncertainty.

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 KDC's capital and operational costs.

2.0 Summary and Significant Issues

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 very 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 Waiau Toa/Clarence River bridge at Glen Alton) 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.

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 Waiau Toa / Clarence bridge, are considered to be relatively straightforward to manage, without placing unacceptable burdens on the community.

In general it is believed that KDC’s Infrastructure Strategy at this time can be best described as an ‘enhanced business as usual’ approach, focussing on effective delivery of core functions, with taking any major new directions.

Table 1: Significant Infrastructure Issues

Activity	Issue Type, Decision Requirement	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.
Roading	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
			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

Table 1 (Continued): Significant Infrastructure Issues

Activity	Issue Type, Decision Requirement	Issue	Principal Option(s) For Response	Implications	Certainty of Response
Roading	Emergency Works Decision on response required by start 2024/25 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 Use of debt funding where necessary to meet costs of extreme events	Potential large variances from these budgets have previously resulted in other important works being deferred or not undertaken Financial impact on the community is smoothed across years	Not Favoured Likely; reflected in LTP budget estimates
Roading	Renewal Decision on response required by start 2024/25 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. Continuing accelerated basecourse renewals program for LTP period.	Expenditure of $259k per annum, continuing existence of small backlog of poor condition pavement. $330k per annum for period of LTP, thereafter reverting to matching depreciation.	Not favoured Likely; reflected in LTP Budget Estimates and programme submitted to NZTA.
Roading	Renewal/ Level of Service Suggested that decision on response required by start 2026/27 for next LTP	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 Prevent access to existing bridge, leaving ford as only means of crossing stream. Do nothing until bridge is deemed inadequate for any vehicles	Estimated capital cost of $800,000 Road access is more frequently interrupted Potential hazard if drivers ignore weight restriction	Possible, not yet reflected in the LTP Possible Not favoured

Table 1 (Continued): Significant Infrastructure Issues

Activity	Issue Type, Decision Requirement	Issue	Principal Option(s) For Response	Implications	Certainty of Response
Roading	Level of Service / Resilience Decision on response required by start 2024/25 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. Three year programme of increased roadside drainage improvements commencing in 2024/25, then returning to previous levels	Ongoing additional annual OPEX of circa $30k Continuing or increasing level of post rainfall event damage and disruption to roads Increase annual drainage maintenance and renewal budgets by $113k & $83.5k respectively for those 3 years. Reduced future extent of pavement damage	No favoured Likely; reflected in LTP Budget Estimates and programme submitted to NZTA.
Roading	Renewal Decision timing dependent on external factors	The Waiau Toa/Clarence Bridge 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. Status quo (access via 'Southern Access Route') Reestablishing bridge at original bridge site	Likely CAPEX upwards $13.6 million, to be 95% funded by Waka Kotahi NZTA. Range of significant legal and financial risks Broadly preferable but affordability uncertain	Uncertain; reflected in LTP budget estimates but some issues still unresolved Not Favoured Some further investigation of cost being conducted
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 Increase treated water storage capacity Upgrade UV treatment process to handle higher turbidity water	Potentially provides full resilient solution but technical feasibility and cost uncertain Duration of benefit depends on storage capacity and cost Circa $100k CAPEX	Not favoured Not favoured Currently favoured

Table 1 (Continued): Significant Infrastructure Issues

Activity	Issue Type, Decision Requirement	Issue	Principal Option(s) For Response	Implications	Certainty of Response
Water	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 Reactive replacement of pipe sections in response to observations of failures or other serious deterioration Progressively increasing annual renewal program commencing in 2025/26, to have replaced >50% of pipes by 2033/34	Expenditure of approximately $4 million in 2024/25 year, which is potentially unnecessary Uncertain annual costs; greater potential for service interuptions Likely expenditure of $2.375 million over LTP period	Not Favoured Not Favoured Likely; reflected in LTP budget estimates, but schedule may potentially be revised
Water	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) Not permit any further connections to scheme in affected areas Progressive upgrading of reticulation serving affected areas	Some existing and new consumers may experience inadequate supply at time of high demand. Compromises intent of scheme to support rural development. Requires additional effort to monitor and enforce. Potential expenditure in the order of $200,000 during LTP period, to be recovered through development contributions.	Not favoured Which response is most appropriate is still under consideration
Water	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

Table 1 (Continued): Significant Infrastructure Issues

Activity	Issue Type, Decision Requirement	Issue	Principal Option(s) For Response	Implications	Certainty of Response
Wastewater	Demand/ Level of Service Decision on response required by start 2028/29	Potential for overflows from the Mill Road, Hawthorne 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 Install fixed back-up generators at each pump station, improve control systems. Construct additional underground storage tank at Mill Road to give additional 1 to 2 hours storage capacity.	Risk of wastewater overflows which could potentially enter stream Provides resilience against power supply failure. Likely cost around $320,000 Provides broad resilience improvement. Likely cost in the order of $400,000	Not favoured One of these two options favoured; $350k reflected provisionally in LTP for 2028/29
Wastewater	Level of Service No decision required – compliance required	Abatement notices from Environment Canterbury are currently in effect regarding the operation of the treatment plant. Most issues appear to be due to potentially inappropriate resource consent conditions.	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. Possible effects of new consent conditions on future CAPEX and OPEX requirements	Uncertain
Wastewater	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 Continuing focus on identifying and reducing direction of stormwater to sewer Progressive upgrade of sewer pumps at time of renewal to provide additional capacity	May need to restrict development in some areas, increasing overflow risk Smoke testing to locate private stormwater connections to sewer; owners to rectify, low cost to Council. Estimated additional cost of $131,000 over 10 years, proposed to be recovered through development contributions.	Not favoured Certain, ongoing Favoured; reflected in LTP
Wastewater	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

3.0 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 km^2 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 poses 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.

With the results of the 2023 census not yet available, 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.

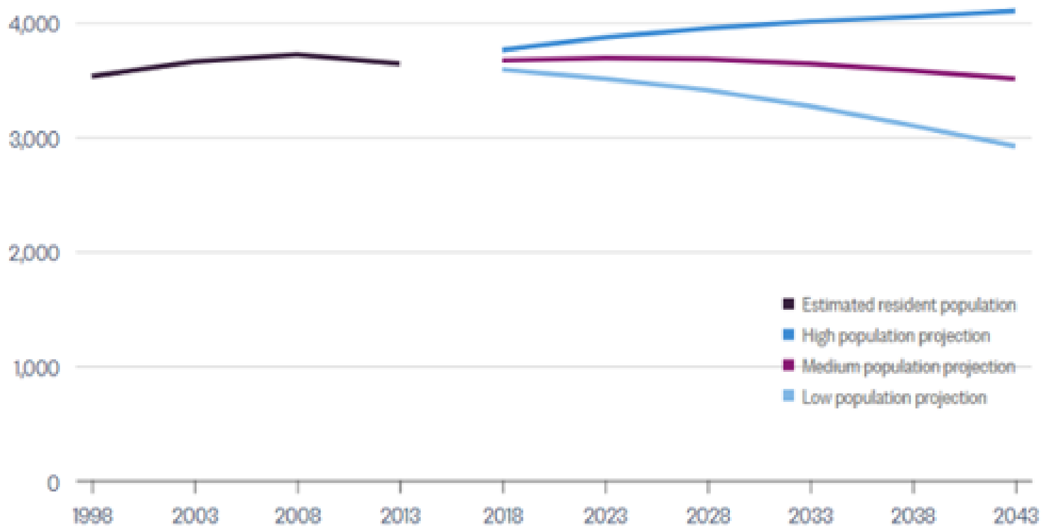


Figure 1: Projected Kaikōura District Permanent Resident Population

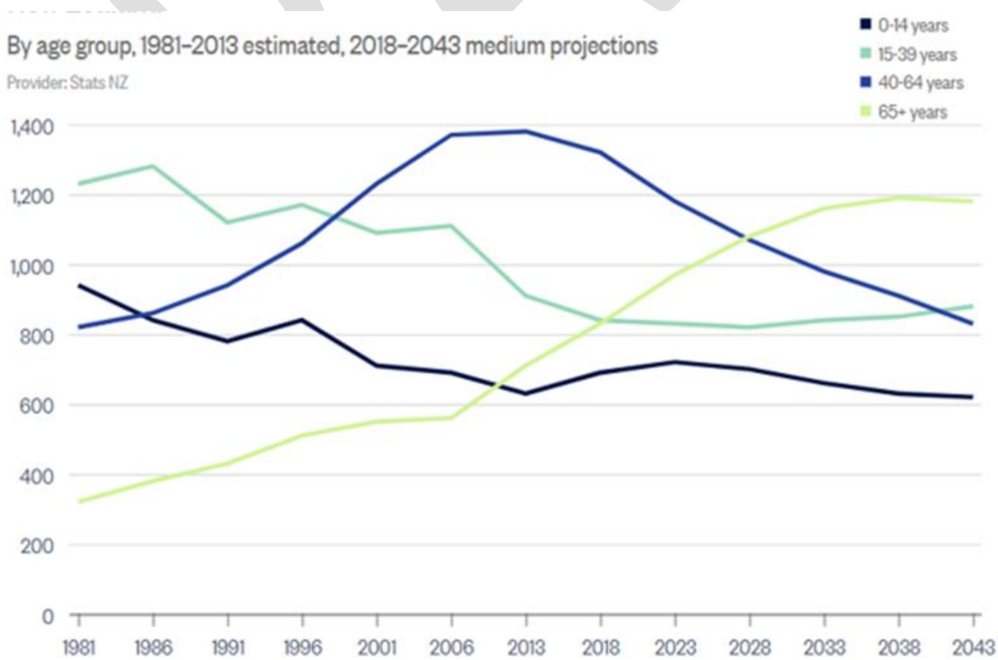


Figure 2 – Historical Age Demographic Trend

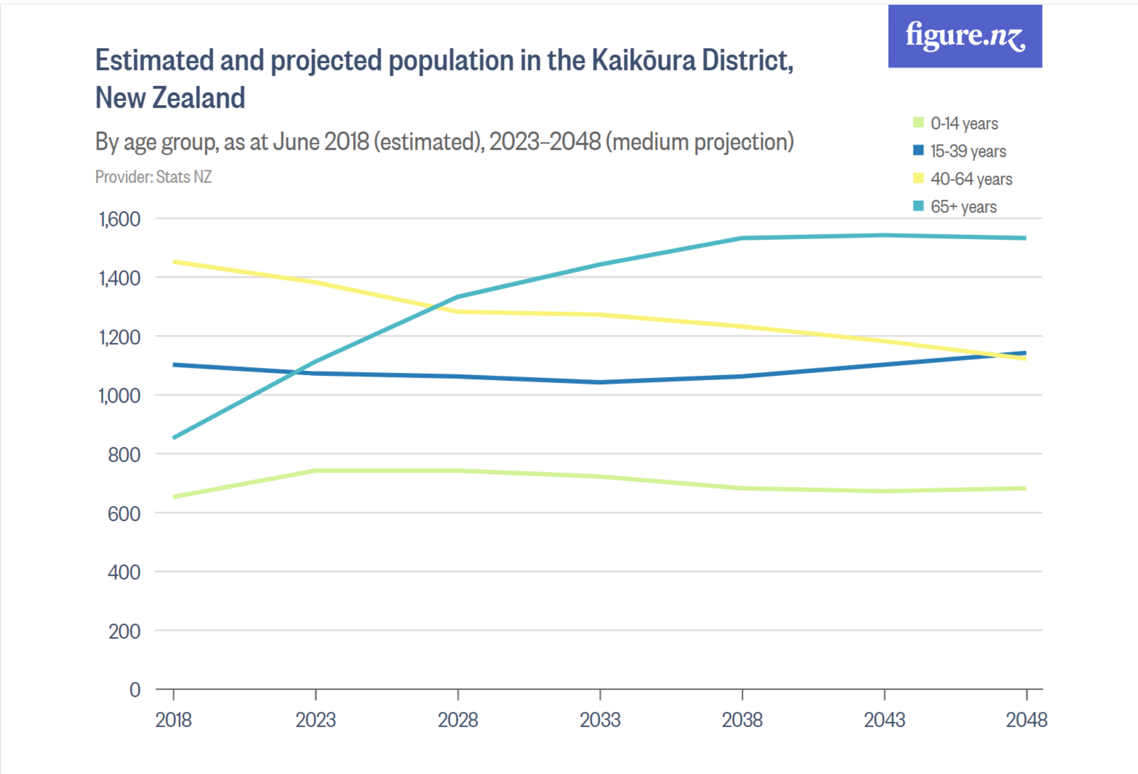


Figure 3: Predicted Kaikōura District Age Demographics

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 2018 census indicated this proportion to be just over 32%, having risen by 4% over the preceding 5 years, which appeared 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 home owners 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 6000.

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 3 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 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 3 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[1]
- No other significant changes to targeted levels of service for roads or water services other than those required for statutory compliance[2]
- No other substantial additional costs will be imposed upon Council by other legislative or regulatory changes[3]
- That climate change will not have any very major effects on the district that could realistically be mitigated by actions taken by Council[4]
- 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 other pandemic [5]
- Cost inflation adjustors as per BERL 'stalled rebuild' scenario

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 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.

Footnotes

[1] 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 2023 KDC Asset Management Plans.

[2] Further details of proposed levels of service can be found in KDC's 2023 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.

3 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.

4 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.

5 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.

3.5 Data Quality

A consequence of the previous very lean approach to the management of KDC'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 2021/31 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 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 surfaces and footpaths. Details of these assessments are contained in the 2023 Transport Asset Management Plan, with results summarised in Appendix 1.

The resultant improvement in data quality has been reflected in an independent peer review of Council's asset valuation data 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.

3.6 Management and Procurement

A particular challenge that KDC faces is obtaining good value in respect of its major infrastructural works. Whilst works on roading or 3-waters assets make up a large proportion of KDC's costs, the scale of those works is small by local authority standards and the relative isolation of the district also has the potential to diminish competition and inflate costs.

Similar challenges exist in respect of the planning and management required for this infrastructure. The small and relatively isolated nature of Kaikoura often makes recruitment and retention of technical engineering staff difficult, 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.

These are fundamental challenges that are not easily overcome. There have been previous attempts to obtain greater economies of scale through some form of shared delivery (for example KDC's participation in Waka Kotahi NZTA Network Outcomes Contract) and the 'bundling' of works into larger packages to obtain greater market interest and economies of scale also has potential to be beneficial. Many of the indicated annual renewal requirements for particular groups of KDC assets are too small to achieve efficiency if delivered individually, and it appears preferable to instead bundle multiple years of scheduled work into a single contract to be undertaken at the same time.

It is understood that this approach has been adopted for KDC's roading works in the past. 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.

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.

3.7 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 at 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.

4.0 Roading Infrastructure

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

The levels of service provided by the local roads of the Kaikōura District 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 KDC's roads, the level of expenditure on them has been very low. For example, KDC'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 Centre peer group of councils 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 in turn 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, and whilst some progress has been made towards meeting these more challenging targets, more remains to be done, as shown in Table 2.

	2022/2023 Target	2022/2023 Actual	Achieved?
Roads & Bridges:			
The change from the previous year in the number of fatalities and serious injury crashes on the local road network expressed as a number	0	3	No
The average quality of ride on the sealed local road network, measured by smooth travel exposure	92%	95%	Yes
The average quality of ride on the sealed road network measured by NAASRA roughness	97	91	Yes
The percentage of customer service requests relating to roading, footpath and associated faults responded to within timeframes: Urgent – 1 day Other – 1 week	> 90%	70%	No
The percentage of the sealed network that is resurfaced per annum	> 7%	8.5%	Yes
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%	0.0%	Yes
Footpaths:			
The percentage of footpaths that are poor condition (grade 4 or 5)	< 10%	Not available	Not available
Resident satisfaction with footpaths	Increasing by 3% per year	41%	No
Streetlights			
The percentage of streetlights not functioning during an audit of any part of the network	< 1%	< 1%	Yes

Table 2: Performance Against 2022/23 Annual Plan 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.

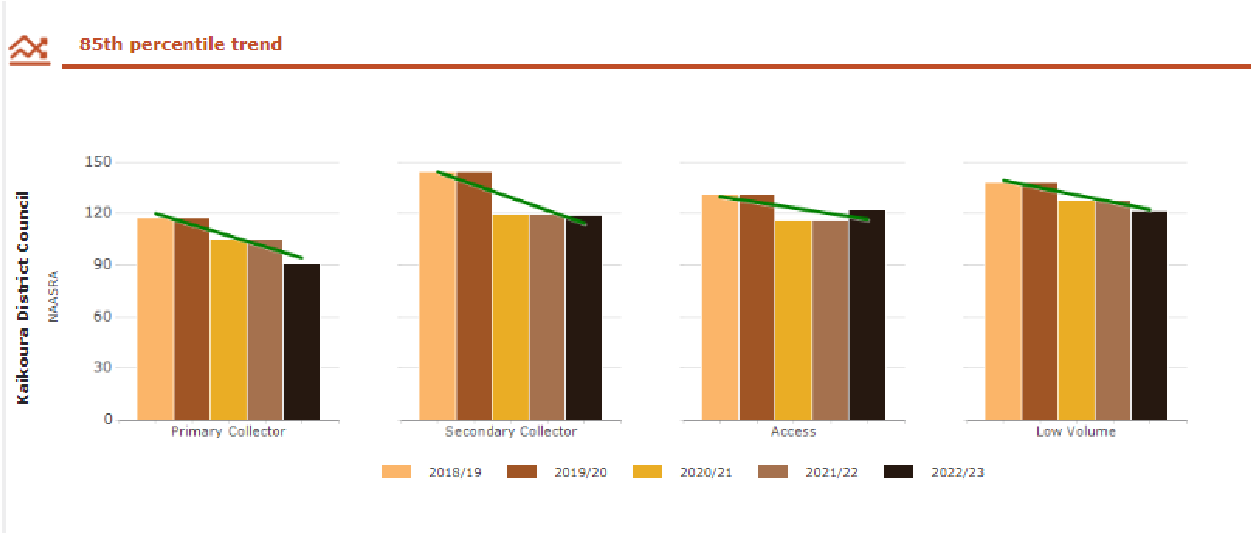


Figure 4: Roughness Trends – KDC Roads

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 a 85th percentile basis, as shown in Figure 5 below.

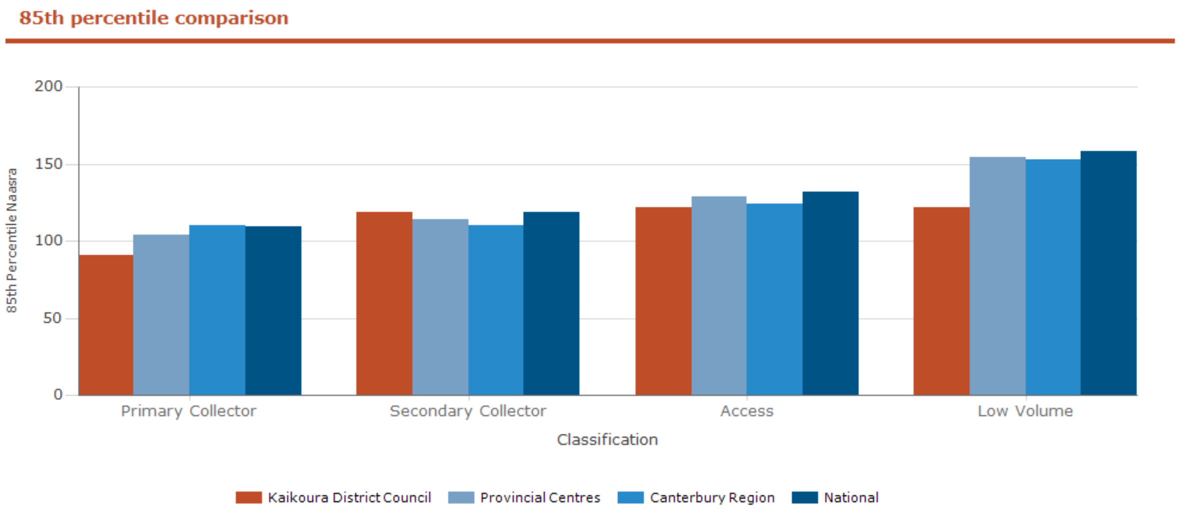


Figure 5: Roughness Comparison – 85th Percentile

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.

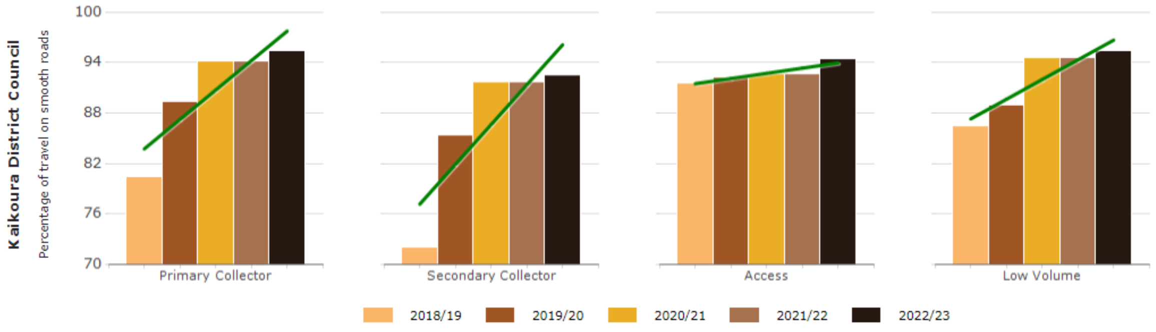


Figure 6: Smooth Travel Exposure Trends – KDC Roads

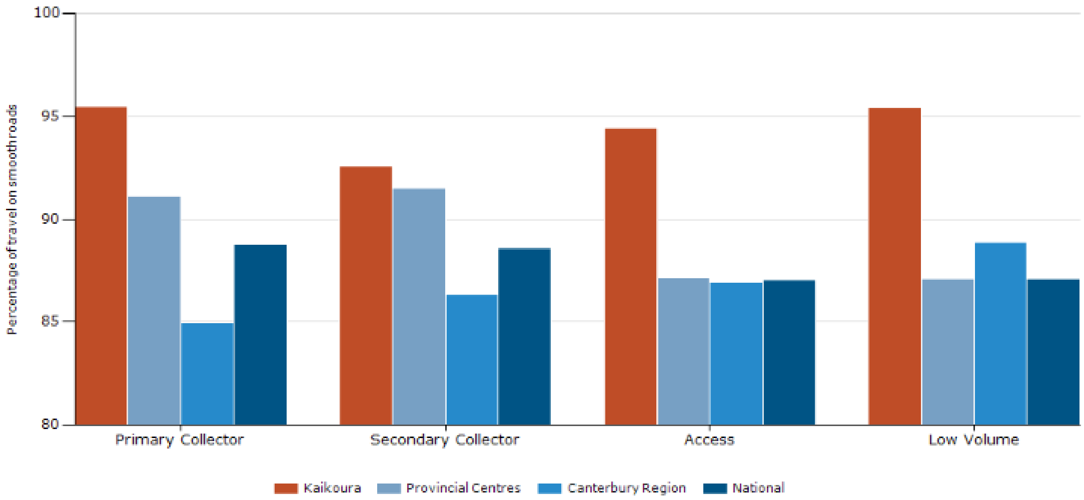


Figure 7: Smooth Travel Exposure Comparison – KDC Roads

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.

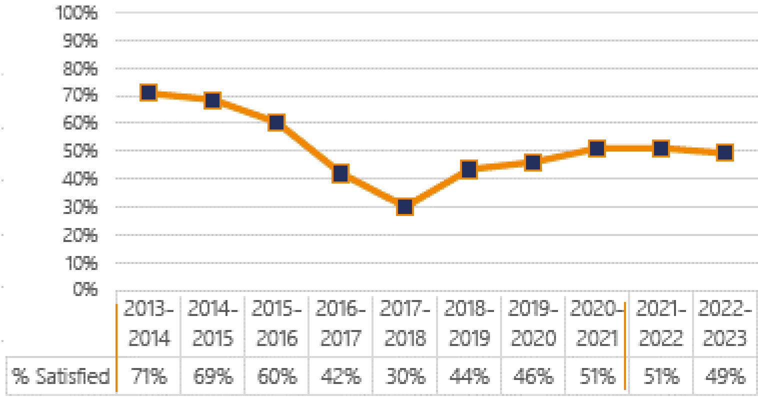


Figure 8: Community Satisfaction Levels (Roads)

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.

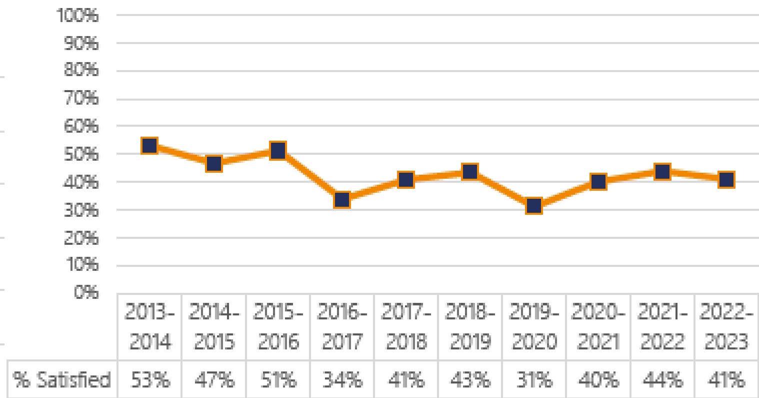


Figure 9: Community Satisfaction Levels (Footpaths)

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 Vicaage 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.

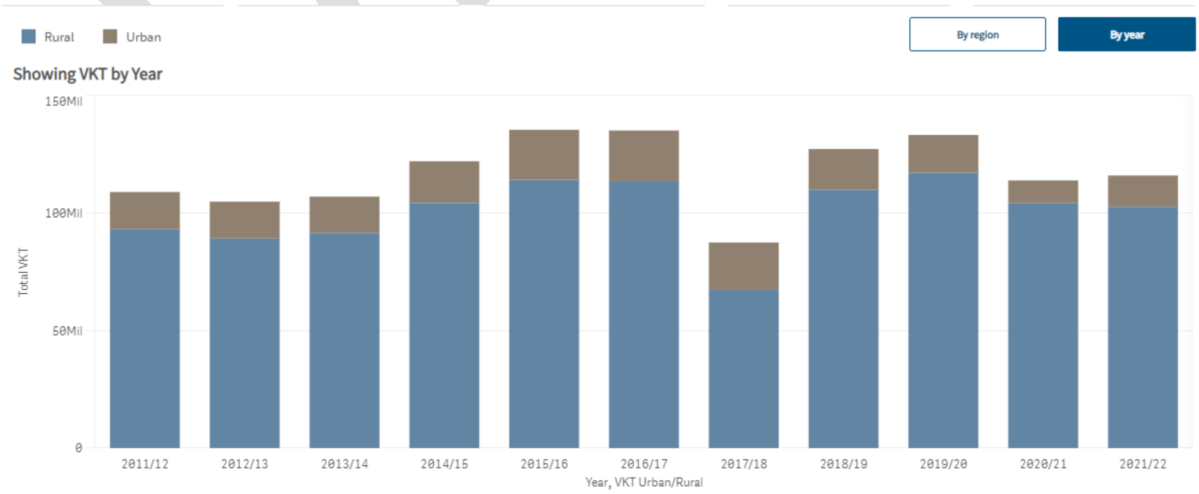


Figure 10: Annual Vehicle Kilometres Travelled in Kaikōura District
(includes State Highways)

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.

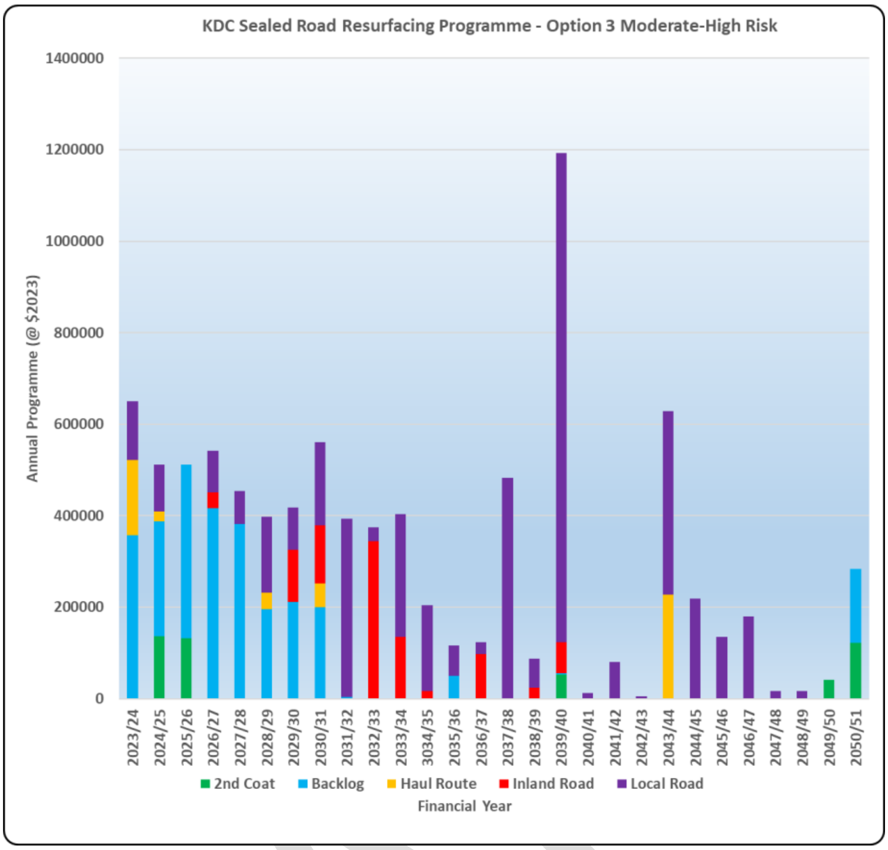


Figure 11 – Historic and Projected Annual Sealed Pavement Renewal Expenditure

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 an 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 KDC 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 KDC's roads, that means a life greater than 100 years.

It is not believed that any renewal of sub-base on KDC 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 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 total 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.

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 in the near future 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 Makur & McInnes bridges are required within the LTP period, practical justification for such replacements does not appear to exist.

It is however believed that consideration does need to be given to replacing the bridge over the Jordan Stream on Puhi Puhi Road and a provisional budget allocation of $800,000 for this has been indicated for the 2029/30 year, though other options do exist.

A first renewal of a large bridge (Kahutara on the Inland Road) is indicated by this data to be required in 2050.

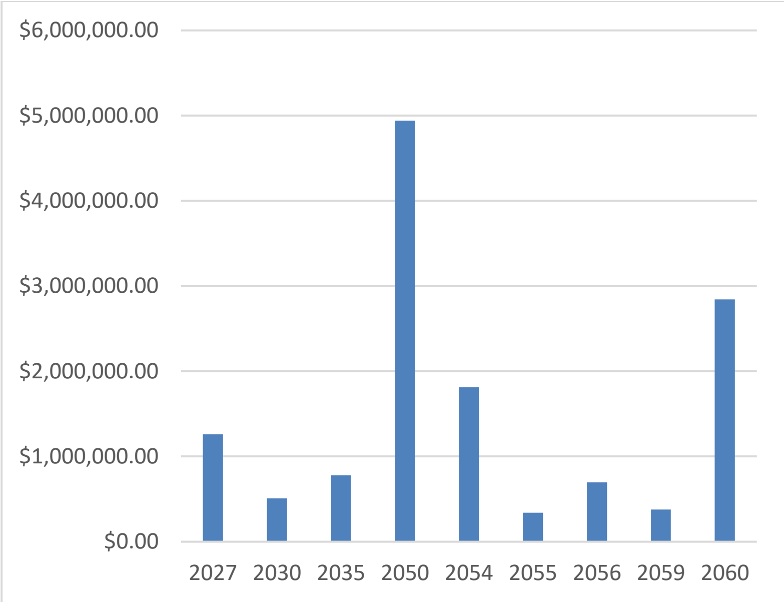


Figure 12: Bridge Renewal Requirements based on Raw Inventory Data

The foregoing discussion and figures do however not include the potential replacement of the former bridge over the Waiau Toa / Clarence River at Glen Alton.

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 $12.6 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 considered to be overdue for replacement.

It was initially hoped that these replacements could be in the form of concrete paths, but it has subsequently been found that costs for such paths were higher than expected and it is now proposed that the majority of renewals are instead conducting using lower cost asphalt overlays.

It is currently proposed that 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 being proposed 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.

4.3.6 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 Waiau Toa / Clarence River Bridge at Glen Alton, 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 2029/30 (driven by $800,000 replacement of Jordan Stream Bridge), 2042/43/44 (driven by 'echos' 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 very much affected by gravel migration from slips created during the 2016 earthquake, which could potentially necessitate other substantial activities at an earlier date.

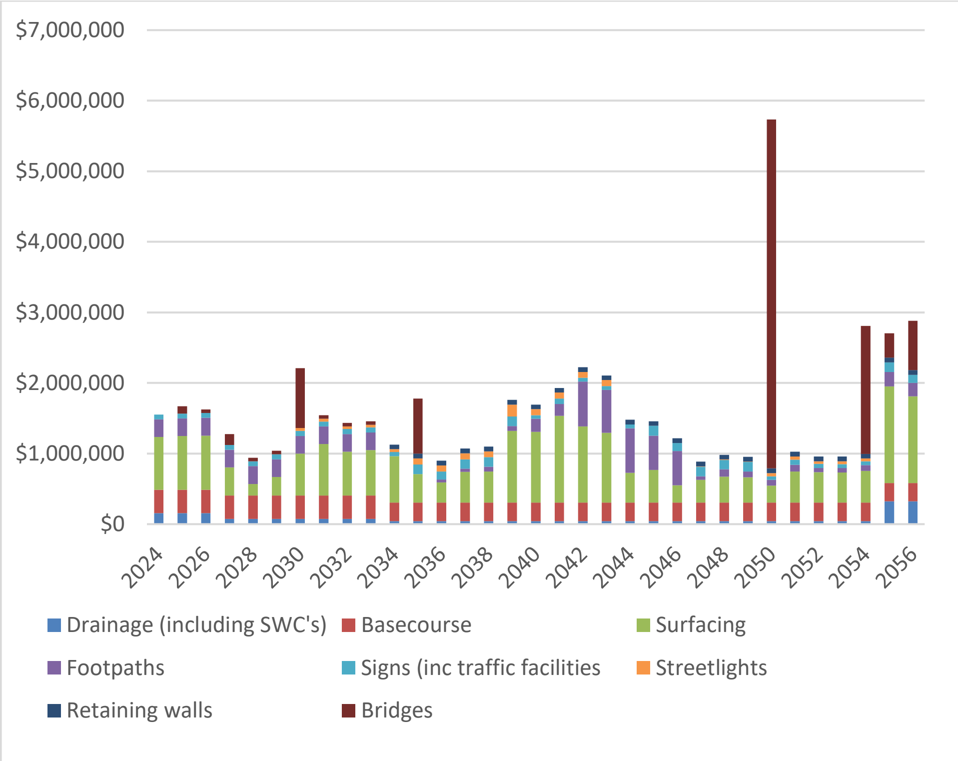


Figure 13: Smoothed Roading Asset Renewal Cost Projection
(2023 Dollar Terms, excluding Waiau Toa/ Clarence Bridge)

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 3-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 Waiau Toa/Clarence 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.

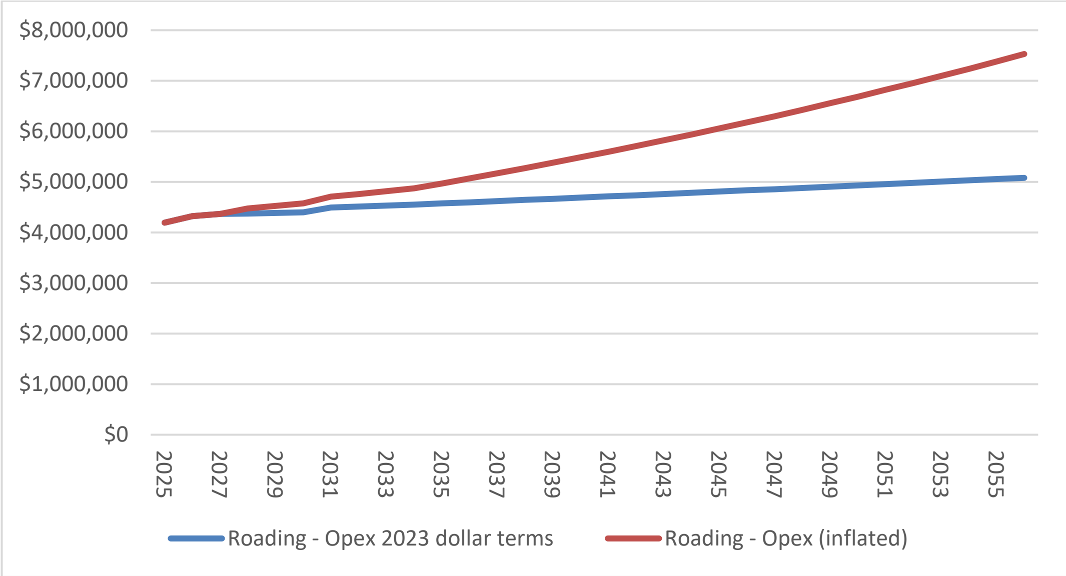


Figure 14: Projected Annual Roading total OPEX Costs

4.6 Funding

A very significant but uncertain 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%.

At the time of preparing this Infrastructure Strategy Council has not been advised of the extent of subsidy that will be granted for KDC's submitted 2024-27 NLTP roading program, and there appears to be a strong possibility that what is granted will fall well short of what was requested, since NZTA has advised that its available funding for that period falls well short of what has been applied for in the Canterbury region.

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 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 this 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 situations of each authority. The result of this has been that currently KDC is meeting over 70% of the cost of roading activities which is considered unsatisfactory.

In its current application KDC is again seeking that the full subitizable extent of it proposed program is funded at 51%, reducing the local share to 49%. To achieve this in an overall programme that is slightly larger than that for 2021-24, and which has also been adjusted for inflation would require the NZTA subsidy to be increased by 67% and it is considered very unlikely that such an increase would be approved.

An assumption does however need to be made for the LTP in regard to what level of subsidy will be provided, and that initial assumption is currently that the overall level of NZTA subsidy will increase by 35% relative to that for the 2021-24 NLTP.

It is stressed that this is a very tentative assumption that will remain subject to considerable uncertainty for some time, probably until after the LTP has been adopted.

Should it be found that the subsidy granted falls well short of the assumption consideration will have to be given to the affordability of increased local funding or reduction of some programme elements, though the latter would be considered very undesirable as the works are core functions.

5.0 Water Services Infrastructure

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 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

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 and been recently achieved using funding made available through the Department of Internal Affairs (DIA) 3-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 KDC's 3-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 of the previous significant public health issues in respect of 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 Standards (DWS).

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 activites are now being conducted in an environment where there is ongoing increased emphasis on compliance being maintained.

5.1.3 Environmental Issues

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 however distinct amongst the water supplies administered by KDC in that it has both an active management committee comprised of customers and some significant financial reserves, and as such the resources to make a decision and implement measures to address this issue are present.

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 8000m^3 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 3000m^3 per day, peak takes approaching 7000m^3 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 $500,000 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.

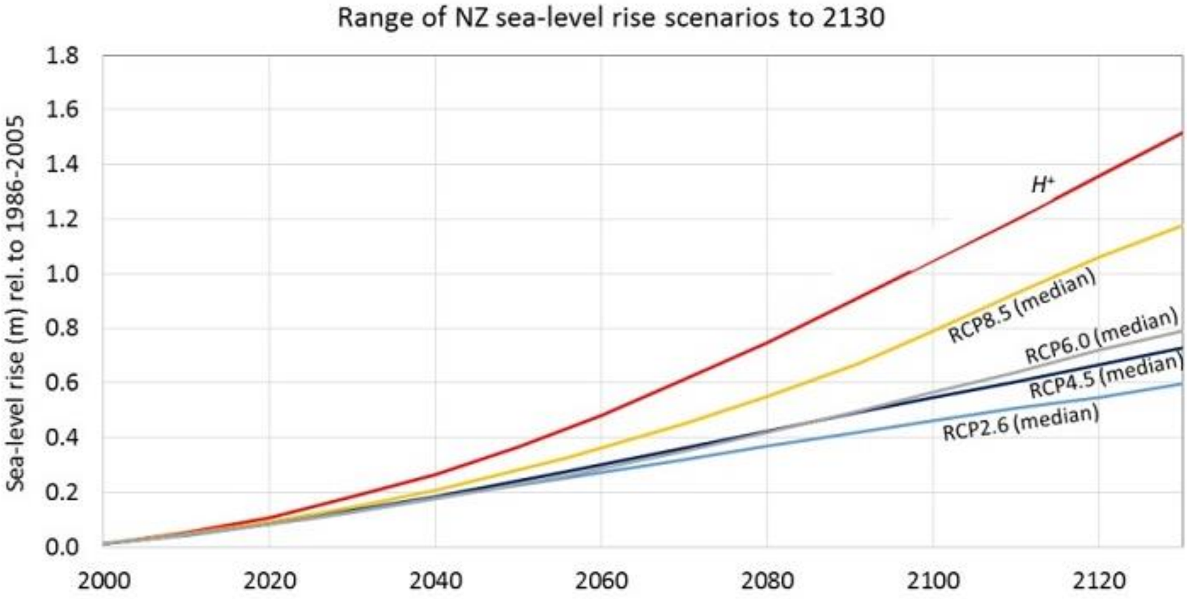


Figure 15: Sea Level Rise Predictions

5.3 3-Waters 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 be 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.

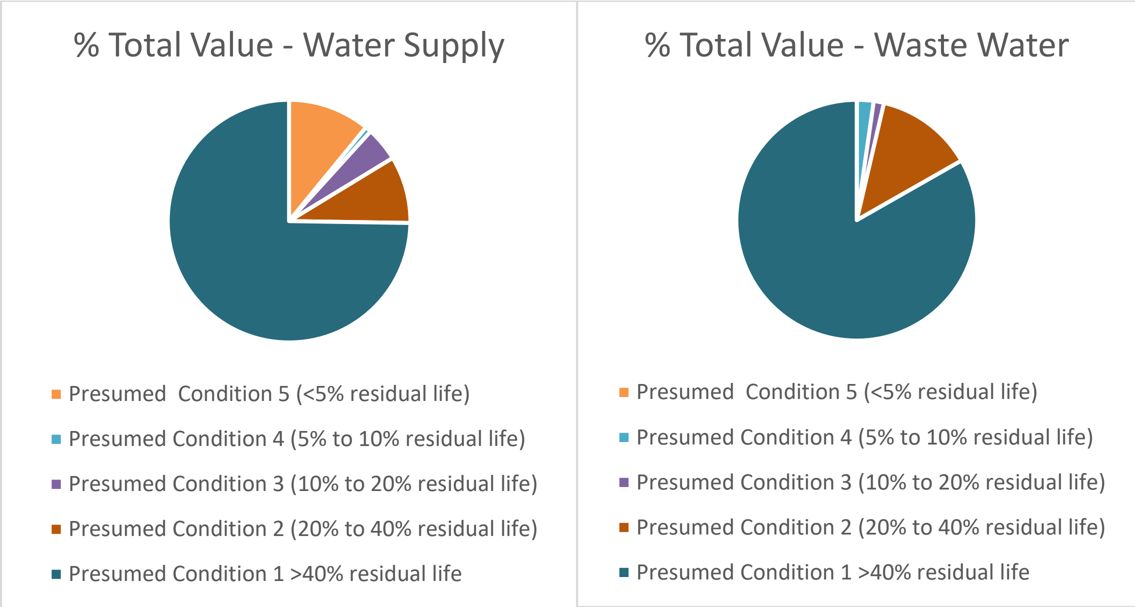


Figure 16: Potential Indicative Condition Distributions (by % total value) for water and wastewater assets

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

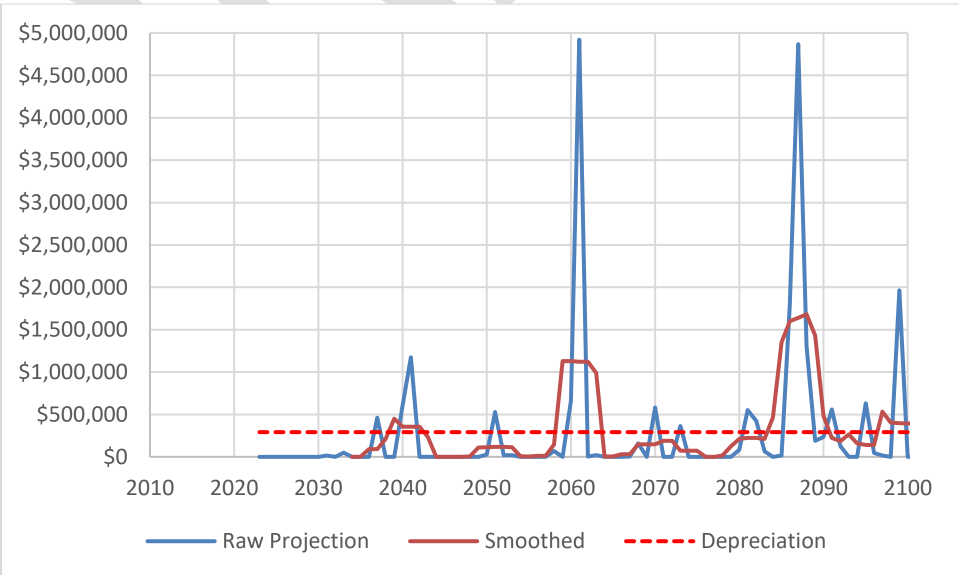


Figure 17: Long-term Annual Renewal Cost Profile – Wastewater Pipes

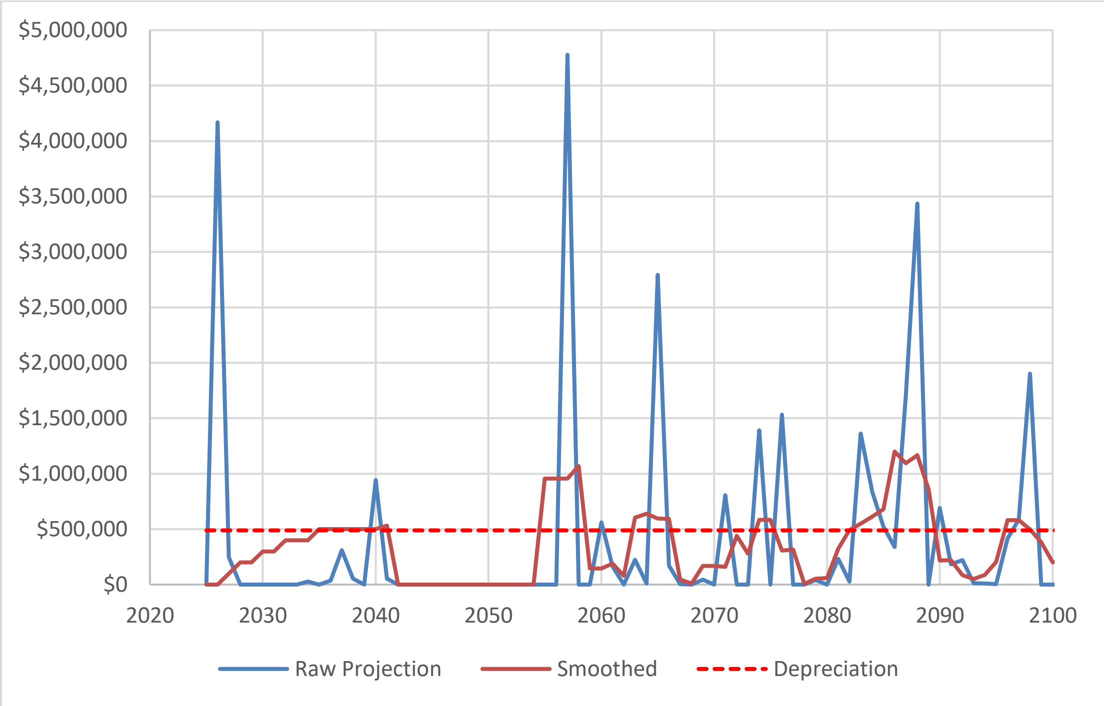


Figure 18: Long-term Annual Renewal Cost Profile – Water Pipes

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.

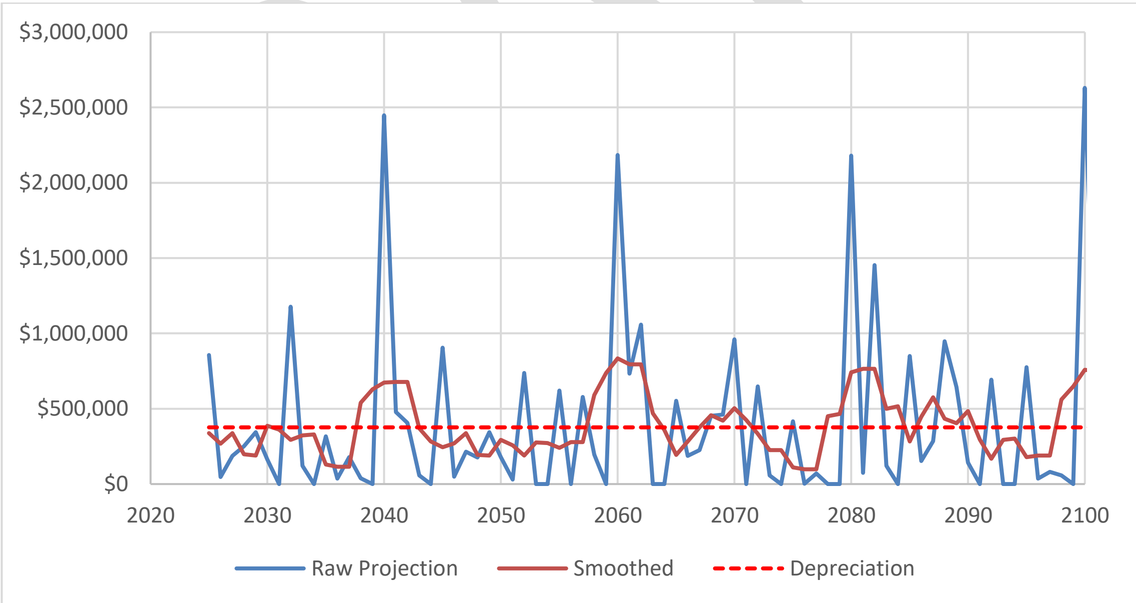


Figure 19: Long-term Annual Renewal Cost Profile – Wastewater Structures

Figure 20 shows projected annual renewal expenditure on all KDC water services assets (water, wastewater and stormwater) and associated current depreciation over the 2025-2057 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.

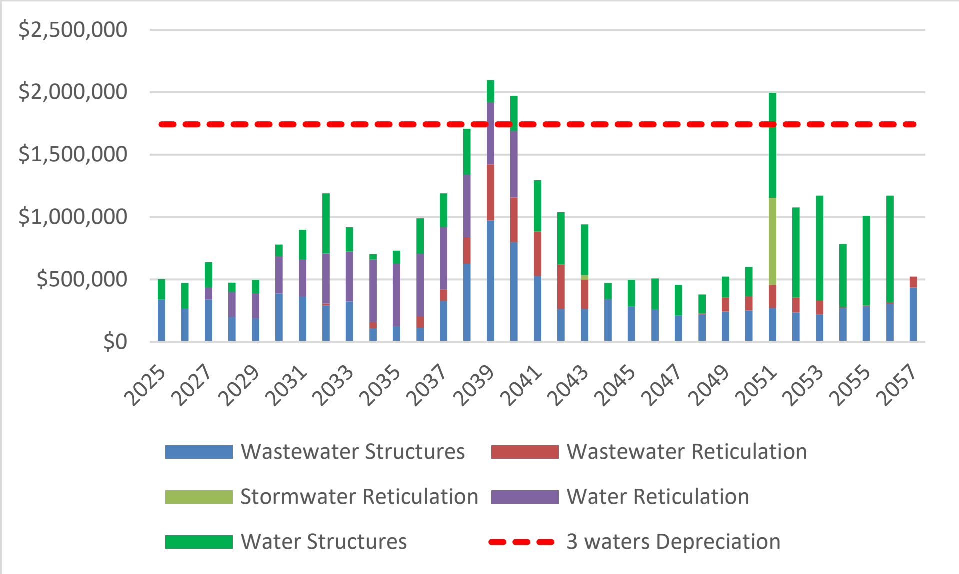


Figure 20: Forecast Annual Renewal Cost – All 3 Water Services (Raw Data)

Figure 21 shows total 3 waters CAPEX and its purposes, including some limited expenditure to improve levels of service or to accommodate growth.

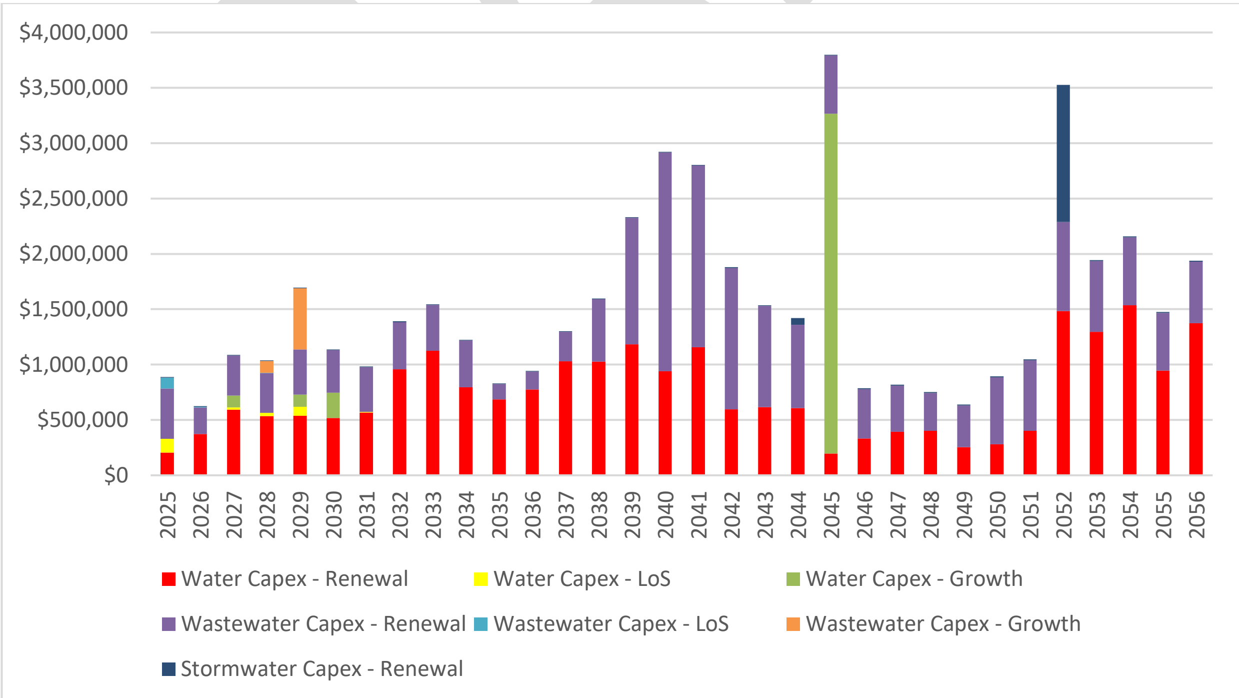


Figure 21: Forecast Annual 3-Waters CAPEX and Purpose (2023 Dollar Terms)

5.4 Resilience

In general, the level of resilience of Council's water services infrastructure is considered to be relatively high, with the works undertaken using the DIA's 3-Waters Reform funding having further improved this.

Whilst the 2016 Kaikōura earthquake caused significant damage to some of KDC's 3-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 considered to remain the main threat to 3-Waters infrastructure, and it is recognised that a more damaging event than that of 2016 could potentially occur.

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.

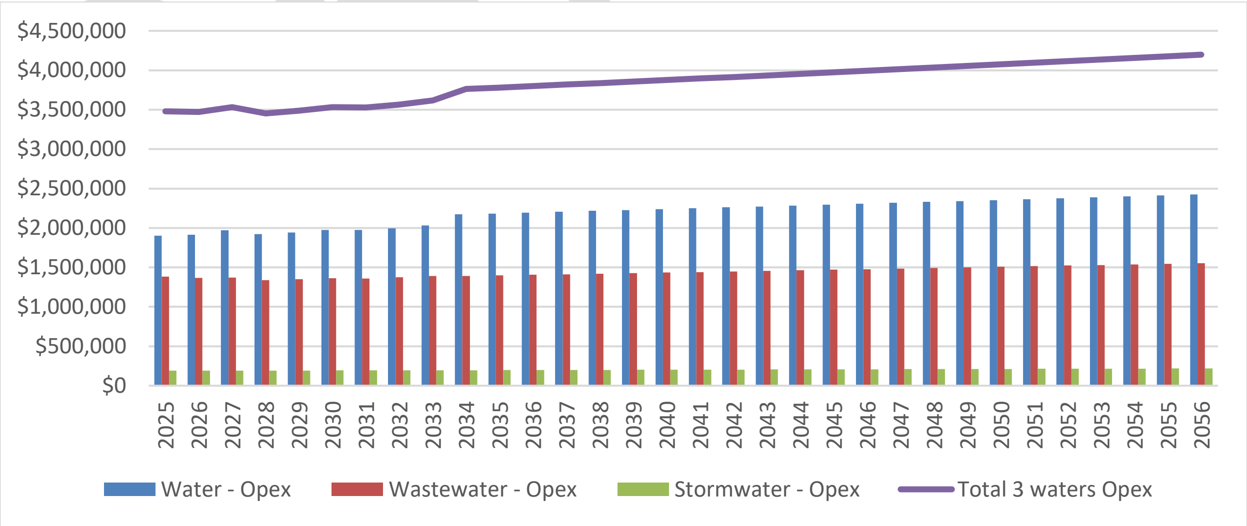


Figure 22: Forecast Annual 3-Waters Total OPEX Costs (2023 Dollar Terms)

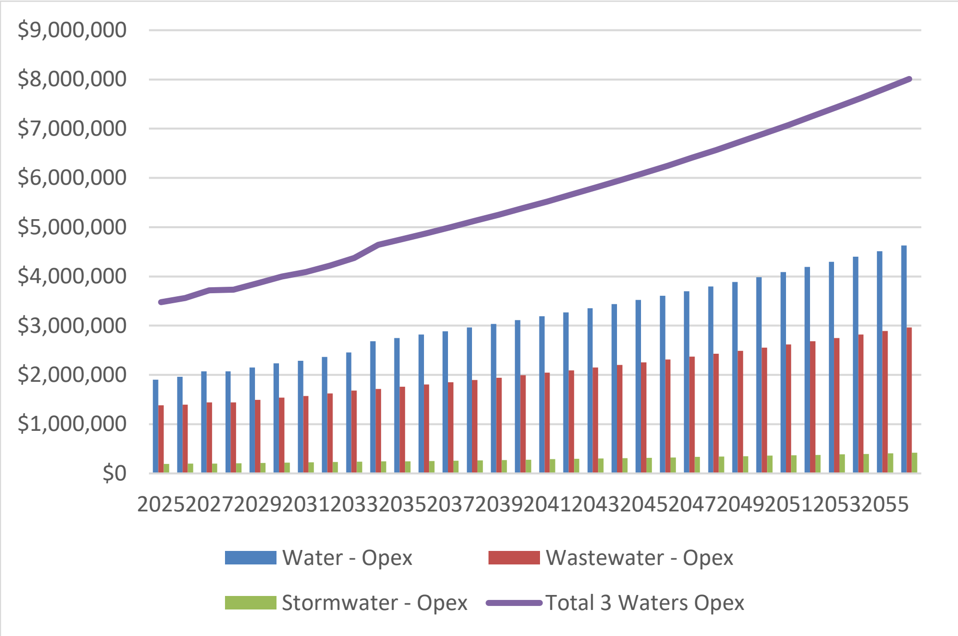


Figure 23: Forecast Annual 3-Waters Total OPEX Costs (Inflated)

6.0 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	$1,113,000	$1,512,000
Stormwater - OPEX	$6,296,000	$8,929,000
Wastewater - CAPEX	$13,925,000	$19,394,000
Wastewater - OPEX	$44,583,000	$63,242,000
Water Supply - CAPEX	$19,397,000	$27,490,000
Water Supply - OPEX	$68,034,000	$97,013,000
Road & Footpaths - CAPEX	$53,750,000	$75,101,000
Roads & Footpaths - OPEX	$145,142,000	$173,704,000

Table 5: Capital and Operational Expenditure

The breakdown of operational and capital expenditure on a year by year basis in 2023 dollar terms 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 parts of the Fernleigh and Kincaid rural water supplies, 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.

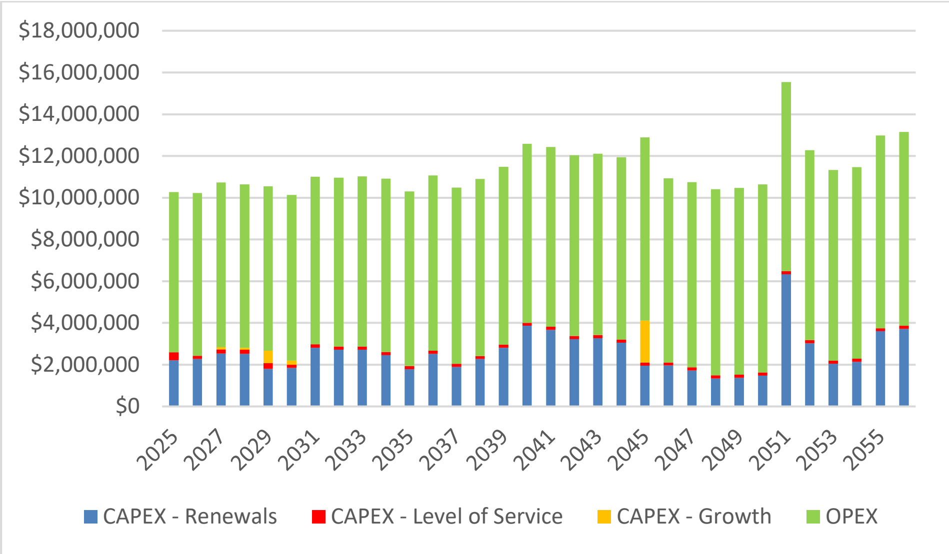


Figure 24: Forecast Total Expenditures – Roading and Water – 2020 Dollar Terms

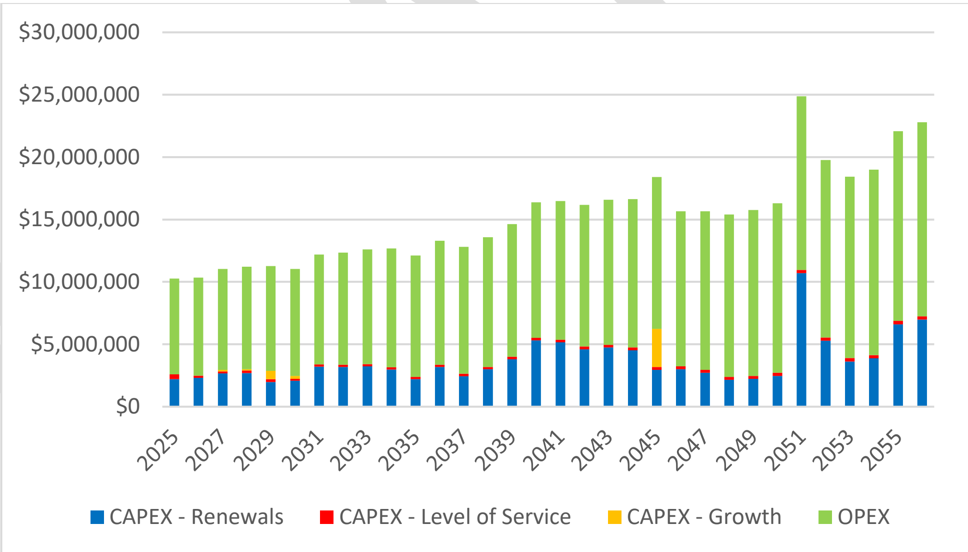


Figure 25: Forecast Total Annual Expenditures - Roading and Water – Inflated

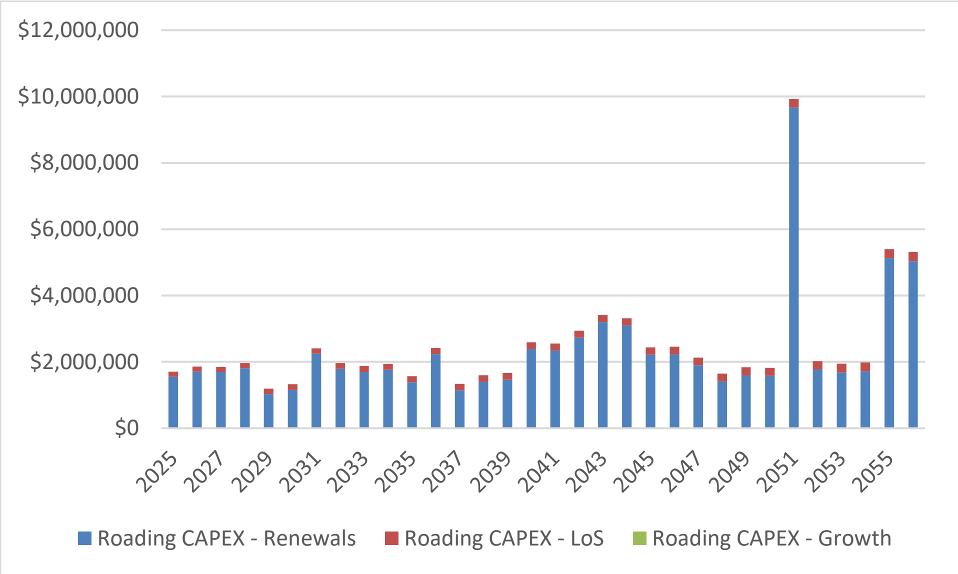


Figure 26: Forecast Annual Roading CAPEX and Purpose (2023 Dollar Terms)

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 Council's 2021-31 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.

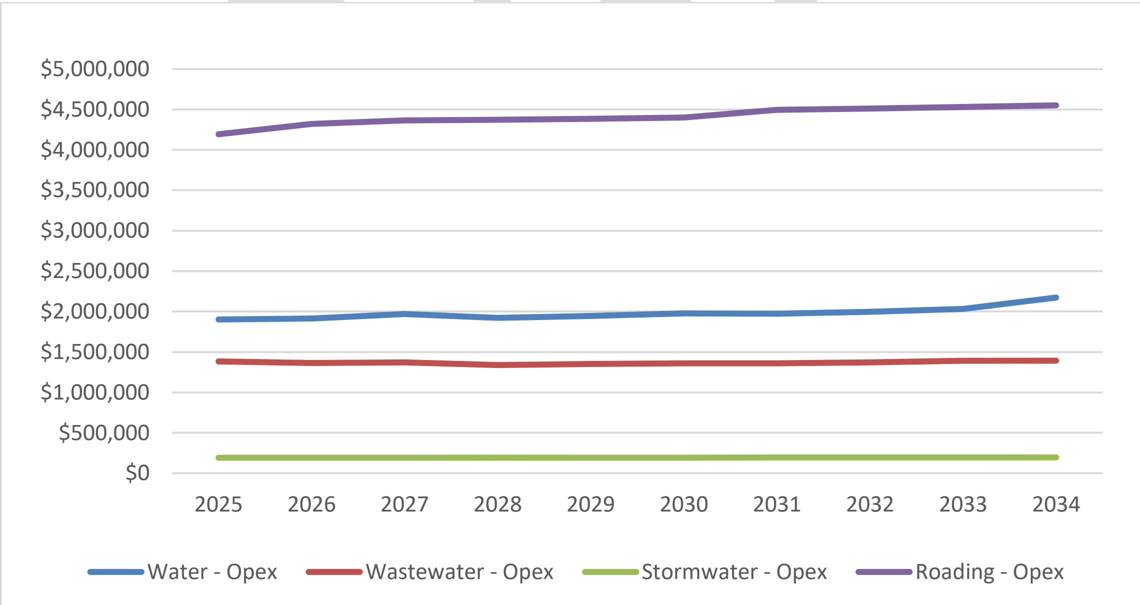


Figure 27: Forecast Annual OPEX (2023 Dollar Terms)

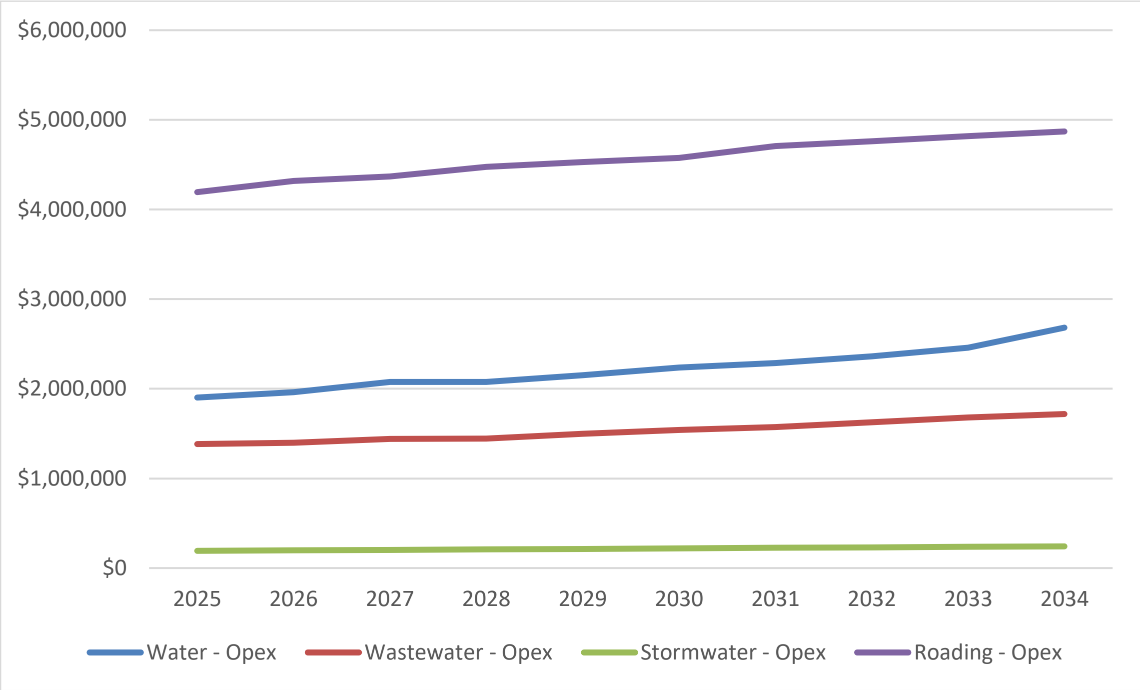


Figure 28: Forecast Annual OPEX (inflated)

Combining all operational and capital cost components together yields the Figure 29.

This overall expenditure profile (achieved with only a small amount of smoothing between years) is very uniform, with indicated renewal requirements after 2024 (when the Waiau Toa/Clarence bridge is assumed to be completed) being regular and generally less than depreciation

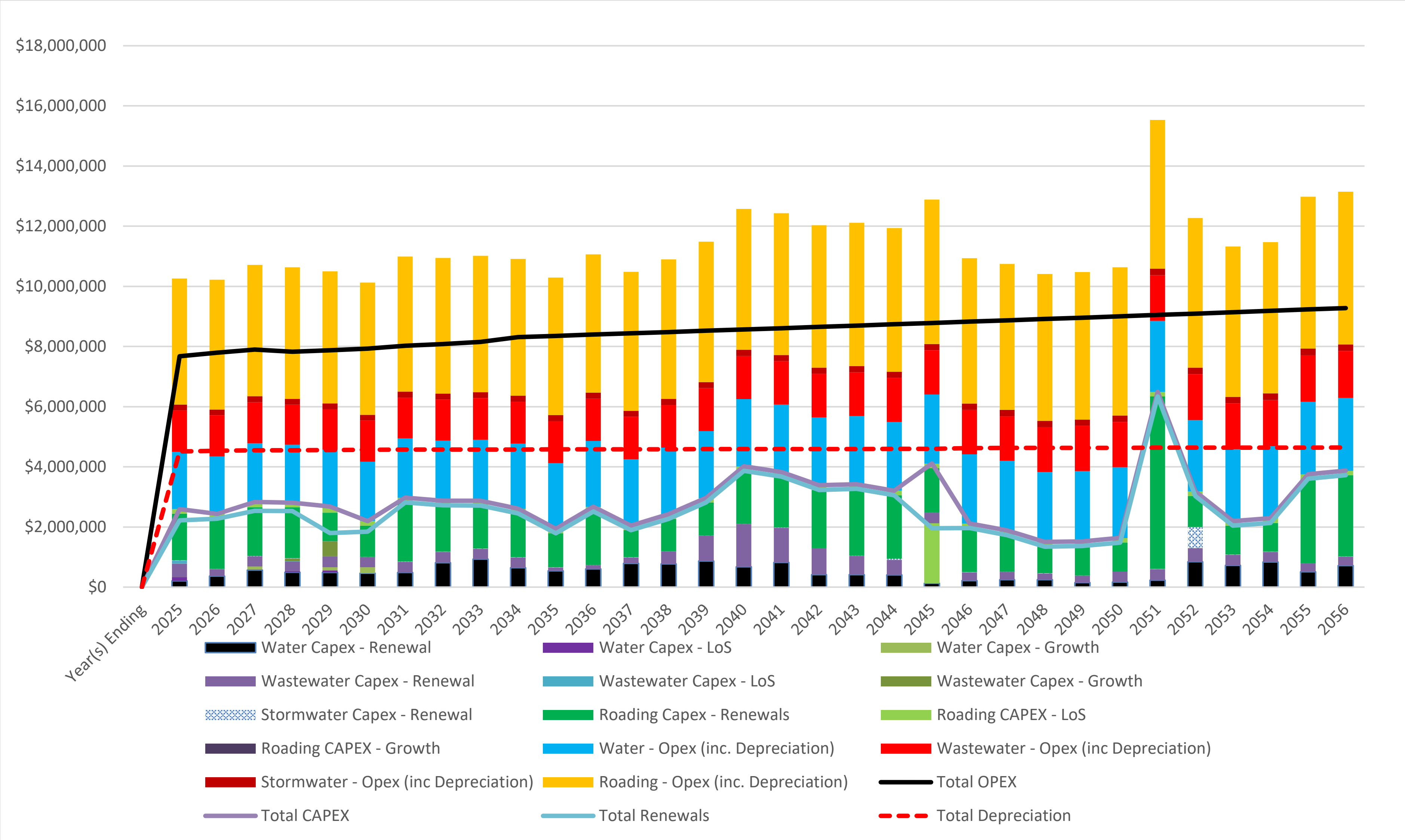


Figure 29: Projected Total Annual Costs, Roading and 3-Waters

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.

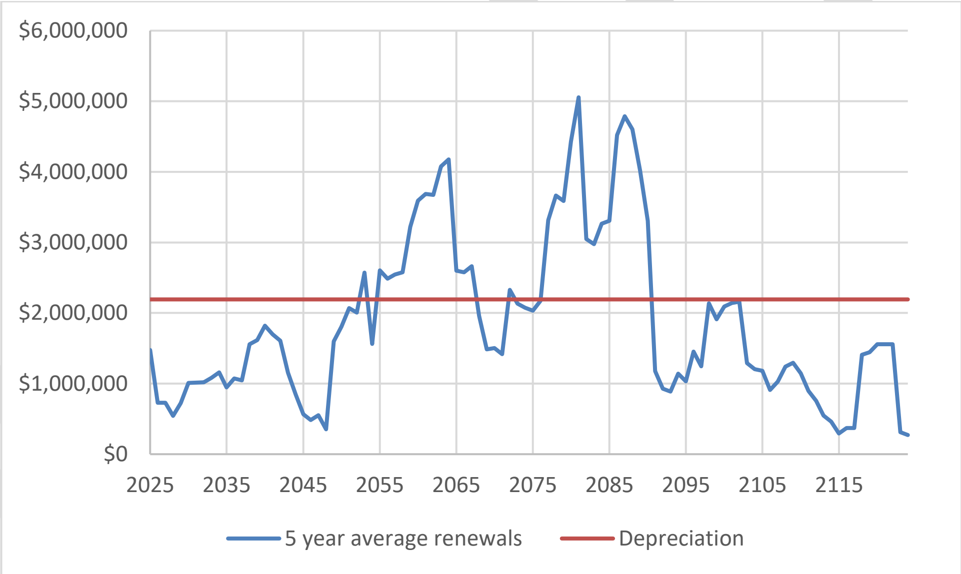


Figure 30: 100-year projection of annual renewal requirements for bridges and all 3-Waters infrastructure and comparison with associated annual depreciation. (2023 Dollar Terms)

The figure clearly defines the position that 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.

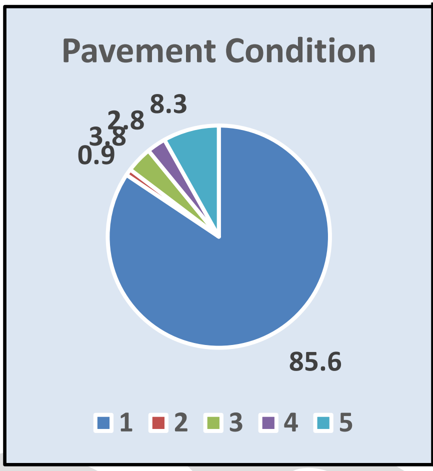
It is suspected that this future peak of renewal requirements may be even more intense than the figure suggests because it is likely that other asset groups on which KDC has less reliable data such as road drains and pavement basecourse will to a large extent have been commissioned between the 1950s 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 33.

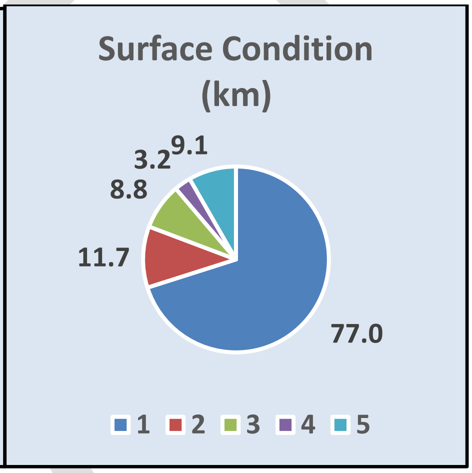
A prudent management strategy might therefore include building of significant financial reserves in the period prior to these peaks, but it is recognised that this need is far in the future and that many other factors might change in the interim.

Appendix 1

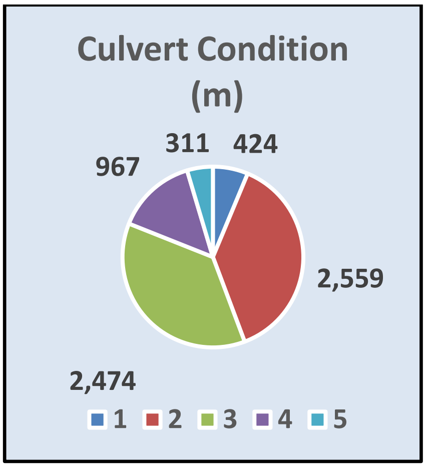
Condition Assessments of Major Roading Asset Groups

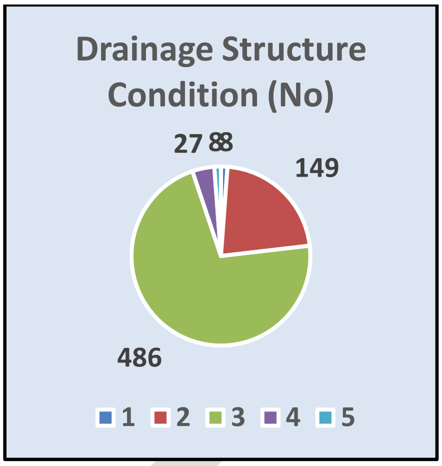
Condition	Pavement (km)	Surface (km)
1	85.6	77.1
2	9.4	11.7
3	3.8	8.8
4	2.8	3.2
5	8.3	9.1
Total	109.9	109.9



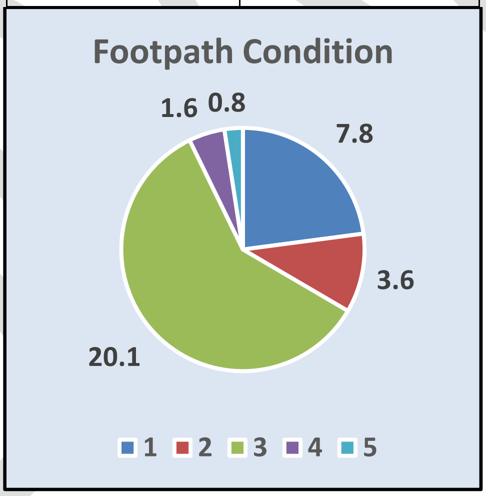


Condition	Culvert (m)	Structures (No)
1	424	8
2	2,559	149
3	2,474	486
4	967	27
5	311	8
Total	6,734	678

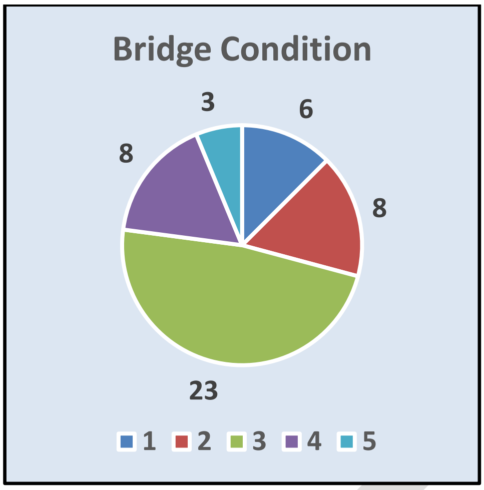




Condition	Footpath(km)
1	7.8
2	3.6
3	20.1
4	1.6
5	0.8
Total	33.9



Condition	Bridges/Large Culverts (No)
1	6
2	8
3	24
4	8
5	2
Total	48


Bridge Condition
3
6
8
8
23
1
2
3
4
5

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
Water Capex - Renewal	$205,767	$362,922	$562,884	$495,074	$485,691	$458,112	$488,837	$808,349	$930,610	$644,436	$3,570,646	$2,725,349	$986,027	$2,799,234
Water Capex - LoS	$123,000	$0	$20,000	$28,000	$72,500	$0	$5,000	$0	$0	$0	$0	$0	$0	$0
Water Capex - Growth	$0	$0	$100,000	$0	$100,000	$200,000	$0	$0	$0	$0	$0	$0	$2,000,000	$0
Wastewater Capex - Renewal	$454,425	$235,270	$345,622	$330,025	$367,772	$341,549	$349,049	$360,674	$341,549	$341,549	$1,699,952	$4,580,305	$1,323,677	$1,867,826
Wastewater Capex - LoS	$100,000	$5,000	$0	$3,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Wastewater Capex - Growth	$0	$0	$0	$100,000	$500,000	$0	$0	$0	$0	$0	$0	$0	$0	$0
Stormwater Capex - Renewal	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$25,000	$60,978	$25,000	$722,945
Roading Capex - Renewals	$1,553,390	$1,668,634	$1,625,929	$1,695,452	$940,967	$1,039,053	$1,972,835	$1,544,657	$1,436,356	$1,459,905	$5,980,170	$9,718,257	$6,023,277	$9,631,004
Roading CAPEX - LoS	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000	$750,000	$750,000	$750,000	$750,000
Roading CAPEX - Growth	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Water - Opex (inc. Depreciation)	$1,902,260	$1,915,682	$1,970,850	$1,922,105	$1,944,102	$1,976,823	$1,974,206	$1,996,262	$2,032,127	$2,172,935	$11,028,735	$11,307,224	$11,592,746	$11,885,477
Wastewater - Opex (inc Depreciation)	$1,383,391	$1,365,039	$1,370,384	$1,338,339	$1,351,655	$1,361,476	$1,358,451	$1,373,322	$1,389,563	$1,392,220	$7,066,214	$7,244,645	$7,427,582	$7,615,137
Stormwater - Opex (inc Depreciation)	$192,317	$192,423	$192,641	$192,149	$192,548	$192,951	$195,948	$196,069	$196,193	$196,319	$996,415	$1,021,576	$1,047,372	$1,073,820
Roading - Opex (inc. Depreciation)	$4,193,789	$4,319,646	$4,366,919	$4,371,733	$4,385,798	$4,399,468	$4,494,990	$4,513,405	$4,532,391	$4,551,301	$23,100,138	$23,683,445	$24,281,482	$24,894,620
Total OPEX	$7,671,757	$7,792,791	$7,900,795	$7,824,325	$7,874,104	$7,930,717	$8,023,595	$8,079,058	$8,150,274	$8,312,774	$42,191,502	$43,256,891	$44,349,181	$45,469,054
Total CAPEX	$2,596,582	$2,431,826	$2,834,435	$2,811,551	$2,676,930	$2,198,714	$2,975,721	$2,873,680	$2,868,515	$2,605,890	$12,050,767	$17,859,889	$11,132,981	$15,796,009
Total Renewals	$2,218,582	$2,271,826	$2,539,435	$2,525,551	$1,799,430	$1,843,714	$2,815,721	$2,718,680	$2,713,515	$2,450,890	$11,275,767	$17,084,889	$8,357,981	$15,021,009
Total Depreciation	$4,509,656	$4,531,005	$4,549,202	$4,552,577	$4,556,089	$4,566,371	$4,570,746	$4,572,683	$4,574,558	$4,576,433	$22,910,291	$22,957,166	$23,104,041	$23,175,916

Capital Projects Years 1 to 10

	LTP CAPEX EXCLUDING ROADING - CONSOLIDATED 4 DECEMBER - COPY TO FINANCE (002)													
Potential Recovery Via Development contributions?			Orange shaded lines are for comparitive purposes only											
		Item #'S	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		10yr total
Urban Water														
Control and data system upgrades	LoS	Includes items 2,3,4,7,9,10,1	$20,000			$5,000	$45,000		$5,000					
Improved chlorination control at low flows - Mackles with low flow valving at Fords	LoS	23			$20,000									
Supply and install chlorine analyser at Fords Reservoir	LoS	24					$12,500							
Update SCADA and connect chlorine analyser at Fords Reservoir	LoS	25				$5,000								
Spare boost pump and Hydrovar controller - Maui Street	LoS	26					$5,000							
AC Pipe Replacement Takahanga Ter -200 metres of 150mm	Renewal	29		$75,000										
Rorrisons Road new main to remove temporary connection to Beach Road (from old sewer pla	Renewal	30							$40,000					
Replace 170m of 50mm water main, 62 Torquay St, asset ID 100134	Renewal	31		$30,000										
Miscellaneous Scheduled Water Line Renewals	Renewal	Ex Valuation			$100,000	$200,000	$200,000	$300,000	$300,000	$400,000	$400,000	$400,000		$2,300,000
Miscellaneous Scheduled Water Point and Structures Renewals	Renewal	Ex Valuation	$140,976	$140,976	$178,852	$177,000	$50,000	$81,993	$65,611	$210,961	$456,831	$170,657		$1,673,856
Miscellaneous Scheduled Toby, Toby Box & Meter Renewals	Renewal	Ex Valuation	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000		$250,000
Scheme Total Renewals			$185,976	$270,976	$323,852	$412,000	$337,500	$406,993	$435,611	$635,961	$881,831	$595,657		$4,486,356
Lines Annual Depreciation (from valuation)			$557,365	$557,365	$557,365	$557,365	$557,365	$557,365	$557,365	$557,365	$557,365	$557,365		$5,573,650
Point & Structures Annual Depreciation			$415,790	$415,790	$415,790	$415,790	$415,790	$415,790	$415,790	$415,790	$415,790	$415,790		$4,157,900
Total Depreciation														$9,731,550
Peketa Water														
New chlorine analyser connected to SCADA	LoS	35					$10,000							
Replace outdated UV (use old kincaid uv unit???)	Renewal	36					$10,000							
Miscellaneous Scheduled Renewals - Points and Structures	Renewal	Ex Valuation	$2,998	$2,998	$2,998	$2,998	$2,998	$2,998	$2,998	$2,998	$2,998	$2,998		
Scheme Total Renewals			$2,998	$2,998	$2,998	$2,998	$12,998	$2,998	$2,998	$2,998	$2,998	$2,998		$39,976
Total Depreciation			$6,353	$6,353	$6,353	$6,353	$6,353	$6,353	$6,353	$6,353	$6,353	$6,353		$63,530
Fernleigh Water														
Auto reset after power outage	LoS	38	$2,500											
Main reservoir outgoing flowmeter	LoS	41				$3,000								
Main reservoir increased storage	LoS	42				$15,000								
Pipe replacements size increased for increased demand (lower priority)	Growth	43					$100,000							
Pipe replacements size increased for increased demand (highest priority)	Growth	44			$100,000									
Miscellaneous Scheduled Renewals - Points and Structures	Renewal	Ex Valuation	$10,000	$59,656	$59,656	$59,656	$19,447	$19,447	$19,447	$33,609	$10,000	$10,000		$300,916
Scheme Renewal Total			$10,000	$59,656	$59,656	$59,656	$19,447	$19,447	$19,447	$33,609	$10,000	$10,000		$300,916
Lines Annual Depreciation (from valuation)			$44,592	$44,592	$44,592	$44,592	$44,592	$44,592	$44,592	$44,592	$44,592	$44,592		$445,920
Point & Structures Annual Depreciation			$28,906	$28,906	$28,906	$28,906	$28,906	$28,906	$28,906	$28,906	$28,906	$28,906		$289,060
Total Depreciation			$73,498	$73,498	$73,498	$73,498	$73,498	$73,498	$73,498	$73,498	$73,498	$73,498		$734,980

		Item #'S	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		10yr total
Oaro Water														
SCADA and sampling improvements	LoS	49,51	$3,000											
Miscellaneous Scheduled Renewals - Points and Structures	Renewals	Ex Valuation	$6,922	$6,922	$6,922	$38,278	$6,302		$32,811					$98,156
Depreciation - Points and Structures			$6,589	$6,589	$6,589	$6,589	$6,589	$6,589	$6,589	$6,589	$6,589	$6,589		$65,890
Kincaid Water														
Configure raw water tanks as clarifier	LoS	18	$10,000											
High rate UV	LoS	19	$80,000											
Failsafe shutdown and alarms UV, FAC	LoS	20	$7,500											
Pipe replacements size increased for increased demand - Esp Hapuku	Growth	22						$200,000						
Miscellaneous Scheduled Renewals - Points and Structures	Renewal	Ex Valuation	$13,119	$13,119	$21,746	$21,746	$21,746	$20,000	$27,106	$27,106	$27,106	$27,106		
Miscellaneous Toby, Toby Box & Meter Renewals	Renewal	Ex Valuation	$8,675	$8,675	$8,675	$8,675	$8,675	$8,675	$8,675	$8,675	$8,675	$8,675		
Scheme Total Renewals			$21,794	$21,794	$30,421	$30,421	$30,421	$28,675	$35,781	$35,781	$35,781	$35,781		$306,649
Depreciation - Points and Structures			$22,066	$22,066	$22,066	$22,066	$22,066	$22,066	$22,066	$22,066	$22,066	$22,066		$220,660
East Coast Water														
Redevelop existing bore to remove iron bacteria sludge	Renewal	16		$7,500										
Galvanised iron water main replacement	Renewal	Ex Valuation			$145,793									
Miscellaneous Scheduled Renewals - Points and Structures	Renewal	Ex Valuation	$5,000		$20,165		$147,826							
PVC Pipe Replacements - lives reduced by high pressures	Renewal	Contingency								$100,000				
Stormwater														
Lower Ward St culverts and channels upgrade (excludes Avoca St culvert, done by roading)	LoS	81			$20,000									
Greys lane swale and cross-stree piping	LoS	83					$50,000							
Sundry improvements	Los	Added	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000		
Sundry Renewals	Renewal	Added - Contingency	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000		

		Item #'S	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		10yr total
Kaikoura Wastewater														
Ocean Ridge Pump Station - Replace Variable Speed Drives	Renewal	57			$20,000									
Esplanade pump station - corrosion repair	Renewal	58			$50,000									
Churchill St pump station - corrosion repair	Renewal	59	$75,000											
Ludstone Rd pump station - corrosion repair	Renewal	60					$50,000							
Hawthorne Rd pump station - corrosion repair	Renewal	61	$120,000											
Esplanade pump station - corrosion repair	Renewal	62		$75,000										
Sewer pump renewals and overhauls	Renewal	Smoothed valuation data	$100,000	$49,804	$49,804	$46,250	$46,250	$46,250	$46,250	$46,250	$46,250	$46,250		
Odour Control Renewals	Renewal	65	$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	Renewal	67		$25,000										
Treatment Plant - screening handling improvement	LoS	69				$3,000								
Changes to South Bay boat park to stop stormwater going to sewer	Growth	72				$100,000								
Wakatu pump station - replace pump plinths	Renewal	73							$7,500					
Treatment Plant - camera or other means of recording septic discharges	LoS	71		$5,000										
Fixed back-up generator - Mill Road pump station (IAF project funded?)	Growth	74												
Treatment Plant - Replace paddle wheel aerator	Renewal	Late addition	$120,000											
Treatment Plant - replace dissolved oxygen sensor	Renewal	76						$12,000						
Treatment Plant - Total Cost for Remedy of Abatement Notice (assume $300k spent in 2023	LoS	Separate estimate required	$100,000											
Mill Road Pump Station - additional buffer tank storage capacity	Growth	Added to list as provisional					$500,000							
Miscellaneous Scheduled Wastewater Line and Point Renewals	Renewal	Ex Valuation					$5,855			$19,125				
Miscellaneous Scheduled Wastewater Structures Renewals (excluding pumps)	Renewal	Ex Valuation	$34,425	$46,041	$186,393	$244,350	$226,242	$3,781		$1,154,724	$120,866			
Total Scheme Renewals			$454,425	$200,845	$311,197	$295,600	$333,347	$55,031	$58,750	$1,225,099	$172,116	$51,250		$3,157,660
Depreciation - Points and Structures			$487,723	$487,723	$487,723	$487,723	$487,723	$487,723	$487,723	$487,723	$487,723	$487,723		$4,877,230
Depreciation - Lines			$291,717	$291,717	$291,717	$291,717	$291,717	$291,717	$291,717	$291,717	$291,717	$291,717		$2,917,170
Total Depreciation														$7,794,400

Operating Costs (excluding depreciation and overheads) Years 1 to 10 (2023 dollar terms)

UPDATED NUMBERS REQUIRED HERE……….

OPERATING COST COMPONENTS (UNESCALATED)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10 Year Total
Roading - Roads & Bridges - Roads & Bridges											
Time Sheet Cost Capture	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	1440000
Minor Events 140	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	67,500	675000
Level Crossing Warning Devices	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	60000
Sealed Pavement Mtce 111	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	1400000
Unsealed Pavement Mtce 112	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	1620000
Routine Drainage Mtce 113	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	81,000	810000
Structures Maintenance 114	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	500000
Environmental Maintenance 121	168,750	168,750	168,750	168,750	168,750	168,750	168,750	168,750	168,750	168,750	1687500
Traffic Services Mtce 122	189,000	189,000	189,000	189,000	189,000	189,000	189,000	189,000	189,000	189,000	1890000
Network & Asset Management 151	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	280,000	2800000
Cycle Path Maintenance	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	40000
Land Transport Safety projects	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100000
	1,302,250	1,302,250	1,302,250	1,302,250	1,302,250	1,302,250	1,302,250	1,302,250	1,302,250	1,302,250	13,022,500
Roading - Roads & Bridges - Roads & Bridges											
Maintenance	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	600000
	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	600,000
Roading - Streetlights - Streetlights											
Electricity	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	380000
Maintenance	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	160000
	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	540,000
Roading Total	**1,416,250**	**1,416,250**	**1,416,250**	**1,416,250**	**1,416,250**	**1,416,250**	**1,416,250**	**1,416,250**	**1,416,250**	**1,416,250**	**14,162,500**
	-	-	-	-	-	-	-	-	-	-	-
Water Supplies - Kaikoura Urban Water - Kaikoura Urban Water											
Electricity	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	1350000
Insurance	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	600000
Planned Mtce - Reticulation	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	360000
Unplanned Mtce - Reticulation	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	700000
Planned Mtce - Facilities	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	400000
Unplanned Mtce - Facilities	15,000	15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	190000
Rates	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250000
Water Meter Reading Expenses	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	46000
Management incl. Water Testing	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000	59,000	590000
3W Stimulus Project Expenses	325,622										325622
	770,222	444,600	449,600	449,600	449,600	449,600	449,600	449,600	449,600	449,600	4,811,622

OPERATING COST COMPONENTS (UNESCALATED)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10 Year Total
Water Supplies - Ocean Ridge Water - Ocean Ridge											
Electricity	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	16000
Insurance	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	68000
Planned Mtce - Reticulation	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	102000
Unplanned Mtce - Reticulation	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	16000
Planned Mtce - Facilities	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	145000
Unplanned Mtce - Facilities	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	39000
Resource Consent Monitoring	240	240	240	240	240	240	240	240	240	240	2400
Management incl. Water Testing	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	220000
	59,940	60,940	60,940	60,940	60,940	60,940	60,940	60,940	60,940	60,940	608,400
Water Supplies - East Coast Water - East Coast											
Electricity	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	340000
Insurance	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	22000
Planned Mtce - Reticulation	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	60000
Unplanned Mtce - Reticulation	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	120000
Unplanned Mtce - Facilities	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	26000
Management incl. Water Testing	20,000	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	35120
	76,800	58,480	58,480	58,480	58,480	58,480	58,480	58,480	58,480	58,480	603,120
Water Supplies - Kincaid Water - Kincaid											
Electricity	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	38000
Insurance	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	26000
Planned Mtce - Reticulation	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	13,200	132000
Unplanned Mtce - Reticulation	4,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	58000
Planned Mtce - Facilities	15,900	15,900	15,900	15,900	15,900	15,900	15,900	15,900	15,900	15,900	159000
Unplanned Mtce - Facilities	12,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	102000
Management incl. Water Testing	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	220000
	73,500	73,500	73,500	73,500	73,500	73,500	73,500	73,500	73,500	73,500	735,000

OPERATING COST COMPONENTS (UNESCALATED)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10 Year Total
Water Supplies - Fernleigh Water - Fernleigh											
Electricity	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	180000
Insurance	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	33000
Planned Mtce - Reticulation	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	180000
Unplanned Mtce - Reticulation	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	60000
Planned Mtce - Facilities	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100000
Unplanned Mtce - Facilities	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	12000
Management incl. Water Testing	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	6,800	68000
	63,300	63,300	63,300	63,300	63,300	63,300	63,300	63,300	63,300	63,300	633,000
Water Supplies - Peketa Water - Peketa											
Electricity	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	32000
Insurance	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	12000
Planned Mtce - Reticulation	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	12000
Unplanned Mtce - Reticulation	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	15000
Planned Mtce - Facilities	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	53000
Unplanned Mtce - Facilities	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	24000
Management incl. Water Testing	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	12,600	126000
	27,400	27,400	27,400	27,400	27,400	27,400	27,400	27,400	27,400	27,400	274,000
Water Supplies - Oaro Water - Oaro											
Electricity	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	38000
Insurance	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	10000
Planned Mtce - Reticulation	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	30000
Unplanned Mtce - Reticulation	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	40000
Planned Mtce - Facilities	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	80000
Unplanned Mtce - Facilities	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	60000
Management incl. Water Testing	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	22,500	225000
	48,300	48,300	48,300	48,300	48,300	48,300	48,300	48,300	48,300	48,300	483,000
	1,119,462	**776,520**	**781,520**	**781,520**	**781,520**	**781,520**	**781,520**	**781,520**	**781,520**	**781,520**	**8,148,142**

OPERATING COST COMPONENTS (UNESCALATED)

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	10 Year Total
Wastewater / Sewerage - Kaikoura urban wastewater - Sewerage											
Electricity	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	600000
Insurance	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	550000
Planned Mtce - Reticulation	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	75000
Unplanned Mtce - Reticulation	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	100000
Planned Mtce - Facilities	158,000	158,000	158,000	158,000	158,000	158,000	158,000	158,000	158,000	158,000	1580000
Unplanned Mtce - Facilities	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	300000
Rates	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	260000
Resource Consent Monitoring	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	12000
Management incl. Water Testing	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	250000
	372,700	372,700	372,700	372,700	372,700	372,700	372,700	372,700	372,700	372,700	3,727,000
Wastewater / Sewerage - Stock Effluent Facility - Stock Effluent Facility											
Electricity	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	24000
Maintenance	26,400	26,400	26,400	26,400	26,400	26,400	26,400	26,400	26,400	26,400	264000
Management incl. Water Testing	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	14000
	30,200	30,200	30,200	30,200	30,200	30,200	30,200	30,200	30,200	30,200	302,000
Wastewater / Sewerage - Koura Bay wastewater - Koura Bay sewer opex											
Electricity	750	750	750	750	750	750	750	750	750	750	7500
Planned Mtce - Reticulation	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	22500
	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	30,000
Total - Waste Water	**405,900**	**405,900**	**405,900**	**405,900**	**405,900**	**405,900**	**405,900**	**405,900**	**405,900**	**405,900**	**4,059,000**
Stormwater											
Insurance	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	7,400	74000
Planned Mtce - Reticulation	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	150000
Unplanned Mtce - Reticulation	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	70000
Resource Consent Monitoring	400	400	400	400	400	400	400	400	400	400	4000
Management incl. Water Testing	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900	39000

Financial Strategy

Policy status:	Draft
Review due:	By 30 June 2024
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 provide for known funding requirements and growth expectations within each of those three-year periods.

Unbalanced budget and non-funding of depreciation

The first three 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 2028 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 $12.4 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.

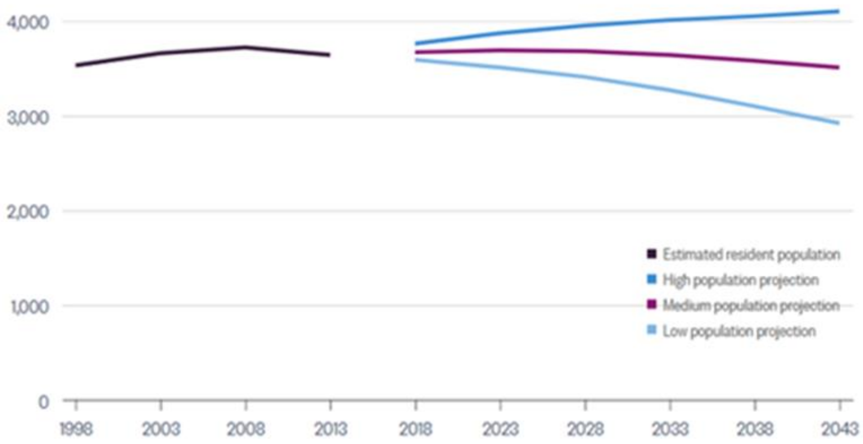
Context and strategic issues

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 hazards 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%. 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:

- increased capacity for Kincaid and Fernleigh water pipelines
- 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	-	-	-	-
Water supplies	-	-	105	337
Wastewater	-	-	-	505
Stormwater	-	-	-	-
Refuse & Recycling	-	-	-	-
Facilities	3,200	3,091	-	-
Other	-	-	-	-
	3,200	3,091	105	842

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	2,313	6,943	7,023	2,676
Water supplies	126	-	21	116
Wastewater	100	5	-	3
Stormwater	5	5	26	96
Refuse & recycling	400	197	-	-
Facilities	455	69	286	167
Other assets	196	223	235	1,600
	3,595	7,442	7,591	4,658

Maintaining existing levels of service

The Council proposes to spend over $12 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 three 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 Waiau-Toa/Clarence River bridge, formerly known as the Glen Alton bridge, 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 more than $12 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	3,303	9,500	2,479	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	512	101	150	945
Other assets	93	126	97	952
	4,505	10,394	3,718	18,032

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.

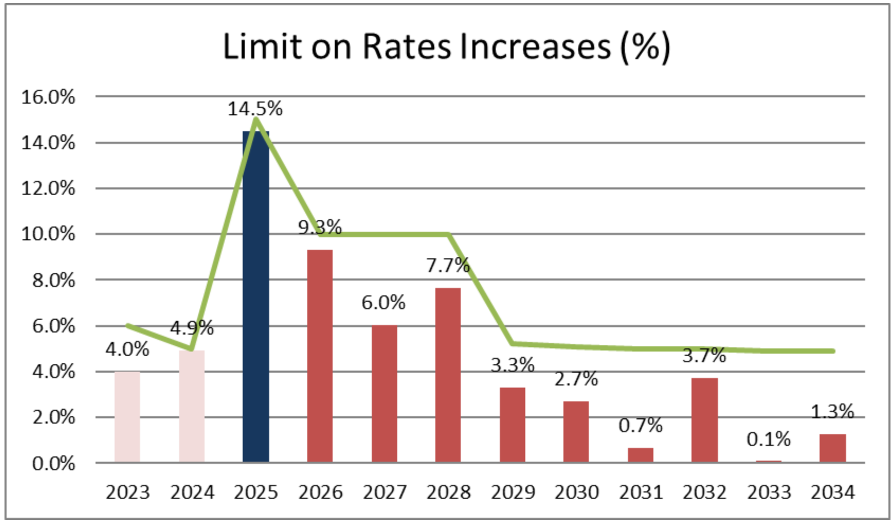
Now in 2024, the Council needs to face up to the true cost of services, which have continued to escalate, and with global tensions and supply disruptions, cost pressures have intensified. We estimate that the base cost of operations has increased more than 20% within the last two years, without making 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).



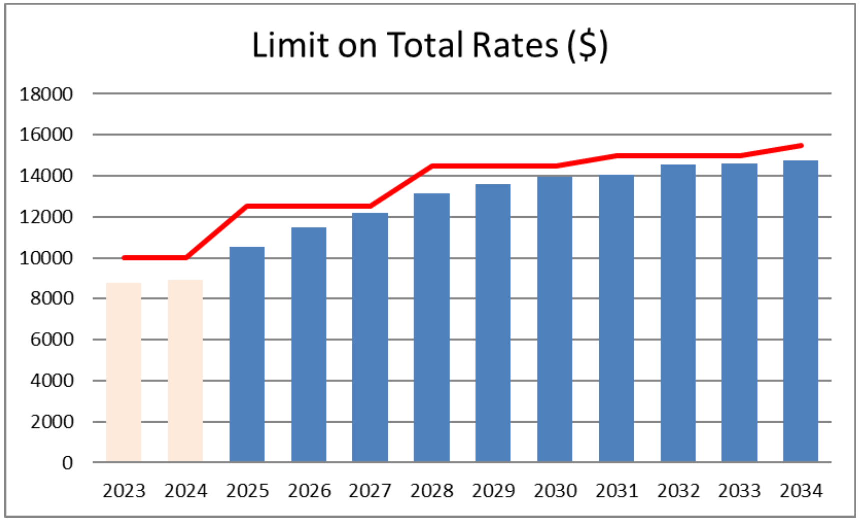
The main factors contributing to the rates increase are;

- 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

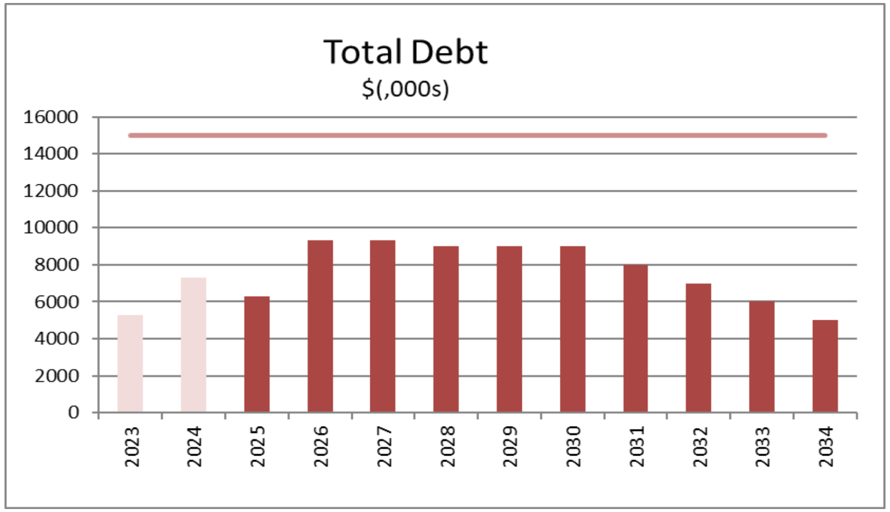
Whereas the above graph depicts our limit on rates increases (as an annual percentage) the following graph shows that rates will be no more than $12.5 million in the first three years of the Long-Term Plan (years 2025 to 2027).



The three years 2028-2030 are then limited to no more than $14.5 million, to $15.0 million for 2031-2033, and to $15.5 million for 2034.

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 2027 of $9.3 million and then starts to gradually fall as past loans are repaid.

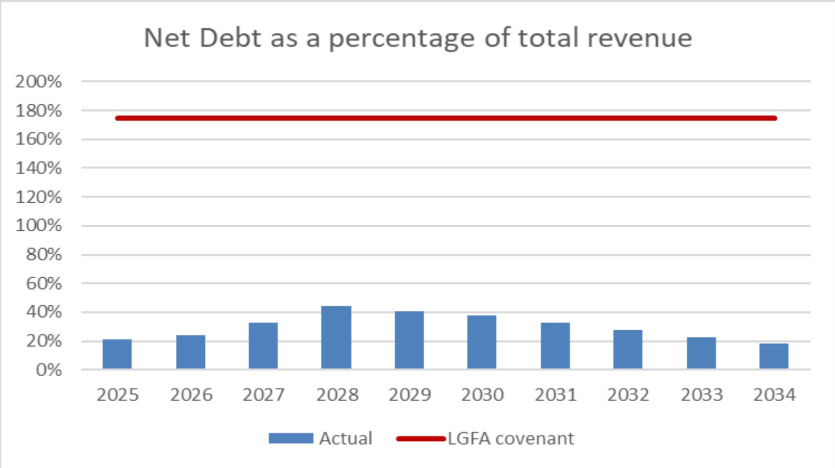
The above assumes that the Council will use available cash rather than borrow, to reduce the cost of loan servicing.

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:

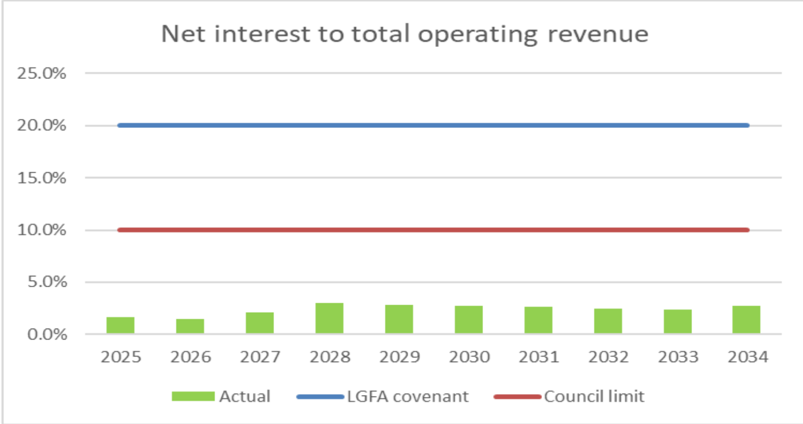
- Net debt does not exceed 175% of total revenue, and
- Net interest does not exceed 20% of total revenue, and
- Net interest does not exceed 25% of total rates income, and
- Liquidity is not less than 110%

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.



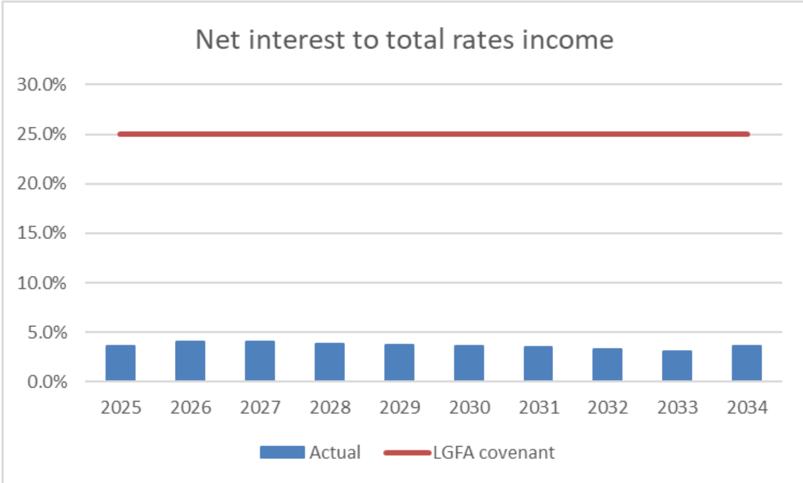
LGFA covenant: net debt does not exceed 175% of total revenue

Net debt is the total borrowings less cash & cash equivalents. The Council reaches a peak of 44% in 2028.



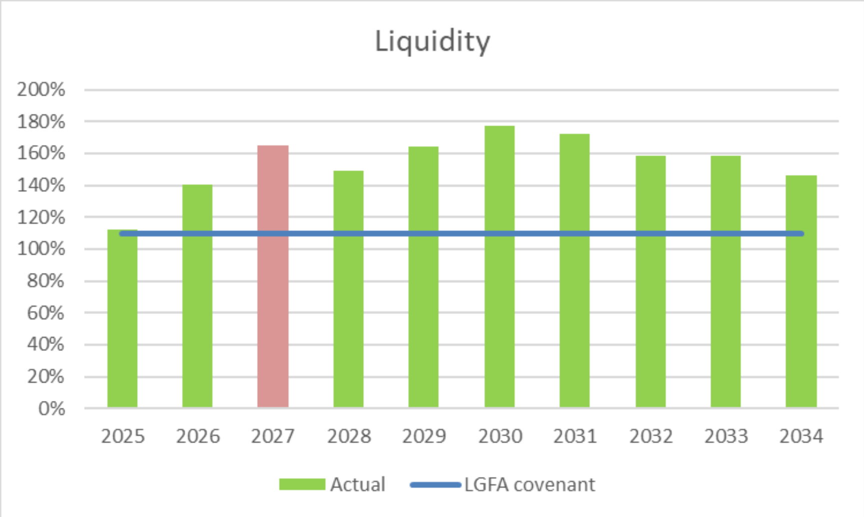
LGFA covenant: net interest does not exceed 20% of total revenue

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).

In the 2027 financial year, the Council may need to arrange a loan facility of $2.0 million to ensure it meets the liquidity requirements, however it is very unlikely that the facility will ever need to be accessed – it is required purely 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 venture (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 venture, 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 2027 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.

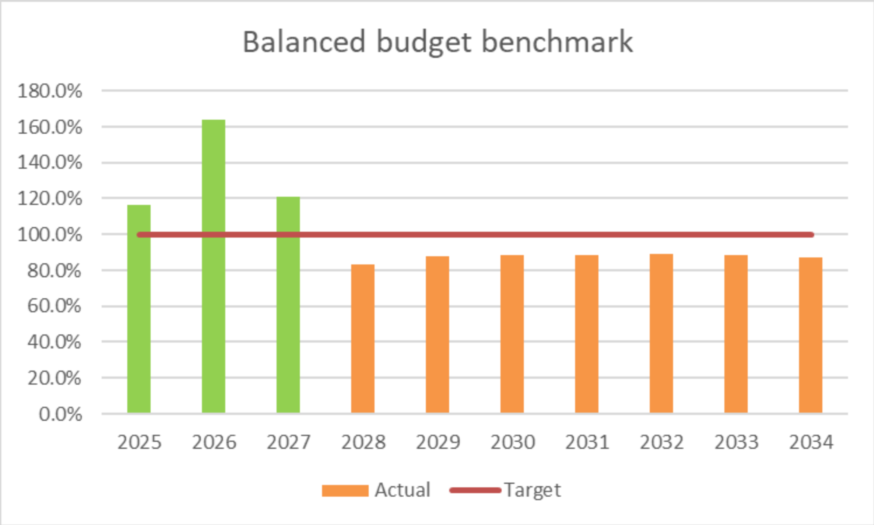
A key component of the Council's Financial Strategy – based on the reliable information we now have about our assets and their condition – is that there are extremely low levels of asset renewal work required over the next ten (if not thirty) years. With that information, the Council's asset renewal 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 2028 financial year, attributable to depreciation. The annual amount of depreciation is in the range of $6.0 to $6.8 million per annum, and the deficits range from $2.2 million in 2030 to almost $3.3 million in 2028. The average surplus/(deficit) over the ten years is a surplus of $2.96 million, 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 Waiau-Toa (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.



The balanced budget benchmark is met if revenues are at least 100% of expenses. The Council meets the benchmark in the first three 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

KAIKŌURA
DISTRICT COUNCIL

Treasury Management Policy

Comprising the Liability Management Policy and Investment Policy

Approved: XX-XX-2024

DRAFT

Contents

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 venture.

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 2.8 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 venture 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.

5 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.

5.1 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.

6 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.

7 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 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.

8 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

KAIKŌURA
DISTRICT COUNCIL

DEVELOPMENT CONTRIBUTIONS POLICY (2024)

Name of Policy:	Development Contributions Policy
Purpose of Policy:	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
Policy Applies to:	All developments
Approved by:	Executive Team
Responsible for its Updating	Finance Team
Final Approval by:	Executive
Date of latest Review	19 January 2024
Proposed date for next Review	1 December 2026

Table of Contents

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 particular 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)
- Some downstream reticulation on the Fernleigh water scheme
- 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 actually required to meet the demands of growth, in the ten years to 2034.

1.2 Enabling legislation and supporting 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 Kaikoura 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
Kaikoura Urban water	Kaikoura township (connected to, or able to connect to, the Kaikoura urban water supply, excluding the 'Suburban' water supply area)
Kincaid water	Kincaid area (connected to, or able to connect to, the Kincaid rural water supply)
Fernleigh water (eastern area)	Properties in the area shown as shaded orange in the Figure in Appendix F that are connected to, or able to connect to the Fernleigh rural water supply, and any other properties that receive any water from the Fernleigh rural water supply which passes through this area.
East Coast water	East Coast area (connected to, or able to connect to, the East Coast rural water supply)
Wastewater	Kaikoura township including Ocean Ridge
Stormwater	Kaikoura 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.

The following activities will be assessed using HEUs as the basis for calculation;

- Roading
- footpaths
- water – Kaikoura Urban, Ocean Ridge, Peketa and Oaro[1]
- 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

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 to a service (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

[1] Water supplies other than those listed are assessed based on the additional number of water units required to service the development.

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 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).

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	Commercial	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*
Wastewater HEUs / 100m2 GFA	0.26	0.2	0.2	1.0
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. *Note that as per section 3.2 for some rural water supplies assessments are based on water supply units rather than HEUs.

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 Kaikoura urban 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

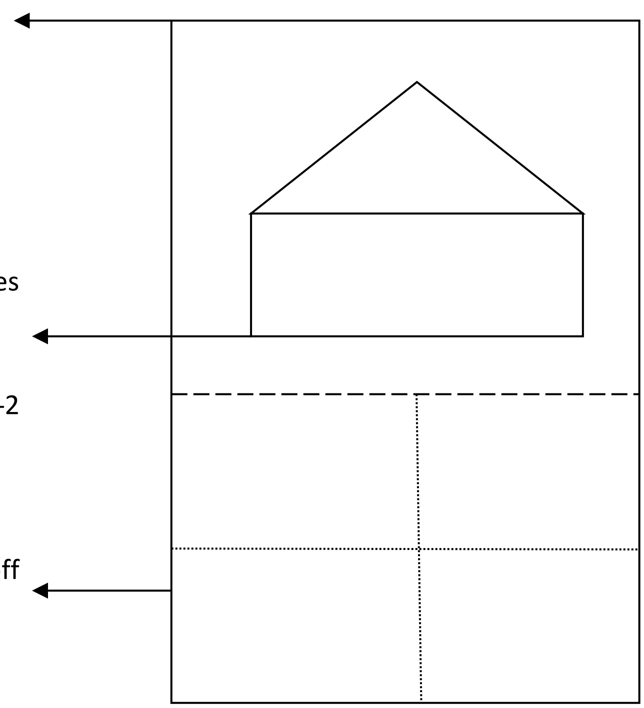


Diagram 2: Construction of a new dwelling on an existing residential title (no subdivision)

Existing Title

Residential Dwelling
DC: No DC payable

New Dwelling(s)
DC: Section 3.5.1 Steps 1-7

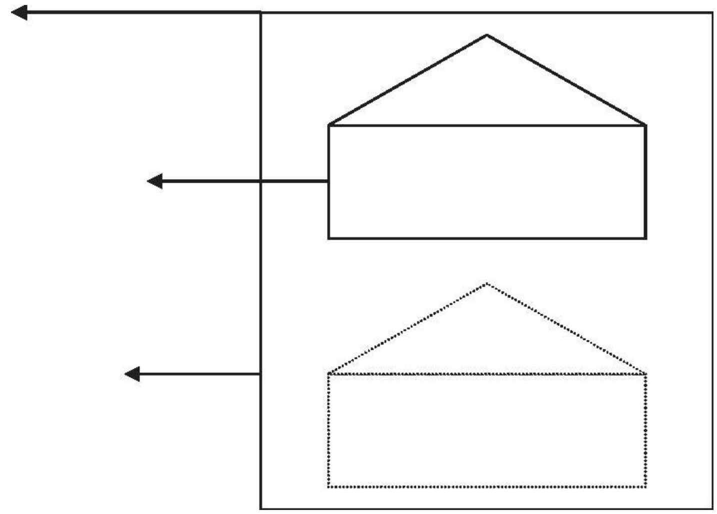


Diagram 3: Development of a non-residential site - no subdivision

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

New Development
Proposed new development on site
DC: Section 3.5.2 steps 11-13

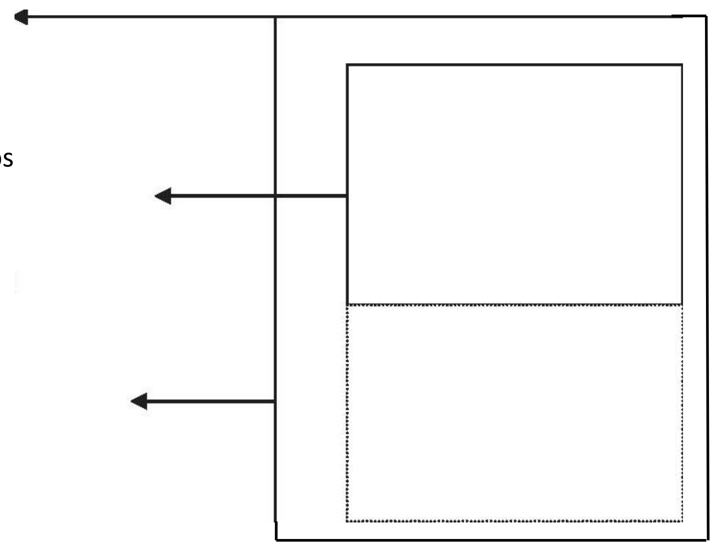


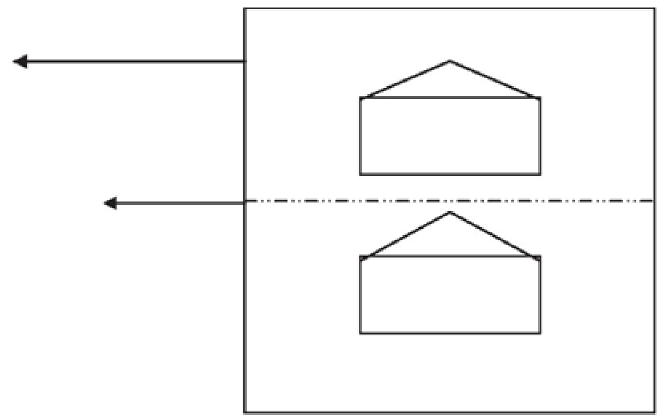
Diagram 4: Residential subdivision of land where there is more than one existing dwelling on the residual title.

Where there are 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:

- Subdivision consent; or
- In the absence of subdivision consent, on land use consent; or
- In the absence of subdivision consent and land use consent, on project information memorandum
- 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 Kaikoura 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:

- The issue of the section 224 completion certificate per the Resource Management Act;
- The issue of code compliance certificate per the Building Act; or
- 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
4. 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:

- water supply
- wastewater
- stormwater
- 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;

- The development contribution was incorrectly calculated or assessed; or
- The policy has been incorrectly applied; or
- 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 objectors 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 are exclusive of 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 Kaikoura 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 Kaikoura district, being the Kaikoura 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 $20m^2$ 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 0.277.

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 $20m^2$ 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.

7. Appendix A: Schedule of development contributions (excl. GST)

Table 1: Roading and footpaths

Area	Road assets and bridges	Footpaths
District Wide	$Nil	$Nil
Kaikōura urban area (excluding Ocean Ridge)		$1640.64 per HEU $607.64 per person[2]
Ocean Ridge urban area		$Nil

Table 2: Water and wastewater

Area and/or connection	Water Contribution	Wastewater Contribution
Kaikoura urban	$998.59 per HEU $369.84 per person[2]	$3218.09 per HEU $1191.88 per person[2]
Ocean Ridge		$3218.09 per HEU $1191.88 per person[2]
Ocean Ridge water supply	Refer to separate developer agreement once the original 260 allotments are exceeded.	
Kincaid water	$1,200 per HEU $444.44 per person[2]	
Fernleigh scheme	$6500 per HEU $2407.40 per person[2]	
East Coast scheme	$1,506.55 per HEU $557.98 per person[2]	
Peketa & Oaro schemes	$Nil	

Table 3: Stormwater

Area	Development Contribution
Kaikoura township and South Bay, but not including Ocean Ridge	$450.58 per HEU $166.88 per person[2]

[2] Per person contributions apply to residential housing of less than 1 HEU and/or visitor accommodation.

Table 4: Community infrastructure

Contributing Category	Development Contribution per HEU
Residential	$Nil per HEU
Rural Residential	$Nil per HEU
Rural	$Nil
Visitor accommodation	$Nil per person

The amount required from development contributions to fund Community Infrastructure projects has been fully recovered. No further projects meet the definition of Community Infrastructure in the 2014 amendments to the Local Government Act (2002).

Table 4: Reserves

Contributing Category	Development Contributions % of Land Value
Residential	2.5%
Rural	0.5%
Rural Residential	1%

8. Appendix B: Development contributions calculation – examples

Example 1 – Residential Subdivision

Proposal: **One residential lot subdivided into four new sections of about 1,600 m^2 thereby creating three additional lots**

Location: **Kaikoura 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	Roading	-	-
3	Footpaths	1640.64	4921.92
3	Kaikōura urban water	998.59	2995.77
3	Wastewater	3218.09	9654.26
3	Stormwater	450.58	1,351.74
3	Community Infrastructure	-	-
	Subtotal (excluding GST)	6,307.90	18,923.69
	GST	946.18	2,838.55
	Subtotal (including GST)	7,254.08	21,762.24
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)	11,754.08	35,262.24

Example 2 – Residential (Visitor Accommodation)

Proposal:	**Visitor accommodation (motels) providing for 50 people, plus a manager's residence**
Location:	**Kaikoura township**
Value of land (total):	**$540,000 including GST**
Size of existing section:	**2,500m^2**
Valuation of land:	**$216/m^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 being accommodated (discounted to a 60% occupancy) – in this case equivalent to 30 people.

The parks & reserves contribution is calculated as the value of 20m2 of land per HEU equivalent. In this case after discounting for occupancy the 30 people represents 11.11 HEU, hence the contribution is 11.11 x 20m2 x $216/m2 = $47,995.20.

Number of people able to be accommodated	Activity/Service	Contribution per person* $	Total contributions $
50	Roading	-	-
50	Footpaths	607.64	18,229.20
50	Kaikōura urban water	369.84	11,095.20
50	Wastewater	1,191.88	35,756.50
50	Stormwater	166.88	5006.40
50	Community infrastructure	-	-
	Subtotal (excluding GST)	2,336.26	70,087.74
	GST	350.44	10,513.16
	Subtotal (including GST)	2686.70	80,600.90
50	Parks & reserves using LGA S203(1)(b)	1600	48,000
	TOTAL (including GST)	4,286.70	118,087.74

*After adjusting people numbers for occupancy

9. 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 **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. 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 **New expenditure**	Relates to the growth demand and planned costs in the ten years from the current year. Starting in year 1 – 2024 (1 July 2024) and ending in year 10 – 2034 (30 June 2034)
Future growth **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 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.

10. Appendix D: Non-residential HEU conversions

Wastewater

Kaikoura 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

Kaikoura 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	-

11. 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 match 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.

Development Contribution Funded Projects

Description	Year of completion	Estimated Capital Cost	Proportion funded by DCs	Proportion funded by other sources	Amount funded by DC	Contributions and/or grants already received	Balance remaining	Associated number of new lots or water units (2021 or 2024 LTPs)	Per Housing Equivalent Unit or Water Unit	Equalised Development contribution	Per Person	Previous Contribution (until 30 June 2024)
Roading												
Footpaths (urban area only)												
Footpath renewals	2024-2034	$ 2,000,000.00	5%	95%	$ 100,000.00		$ 100,000.00	80	$ 1,250.00			
Footpath Upgrades	2006	$ 139,122.00	10%	90%	$ 13,912.20		$ 13,912.20	120	$ 115.94			
Footpath Upgrades	2005	$ 396,082.00	10%	90%	$ 39,608.20	$ 6,644	$ 32,964.20	120	$ 274.70			
		$ 2,535,204.00			$ 153,520.40				$ 1,640.64	$ 1,640.64	$ 607.64	$ 615.64
Water supplies												
Kaikōura Urban												
Upgrading Mackles Bore	2014	$ 33,241.35	80%	20%	$ 26,593.08							
New Peninsula Reservoir	2013	$ 20,994.00	80%	20%	$ 16,795.20							
New Peninsula Reservoir	2012	$ 178,443.82	80%	20%	$ 76,442.72							
		$ 2,350,679.17			$ 119,831.00	$ -	$ 119,831.00	120	$ 998.59	$ 998.59	$ 369.85	$ 998.59
Kincaid												
New system of reservoirs	2009	$ 124,304.73	70%	30%	$ 87,013.31	$ 53,700						
New pipeline 4.55km worth	2007	$ 87,349.20	70%	30%	$ 61,144.44	$ 2,655						
		$ 361,933.07			$ 253,353.15	$ 56,355	$ 196,998.15	20	$ 9,849.91		$ -	$ 1,200.00
Fernleigh												
Reticulation upgrade - Eastern area	2024-2034	$ -	100%	0%	$ 195,000.00			30				
		$ 72,500.00			$ 195,000.00	$ -	$ 195,000.00	30	$ 6,500.00	$ 6,500.00	$ 2,407.41	$ -
East Coast												
Water pumps, switchboard & pipe upgrade	2010	$ 37,960.91	10%	90%	$ 3,796.09							
		$ 258,960.91			$ 3,796.09	$ 783	$ 3,013.09	2	$ 1,506.55	$ 1,506.55	$ 557.98	$ 1,506.55
Wastewater												
New pump stations (Mill Rd, Hawthorne Rd, Gillings Lan	2014	$ 367,061.00	50%	50%	$ 183,530.50		$ 183,530.50	120	$ 1,529.42			
Pump Renewals (all pumps)	2024-2034	$ 449,000.00	21%	79%	$ 131,000.00		$ 131,000.00	161	$ 813.66			
Wastewater overflow prevention		$ 350,000.00	100%	0%	$ 350,000.00		$ 350,000.00	400	$ 875.00			
		$ 2,881,061.00			$ 664,530.50	$ -	$ 664,530.50	-	$ 3,218.09	$ 3,218.09	$ 1,191.88	$ 1,529.42
Stormwater												
Reticulation renewals	2021-2031	$ 10,000.00	0%	100%	$ -							
Structures renewals	2021-2031	$ 5,000.00	0%	100%	$ -							
Increased capacity - Sullivans Gully	2011	$ 180,233.00	30%	70%	$ 54,069.90							
		$ 195,233.00			$ 54,069.90	$ -	$ 54,069.90	120	$ 450.58	$ 450.58	$ 166.88	$ 450.58

12. Appendix F: Area of Benefit – Fernleigh Water (eastern area)

13. 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.
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 Kaikoura 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 Kaikoura 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 Kaikoura 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 Kaikoura District Council
Wastewater	The assets relating to the collection, treatment and disposal of sewage
Urban area	The urban area within the Kaikoura 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 ratepayers control, such as;

    a. Where the rates invoice was issued in the name of a previous property owner and/or to the previous owners 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 venture (MRF), with the Marlborough District Council owning the 88.5% shareholding.

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 date to be included.

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 $30 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 ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations the Council recognises in its financial statements its share of the assets that it controls, the liabilities and expenses it incurs, and the share of Revenue that it earns from the joint venture.

Of the Council's interest in the Marlborough Regional Forestry joint venture, 13.37% is held in trust on behalf of Environment Canterbury. This is recognised as a non-current liability in the financial statements.

Revenue

Revenue 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 ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Debtors and Other Receivables

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and group apply 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

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

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

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through profit and loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

The Council does not hold any financial assets in this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

The Council's loans and receivables comprise debtors and other receivables, community and related party loans. Loans and receivables are classified as "debtors and other receivables" in the statement of financial position.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

The Council's investments in this category include bank term deposits.

Fair value through other comprehensive revenue

Financial assets at fair value through other comprehensive revenue are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date.

The Council includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity
- Shareholdings that it holds for strategic purposes

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue is reclassified from equity to the surplus or deficit.

Impairment of Financial Assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For debtors and other receivables, the carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instruments carrying amount.

Financial assets at fair value through other comprehensive revenue

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for the investments at fair value through other comprehensive revenue, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognized in other comprehensive revenue is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first-in first-out (FIFO) method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, except for infrastructural asset costs which are capitalised to property, plant and equipment.

Non-Current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised in the surplus or deficit up to the level of any impairment losses that have previously been recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Property, Plant and Equipment

Property, plant and equipment consists of:

Operational assets

These include land, buildings, harbour assets, library books, computer equipment, office furniture, vehicles and plant.

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%
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 venture, and also the Council's own forestry assets, are independently revalued annually at fair value less estimated point of sale costs. These valuations were performed at 30 June 2022, by Forme Consulting Group for the joint venture, and by Merrill & Ring Ltd for the South Bay plantation. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit.

The costs to maintain the forestry assets are included in the surplus or deficit.

Investment Property

Properties leased to third parties under operating leases only classified as investment property if the property is held to earn net rental yields or for capital appreciation. Most of the Council's leased properties are held to meet service delivery objectives and therefore are not classified as investment property.

Investment property is measured initially at cost, including transaction costs. After initial recognition, the Council measures all investment property at fair value as determined annually by an independent valuer, Quotable Value New Zealand.

Gains and losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Intangible Assets

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 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.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value net of transactions costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

Employee Entitlements

Short-term benefits

Employee benefits that the Council expects to be settled within twelve months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Council anticipates it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits

Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

The Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/(deficit) will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

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 next financial year 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.

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.

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.	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.

Assumption	Risk	Level of uncertainty	Impact
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 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.	If population growth is higher than what is assumed it is likely to create challenges associated with greater proportions of older residents.		If population decreases, the Council can lower the financial impacts by slowing its 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	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. The Council is, however, looking into the benefits of extending the existing Kaikōura urban water services to Ocean Ridge, to

Assumption	Risk	Level of uncertainty	Impact
subdivisions are referred to as the IAF[1] 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 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.		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	The local economy will slow due to factors outside of Council control. A slowing of the local economy will impact on environmental, social,	Low/Medium	There are no obvious economic drivers that raise concern about our communities existing infrastructure to service development. A steady increase

[1] Infrastructure Acceleration Fund

Assumption	Risk	Level of uncertainty	Impact
effects of climate change resulting in increased risk from storm events offsetting any potential gains from the warmer climate. 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 Waiau-toa/Clarence 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	cultural and economic effects. It is very difficult to predict.		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 well as freeing up land for redevelopment within the urban area of Kaikōura.

Assumption	Risk	Level of uncertainty	Impact
process of rezoning 20ha of rural land to light industrial land to support the growth of Kaikōura.			
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.
Supply chains			

Assumption	Risk	Level of uncertainty	Impact
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)			

Assumption	Risk	Level of uncertainty	Impact
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.
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	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
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			
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			
Waiau-Toa (Clarence River) Bridge 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.	Very High	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 Waiau-Toa Clarence River 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.	High	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.

Assumption	Risk	Level of uncertainty	Impact

** **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, High for Waiau-Toa/ Clarence 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.
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

Assumption	Risk	Level of uncertainty	Impact
			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.
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.	Medium	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

Assumption	Risk	Level of uncertainty	Impact
			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 5.00% 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.
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	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.

Assumption	Risk	Level of uncertainty	Impact
	effect to all the financial statements in this document.		

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.

<table>
<tr><td>KAIKŌURA
DISTRICT COUNCIL</td><td>

Significance & Engagement Policy

Policy Status: DRAFT
Date of Adoption: 28 July 2021
Review Due: 30 June 2024
Sponsor: Corporate Services
Legal reference: Local Government Act (2002) Sections 76-83

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1 Purpose and Scope

The purpose of this policy is to enable the council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities. The policy provides clarity about how and when communities can expect to be engaged in decisions made by the council, and informs the council from the beginning of a decision-making process about the extent, form and type of engagement required.

2 Policy Application

On every issue requiring a decision, the council will consider the degree of significance and the corresponding level of engagement (unless a special consultative procedure is required by legislation) including how and when communities can expect to be engage. Differing levels of engagement may be required during the varying phases of decision-making on an issue, and for different stakeholders.

The council will be guided by the following:

- The potential effect on delivering the council's strategic aspirations
- How the decision aligns with historical council decisions
- The likely impact of the decision on present and future interests of the community, recognising Maori culture values and their relationship to land and water
- The level of community interest in the decision and whether community views on the issue are already known
- The possible implications of reversing the decision with regard to the council's capacity to perform its role

Generally, the more significant an issue, the greater the need for community engagement. Section 3 outlines the circumstances under which the council is likely to consider an issue is significant and requiring community input. However, consideration will also be given to appropriate levels of engagement for those issues that, while of community interest, do not meet the criteria in section 3. Significance and engagement will be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as the proposal develops.

There may also be issues or decisions where there are diverse groups within the community with different concerns, interests, views and preferences, where multiple processes may be appropriate to distinguish and recognise the range of positions.

The commitment to invest in exploring options and obtaining the views of communities and affected and interested parties does not mean the council will have to fully consult with the public for every decision it makes, nor does it bind the council to the views expressed by those parties.

As well as the views of communities and affected and interested parties, there are a wide range of information sources, considerations and perspectives that will inform the council's decisions, including the requirements of government policy, technical matters and financial implications.

The council is required to undertake a special consultative procedure as set out in Section 83 of the Local Government Act 2002 on certain matters, regardless of whether they are considered significant as part of this policy.

The council has a very progressive working relationship with Te Runanga o Kaikoura, with open doors and regular communication. A Memorandum of Understanding has not been formalised, but our shared governance and decision making structure currently deems a formal Memorandum of Understanding unnecessary. If however a formal Memorandum is deemed necessary by Te Runanga o Kaikoura, then the council is more than happy to collaborate on an appropriate form. This policy does not weaken Council's relationship with Maori; rather it strengthens our commitment to engage.

3 Criteria for assessing significance

In considering the degree of significance of proposals and decisions in relation to issues, assets and other matters, the council will be guided by the following:

Policy and outcomes:

- the potential effects on delivery of the council's policies and strategies
- the degree to which the decision or proposal contributes to promoting and achieving particular community outcomes
- the magnitude of the overall benefits that will be achieved for the district, its communities and present and future interests
- the magnitude of the net costs of the proposal or decision to the council and / or to affected communities or groups
- any impact on the council's capacity to undertake its statutory responsibilities
- the extent to which the proposal or decision flows logically and consequentially from a decision already made or from a decision in the Long Term Plan or the Annual Plan
- any inconsistencies with any existing policy, plan or legislation

Communities:

- the level of community interest in the proposal, decision or issue
- the extent to which the proposal or decision impacts upon community members or groups, and the numbers of people or groups affected
- the extent to which the community's views on the matter are already known
- any wider interest or concerns 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, in particular:
    - The Ngai Tahu Claims Settlement Act 1998
    - Te Poha o Tohu Raumati – Te Runanga o Kaikoura Environmental Management Plan
- where proposals or decisions relate to land or a body of water, the implications for the relationships of Ngāi Tahu and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna and other taonga

Contexts and implications:

- the variation between the effects of the options identified (including the 'do nothing' option where appropriate), or the extent to which they have different effects in terms of, amongst other things: their costs, their benefits, and the extent to which they impact on the community and affected or interested groups
- the extent to which the proposal or decision could have an adverse effect on environmental outcomes as set out in council plans and policies, or could have unintended adverse effects on other community interests
- if the proposal or decision impacts (positively or adversely) upon a physical or community resource that is scarce, rare or unique and/or under threat
- if the proposal or decision would be irreversible
- if there are high levels of controversy around the proposal or decision
- the practical demands of efficient decision-making in situations of urgency
- the need to be cautious about decision-making in the face of uncertainty, lack of clarity or unresolved matters.

4 Procedures

When any issue is determined as having a high degree of significance, the issue will be considered by the council.

The report to Council will include:

- an assessment of the degree of significance of the issue,
- an outline of what has been done to ensure compliance with sections 76, 77, 78, 79, 80, 81 and 82 of the Local Government Act (Schedule 3 in this policy details those sections),
- identification of stakeholders and/or parties likely to be affected by or interested in the decision
- a discussion of any known issues, views and preferences of affected and interested parties,
- a recommendation that the council determine the degree of significance of the particular issue or decision.

If the council makes a decision that is inconsistent with any of its policies, the council will clearly identify the inconsistency, explain the reasons for the inconsistency, and advise of our intention to amend that policy to accommodate the decision.

Schedule 2 highlights the types of proposals that the council considers from time to time, and the level of significance these proposals have, to therefore determine the level of engagement we will undertake with our communities.

5 The role of the Long Term Plan

The Long Term Plan (the LTP) is the primary document for the council to signal the major matters facing the community for a ten-year period. The LTP will include information on upcoming significant capital work projects, levels of service for major groups of activities, and levels of debt and rates.

Preparation of the Long Term Plan often involves engagement with sectors of the community while the plan is being drafted, before the community at large is invited to comment on its contents. The LTP is then amended if necessary to accommodate community expectations, and adopted by the council. This process repeats every three years – although amendments may be made to the LTP at any time (notwithstanding that this is a very costly process and amendments should only be required where there are significant and unforeseen circumstances).

Our community can expect that certain matters will only be considered as part of the Long Term Plan preparation and adoption process. These include;

- Sale of strategic assets;
- Changes to the rating system, such as new targeted rates or changes to differentials;
- Major capital projects;
- Any matter that has a significant impact on rates or levels of debt;
- Any matter that has a significant impact on the level of service being provided.

Amendments to the Local Government Act (2002) have enabled the publication of a new "Consultation Document" which is intended to provide an effective basis for the public to participate in the development of the Long Term Plan.

This Significance & Engagement Policy provides guidance not only for its application in the Long Term Plan, but also for decision-making that occurs outside of the Long Term Plan process.

6 Emergency events

Nothing in this policy prevents the council from responding to, and recovering from, emergency events, even though the costs involved in these events may be significant. Emergency events include declared Civil Defence events such as large earthquake or tsunami, but also include other events such as flooding and slips where a civil defence emergency is not required to be declared, but substantial costs may be incurred to reinstate roads and bridges (by way of example).

Schedule 1: Strategic Assets

The assets and groups of assets that Kaikoura District Council considers to be strategic are:

- The district road network as a whole;
- The Memorial Hall on the Esplanade;
- 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 Kaikoura Ltd;
- Kaikoura Community Charitable Trust;
- The district cemetery on Scarborough Street;
- The land designated as an airport at Peketa;
- Public toilet facilities;
- The Drill Hall on Beach Road;
- Lions swimming pool on the Esplanade;
- Community sports and recreation facilities;
- Water treatment, storage and reticulation networks as a whole;
- Sewerage and stormwater networks as a whole;
- Affordable housing/Housing for the elderly;
- The land and buildings comprising the museum, library and civic offices in the West End

Schedule 2: Community Engagement Guide

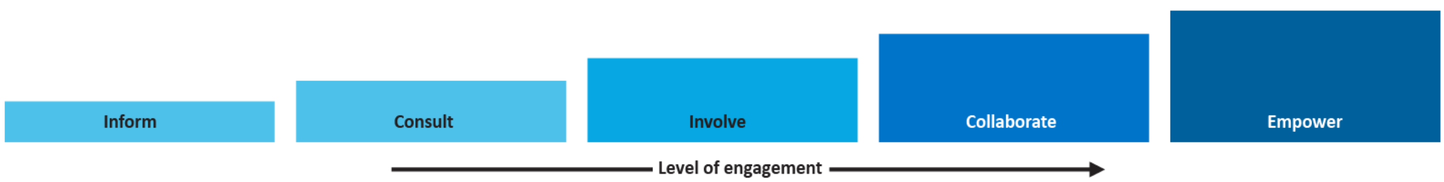
Community engagement is a process, involves all or some of the public, and is focused on decision-making or problem-solving. Community engagement is beneficial – it builds relationships and trust.

Community engagement occurs across a spectrum at differing levels. The engagement spectrum most frequently referred to is the International Association for Public Participation (IAP2) model. As you move along the spectrum (from left to right) the level of public impact increases through more active listening and greater inclusiveness, resulting in increasing social capital and ultimately better decisions.

In simply 'informing' stakeholders there is no expectation of receiving feedback, and consequently there is a low level of public impact. At the other end of the spectrum, 'empowering' stakeholders to make decisions implies an increase in expectations and therefore an increased level of public impact. Differing levels of engagement may be required during the varying phases of decision-making on an issue, and for different stakeholders.

It will not always be appropriate or practicable to conduct processes at the 'collaborate' or 'empower' end of the spectrum. Many minor issues will not warrant such an involved approach. Time and money may also limit what is possible on some occasions.

In general, the more significant an issue, the greater the need for community engagement.



Forms of engagement

The Council will use the Special Consultative Procedure (as set out in section 83 of the LGA 2002) where required to do so by law, including for the following issues requiring decisions:

- The adoption or amendment of a Long Term Plan (in accordance with section 93 A of the LGA 2002)
- The adoption, amendment, or revocation of bylaws if required under section 156(1)(a) of the LGA 2002
- The adoption, amendment or revocation of a Local Alcohol Policy
- The adoption or review of a Local Approved Products (Psychoactive Substances) Policy
- The adoption or review of a class 4 venue policy under the Gambling Act 2003
- The preparation, amendment or revocation of a waste management and minimisation plan

Unless already explicitly provided for in the Long Term Plan, the Council will seek to amend its Long Term Plan, and therefore use the Special Consultative Procedure, when it proposes to:

- alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, including commencing or ceasing such an activity; or
- transfer the ownership or control of strategic assets, as listed in Schedule 1.

The Council will consult in accordance with, or using a process or a manner that gives effect to the requirements of, section 82 of the LGA 2002 where required to do so by law, including for the following specific issues requiring decisions:

- Adopting or amendment the annual plan if required under section 95 of the LGA 2002
- Transferring responsibilities to another local authority under section 17 of the LGA 2002
- Establishing or becoming a shareholder in a council-controlled organisation
- Adopting or amending a revenue and financing policy, development contributions policy, financial contributions policy, rates remission policy, rates postponement policy, or a policy on the remission or postponement of rate on Māori freehold land

For such consultation, the council will develop information fulfilling the requirements of Section 82A of the LGA 2002, will make this available to the public, allow written submissions for a period of up to four weeks, and will consider all submissions prior to making decisions.

For all other issues, the table on the next page provides an example of the differing levels of engagement that might be considered appropriate, the types of tools associated with each level and the timing generally associated with these types of decisions/levels of engagement.

Engagement tools and techniques

Over the time of decision making, the council may use a variety of engagement techniques on any issue or proposal based on a range of other factors, including history and public awareness of the issue, stakeholder involvement, and timing related to other events and budgets. The council will also take into consideration that the community can feel 'over consulted'. Each situation will be assessed on a case-by-case basis.

Level	Inform	Consult	Involve	Collaborate	Empower
Promise to the public	We will keep you informed	We will keep you informed, listen to and acknowledge feedback, and let you know how your input influenced the decision	We will work with you to ensure that public concerns and aspirations are understood and considered	We will look to you for advice and incorporate that advice into the decisions made to the maximum extent possible	We will implement what you decide
What does it involve	One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened.	Two-way communications designed to obtain public feedback about ideas on rationale, alternatives and proposals to inform decision making.	Participatory process designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision-making.	Working together to develop understanding of all issues and interests to work out alternatives and identify preferred solutions.	The final decision making is in the hands of the public, or other entities
Types of issues that we might use this for	Water restrictions, fire hazard status, minutes of council meetings	Rates review Long Term Plan Annual Plan	District Plan	Coastal management planning, community facilities (e.g. aquatic centre) planning, beautification projects	Local body elections
Tools Council might use	Websites Information flyer Public notices	Formal submissions and hearings, focus groups, surveys.	Public workshops Focus groups Citizens Panel	External working groups (involving community experts)	Binding referendum Local body elections
When the community can expect to be involved	Council would generally advise the community once a decision is made	Council would advise the community once a draft decision is made and would generally provide the community with up to 4 weeks to participate and respond.	Council would generally provide the community with a greater lead in time to allow them time to be involved in the process.	Council would generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered.	Council would generally provide the community with a greater lead in time to allow them time to be involved in the process. e.g. typically a month or more.

Schedule 3: Consultation under the Local Government Act (2002)

Part 4 of this policy refers to adherence to sections 76 through to 82 of the Local Government Act (2002), the sections relating to decision making and consultation. Those sections are as follows.

Decision-making

76 Decision-making

(1) Every decision made by a local authority must be made in accordance with such of the provisions of sections 77, 78, 80, 81, and 82 as are applicable.

(2) Subsection (1) is subject, in relation to compliance with sections 77 and 78, to the judgments made by the local authority under section 79.

(3) A local authority—

a. must ensure that, subject to subsection (2), its decision-making processes promote compliance with subsection (1); and
b. in the case of a significant decision, must ensure, before the decision is made, that subsection (1) has been appropriately observed.

(4) For the avoidance of doubt, it is declared that, subject to subsection (2), subsection (1) applies to every decision made by or on behalf of a local authority, including a decision not to take any action.

(5) Where a local authority is authorised or required to make a decision in the exercise of any power, authority, or jurisdiction given to it by this Act or any other enactment or by any bylaws, the provisions of subsections (1) to (4) and the provisions applied by those subsections, unless inconsistent with specific requirements of the Act, enactment, or bylaws under which the decision is to be made, apply in relation to the making of the decision.

(6) This section and the sections applied by this section do not limit any duty or obligation imposed on a local authority by any other enactment.

77 Requirements in relation to decisions

(1) A local authority must, in the course of the decision-making process,—

a. seek to identify all reasonably practicable options for the achievement of the objective of a decision; and
b. assess the options in terms of their advantages and disadvantages; and
c. if any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.

(2) This section is subject to section 79.

78 Community views in relation to decisions

(1) A local authority must, in the course of its decision-making process in relation to a matter, give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter.

(2) *[Repealed]*

(3) A local authority is not required by this section alone to undertake any consultation process or procedure.

(4) This section is subject to section 79.

79 Compliance with procedures in relation to decisions

(1) It is the responsibility of a local authority to make, in its discretion, judgments—

a. about how to achieve compliance with sections 77 and 78 that is largely in proportion to the significance of the matters affected by the decision as determined in accordance with the policy under section 76AA; and
b. about, in particular,—
   i. the extent to which different options are to be identified and assessed; and
   ii. the degree to which benefits and costs are to be quantified; and
   iii. the extent and detail of the information to be considered; and
   iv. the extent and nature of any written record to be kept of the manner in which it has complied with those sections.

(2) In making judgments under subsection (1), a local authority must have regard to the significance of all relevant matters and, in addition, to—

a. the principles set out in section 14; and
b. the extent of the local authority's resources; and
c. the extent to which the nature of a decision, or the circumstances in which a decision is taken, allow the local authority scope and opportunity to consider a range of options or the views and preferences of other persons.

(3) The nature and circumstances of a decision referred to in subsection (2)(c) include the extent to which the requirements for such decision-making are prescribed in or under any other enactment (for example, the Resource Management Act 1991).

(4) Subsection (3) is for the avoidance of doubt.

80 Identification of inconsistent decisions

(1) If a decision of a local authority is significantly inconsistent with, or is anticipated to have consequences that will be significantly inconsistent with, any policy adopted by the local authority or any plan required by this Act or any other enactment, the local authority must, when making the decision, clearly identify—

a. the inconsistency; and
b. the reasons for the inconsistency; and
c. any intention of the local authority to amend the policy or plan to accommodate the decision.

(2) Subsection (1) does not derogate from any other provision of this Act or of any other enactment.

81 Contributions to decision-making processes by Māori

(1) A local authority must—

a. establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority; and
b. consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority; and
c. provide relevant information to Māori for the purposes of paragraphs (a) and (b).

(2) A local authority, in exercising its responsibility to make judgments about the manner in which subsection (1) is to be complied with, must have regard to—

a. the role of the local authority, as set out in section 11; and
b. such other matters as the local authority considers on reasonable grounds to be relevant to those judgments.

Consultation

82 Principles of consultation

(1) Consultation that a local authority undertakes in relation to any decision or other matter must be undertaken, subject to subsections (3) to (5), in accordance with the following principles:

a. that persons who will or may be affected by, or have an interest in, the decision or matter should be provided by the local authority with reasonable access to relevant information in a manner and format that is appropriate to the preferences and needs of those persons:
b. that persons who will or may be affected by, or have an interest in, the decision or matter should be encouraged by the local authority to present their views to the local authority:
c. that persons who are invited or encouraged to present their views to the local authority should be given clear information by the local authority concerning the purpose of the consultation and the scope of the decisions to be taken following the consideration of views presented:
d. that persons who wish to have their views on the decision or matter considered by the local authority should be provided by the local authority with a reasonable opportunity to present those views to the local authority in a manner and format that is appropriate to the preferences and needs of those persons:
e. that the views presented to the local authority should be received by the local authority with an open mind and should be given by the local authority, in making a decision, due consideration:
f. that persons who present views to the local authority should have access to a clear record or description of relevant decisions made by the local authority and explanatory material relating to the decisions, which may include, for example, reports relating to the matter that were considered before the decisions were made.

(2) A local authority must ensure that it has in place processes for consulting with Māori in accordance with subsection (1).

(3) The principles set out in subsection (1) are, subject to subsections (4) and (5), to be observed by a local authority in such manner as the local authority considers, in its discretion, to be appropriate in any particular instance.

(4) A local authority must, in exercising its discretion under subsection (3), have regard to—

a. the requirements of section 78; and
b. the extent to which the current views and preferences of persons who will or may be affected by, or have an interest in, the decision or matter are known to the local authority; and
c. the nature and significance of the decision or matter, including its likely impact from the perspective of the persons who will or may be affected by, or have an interest in, the decision or matter; and
d. the provisions of Part 1 of the Local Government Official Information and Meetings Act 1987 (which Part, among other things, sets out the circumstances in which there is good reason for withholding local authority information); and
e. the costs and benefits of any consultation process or procedure.

(5) Where a local authority is authorised or required by this Act or any other enactment to undertake consultation in relation to any decision or matter and the procedure in respect of that consultation is prescribed by this Act or any other enactment, such of the provisions of the principles set out in subsection (1) as are inconsistent with specific requirements of the procedure so prescribed are not to be observed by the local authority in respect of that consultation.

Revenue & Financing Policy

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:

Table 2: Activities to be funded by commercial rates

Activity	Portion of net cost to be funded by commercial rates[1]
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%

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

[1] 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).

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, 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 of these 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 can not 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 Appendicies One and Two for more detail.

Table 3: Activities and their sources of funding

Activity/tools	General rates (with differential) and the UAGC	Targeted rates		User Fees:	Grants and subsidies:
		Capital Value	Fixed $ amount		
Roads & bridges		35% to 60% with differential	Less than 20% (Dollar amount set annually)		40% to 60%

Activity/tools	General rates (with differential) and the UAGC	Targeted rates		User Fees:	Grants and subsidies:
		Capital Value	Fixed $ amount		
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%				Wherever 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	
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		Not less than 50%	

Activity/tools	General rates (with differential) and the UAGC	Targeted rates		User Fees:	Grants and subsidies:
		Capital Value	Fixed $ amount		
		differential) and Commercial Rate & visitor accommodation			
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%				
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%				
Emergency Management	100%				Wherever available
Library service	100% after fines				
Community Development	100%				Wherever available
Social Services (Family violence, youth support, social recovery)					100%
District Plan		100%		Private plan changes 100%	

Activity/tools	General rates (with differential) and the UAGC	Targeted rates		User Fees:	Grants and subsidies:
		Capital Value	Fixed $ amount		
Environmental Initiatives	100%				Wherever 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.

Step One Funding Needs Analysis

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operation al	Capital	Rationale/comments
Roads & bridges	Maintenance and capital work: Sealed roads 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 delivery.	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.	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

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
										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
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.	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	
Economic development	Business support, workshops, training Grants paid e.g. Dark Sky, Cycle Trail Statistics Identity promotion (e.g. town flags) Events Enabling business development/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.	Commercial General rate	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	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
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.	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 of 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.
Refuse & Recycling	Kerbside rubbish collection service	Environment Services	Kerbside recycling collection, is fortnightly pickup service, benefits the urban households who receive the service.	Immediate and annually	IWK contract Bags ripped or damaged causing litter	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
	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	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	
Refuse & Recycling	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	Rubbish bins and recycling stations are now located in the same place and dealt with in the same collection service (no	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.

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
					the cost of a kerbside bag, and/or easily contaminated by poor recycling habits.	longer any need to fund separately). Total cost of service doesn't really justify a separate targeted rate (separate from the commercial rate).	50% targeted rate for commercial property			Glass, plastic, and rubbish waste are sourced from local commercial premises.
	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	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).
	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.	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 appropriate to be rural only, and the benefit is equal per household so is a uniform rate per SUIP.
	Resource recovery and re-use, recycling, and food waste services	Environment	Community as a whole Visitors (e.g. use the shop)		Contamination of recycling or organic materials, stocking and shelving costs (keeping reusable items clean, dry and resaleable).	Costs to sort, compact, 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)

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operation al	Capital	Rationale/comments
							Waste minimisation levies	Yes	Yes	Levies are linked to projects identified in our Waste Minimisation Strategy
Statutory planning	Resource consents processing Consent compliance Land Information Memoranda (LIM)	Community Development Environment Future Services	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	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.
Building control	Building consent processing Building inspections Notices to fix and illegal buildings enforcement Project Information Memoranda (PIM)	Community Development Environment Future Services	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.	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.

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operation al	Capital	Rationale/comments
Responsible (freedom) camping	Public education Enforcement Environmental clean-ups	Community Development Environment Future Services	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	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.
Parking control	Public education 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	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.
Food premises & environmental health	Premises registration – food premises, camping grounds, hairdressers, funeral directors, amusement devices,	Community Development Services	Licenced premises /applicants Customers (visitors & locals) Community (public	Annual	Licenced premises owners and operators who do not comply.	User pays by application/renewal fee Enforcement actions cost recovery actions	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.

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
	hawkers, mobile shop licences Inspections, monitoring and compliance		health and by reducing liability on Council)			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.	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).
Alcohol licencing	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	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	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Other regulatory	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	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.
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)	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)
							Borrowing	No	Yes	Enhancement projects
Public Halls (Memorial Hall & Scout Hall)	Maintenance and refurbishments, managing bookings	Community Services Development Future	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 &	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 - community good.
							Fees & charges Would like to generate more revenue from users	Yes	Yes	Currently user fees barely cover 4% of costs

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
					wastage Safety of users		Borrowing	No	Yes	Renewals, upgrades and refurbishments
Airport	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	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
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	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,	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

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
							10% funded by commercial property			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
	North Wharf, Old Wharf. Note this activity does not include seawalls, concrete pathways or the wider Wakatu Quay area.	Community Development Environment Future Services	Commercial fishers, recreational fishers	Immediate, annual & long term	Safety of users Repairs and maintenance Weather Vandalism Operator error	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
Civic Centre	District Council & Environment Canterbury offices, Museum, Library space, public meeting rooms, community hires (e.g. Plunket,	Community Development Environment Future Services	Tenants (ECan etc) All visitors & service users Whole of district - through having a governance office Emergency responders	Life of the building	R&M Vandalism Power wastage Safety of occupants Management	A targeted rate is appropriate for transparency given the community interest in the cost of this facility.	General rates	Yes	Yes	Rents & leases
							Targeted rate 80%	Yes	Yes	
							Fees & charges > 20%	Yes	Yes	

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operation al	Capital	Rationale/comments
	Greymouth Star, Dept of Conservation temporary space, etc).						Borrowing	No	Yes	
Housing for the elderly plus MBIE Housing	Maintenance and capital work	Services Future Environment	Tenants, families, MSD, wider community (by finding homes for people)	Annual and duration of tenancy (both the individual and the housing (MBIE))	R&M Vandalism Safety of occupants Management	Rent revenue Lease revenue (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.
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)	Not owned by Council (no user fees)	General rates 100%	Yes	Yes	Appropriate – is a community facility, available for everyone to use.
Parks & reserves, walkways, cycle trails & pump tracks, skatepark, playgrounds, sports fields, and foreshore	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	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

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operation al	Capital	Rationale/comments
										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	
Cemetery	Burials, mowing & maintenance, cemetery register record keeping, 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	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 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.
Public toilets	Cleaning and maintenance, upgrades. Top of Beach Rd, Gooches Beach, Jimmy Armers Beach, Seal Colony, South Bay gateway, and NZTA toilets at Rakautara and Raramai. West End (town centre) toilets fall	Services Future Development	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 esp, West End toilets (people come to town for shopping etc and stop at toilet facilities while in town) Whale Watch and Encounter guests -	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).

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
	within the Town Centre activity.				Moa Point toilets are almost exclusively used by their customers		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.
Camping ground & Hot Pools	Top 10 holiday park leased to operator 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	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 (lease fees)	Yes	Yes	Revenue can offset the general rates requirement.
25 Beach Road (Op Shop) and other leased properties	Property ownership – Op Shop, part of the golf course, radio sheds on Scarborough St, minor grazing leases	Services Future Development	Occupants/tenants/lease holders People visiting the premises (may be visitors or residents)	Life of the building	R&M Vandalism Safety of occupants Management	Tenants/occupants are mainly non-commercial in nature - there is a community service to consider. Whole community	General rates < 75%	Yes	Yes	Most of these properties are owned for civic or community purposes, they don't yield market value leases.

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operation al	Capital	Rationale/comments
			Community organisations benefit from the Op Shop			benefits through the Op Shop occupying a property at a non-commercial rental (more funds available to community projects)	User fees (leases and rents) > 25%			Some level of lease or rental is appropriate (market rent may be appropriate for some but not for OpShop).
Forestry	South Bay trees Marlborough Regional Forestry joint venture	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	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.
Wakatu Quay project	Capital development plus annual ongoing facilities, Nature of 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 Cost overruns Management Capital design specifications	PGF (capex) 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 and subsidies	Yes	Yes	PGF (Kanoa) funding
							Borrowing	No	Yes	

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operation al	Capital	Rationale/comments
Mayor & Councillors	Governance of the District Costs include Honoraria, LGNZ subscription, election expenses, elected member training, meeting expenses	Community Development Environment Future Services	Whole community benefits through local representation Visitors Neighbouring districts Focus community groups	3-years and long term	Legal challenges external advice training	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% Fees & charges	Yes	-	Leadership, strategic direction and local decision-making accrues to all residents on an equal basis regardless of location or land use. Cost recoveries for elections (every three years).
Chief Executive's office & communications	CEO, executive officer, HR, health & safety, cultural & other liaison/advice, and communications	Community Development Environment Future Services	Whole community Visitors Neighbouring districts Focus community groups	Annual & long term	Legal challenges external advice training	User fees are not appropriate.	General rates 100%	Yes	-	We communicate and engage with the whole community.
Support services	Customer services, corporate & financial services, works & services, GIS mapping, IT, vehicles & plant	Community Development Environment Future Services	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)	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. Fees & Charges 2% (commission, etc)	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).
Emergency Management	Preparation and readiness, public education, training exercises.	Community Development Environment Future Services	Whole community Other districts (we send personnel)	Annual & long term	Training Evacuation signs communications & equipment	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.

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
Emergency Event	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)	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.
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	Lending fees, infringements for overdue items - unlikely to cover the cost of the items themselves. Donations & bequests	General rates	Yes	Yes	Widespread community benefit.

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
					(WiFi, internet, E-Books, E-Services). Damage to library collection by users (including wear & tear), items not returned (lost).	are voluntary. Grants are available and sought wherever possible; usually they are for specific programmes rather than general operations.	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)			Overdue fines are appropriate as a tool to ensure rented items are returned and available for other library users.
Community Development	Coordination of community services, community networkers, wellbeing and support, administrative support for community groups, grants administration.	Community Future	Whole community Residents and families	Now and into the future	General wellbeing of the community influences the level of need.	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.
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.	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.
District Plan	Spatial planning, development of the District Plan under the Resource Management Act, and future statutory obligations under the three pieces of	Community Development Environment Future	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.	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

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
	replacement legislation (RMA reform)									being property value (CV).
							Fees & charges Private plan change at developer cost	Yes	-	Dependent on demand for private plan changes.
Environmental Initiatives – (change the name for LTP)	Environmental projects, grants paid to organisations, public education & comm's.	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.	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 eco-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.
Tourism & Marketing	Destination Kaikōura (currently no services inhouse) Grant paid to DK	Future Development	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.	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.
Strategy & Policy	Bylaw & policy development (other than Works bylaws); e.g. Signs, Gambling, Alcohol, Easter Trading 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	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	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
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	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. 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.	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	
							Borrowing	No	Yes	
							Development or Financial contributions	No	Yes	
Wastewater	This activity comprises the collection and transportation of wastewater from its sources (commercial	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	Now and into the future over the life of the assets	The wider community. Those properties/ residents connected. Industries and commercial businesses,	User fees are not practical (although minor fees are charged for service approvals) An option is to align wastewater discharge to actual water	Targeted rate: All rateable property within the area serviced by the wastewater system, and/or within 100 metres of any part of the system.	Yes	Yes	Users benefit directly from the hygienic collection, treatment and disposal of wastewater, and hence are rated directly for the cost of

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
	premises and residences) to its point of treatment. Treatment and disposal of sewage for commercial and domestic users.		from the removal of sewerage from their property. Public health of the community, convenience of individual property owners and the users of coastal waters.		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.	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.	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.			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	
							Borrowing	No	Yes	
							Development or Financial contributions	No	Yes	
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	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	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	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	

Activity	Description of activity	Community outcomes	Who benefits	How long the benefit lasts	Actions contributing to cost	Costs & benefits of funding from other sources	Tools to be used	Operational	Capital	Rationale/comments
			through being protected from flooding. The wider community also benefits by protecting the environment from contaminants entering the waterways, including rivers and beaches.		overflow to stormwater.	demands on infrastructure that benefit the developer and existing ratepayers are not responsible for.	Borrowing	No	Yes	
						Grants are applied for wherever possible.	Development or Financial contributions	No	Yes	

Rates Review: Step Two 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).

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 to offer 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 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.

Part Two: Council Activities

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
- Streetlights

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, to $1.48 million for the next three years compared to the last 3 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 Waiau-Toa (Clarence) 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 Waiau-Toa 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

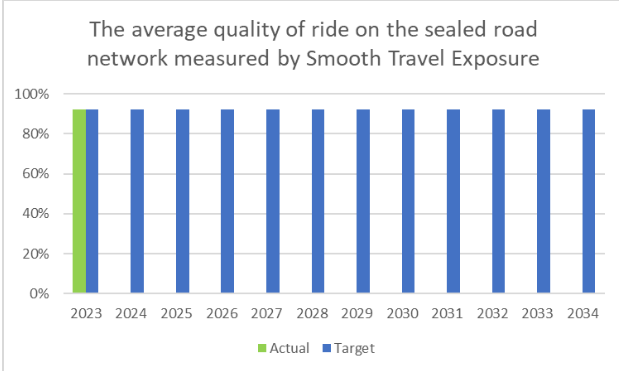
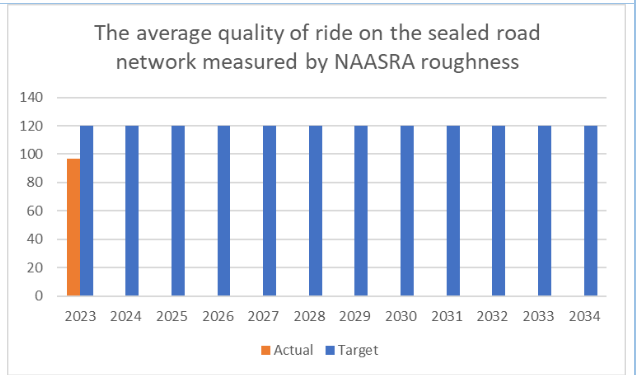
Roading currently receives a 51% subsidy from NZTA for an approved programme of maintenance and capital expenditure. Petrol tax levies and development contributions fund a portion of capital costs. The backlog of roading work will be funded (net of subsidies) by raising loans. The net balance of costs 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*
To meet demand										
Seal extensions		-	-	-	-	-	-	-	-	-
Improve level of service										
Safety improvements	160	163	167	171	175	178	182	185	189	193
IAF Project	1,903	6,525	6,595	-	-	-	-	-	-	-
	2,063	6,688	6,762	171	175	178	182	185	189	193
Replace existing assets										
Glen Alton Bridge	2,000	8,053	1,043	-	-	-	-	-	-	-
Other bridge structures	-	102	52	54	55	56	57	58	59	60
Sealed road resurfacing	562	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
	3,304	9,500	2,479	1,011	1,018	1,064	1,107	1,270	1,295	1,320
Total capital expense	5,367	16,188	9,241	1,182	1,192	1,242	1,289	1,455	1,484	1,512

How we measure our progress to achieving the Community Outcomes:

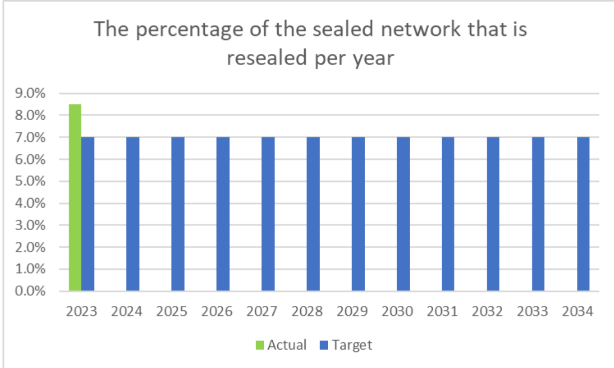
Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Development We promote and support the development of our economy	Good quality roads support economic activity by providing for the efficient delivery of goods and services throughout 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.

<table>
<tr><th>Level of Service (what we do)</th><th>We know we are succeeding when:</th><th>Performance Measure</th><th>Target</th></tr>
<tr><td rowspan="2">Routine road inspections are conducted weekly to identify defects. Reported potholes and edge breaks are inspected within five days of the report.</td><td rowspan="2">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 87 is an appropriate level of service for Kaikōura’s local roads and is significantly better than current baseline of 101.
Smooth Travel Exposure is then the percentage of vehicle km’s travelled that meet the target NAASRA count.</td><td>The average quality of ride on the sealed local road network measured by Smooth Travel Exposure
Baseline 91%, Target 92%</td><td>
</td></tr>
<tr><td>The average quality of ride on the sealed road network measured by NAASRA roughness.
Baseline 101, target decreasing by 2 each year until 87 is reached.
NAASRA surveys are done every three years.</td><td>
</td></tr>
</table>

* 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.

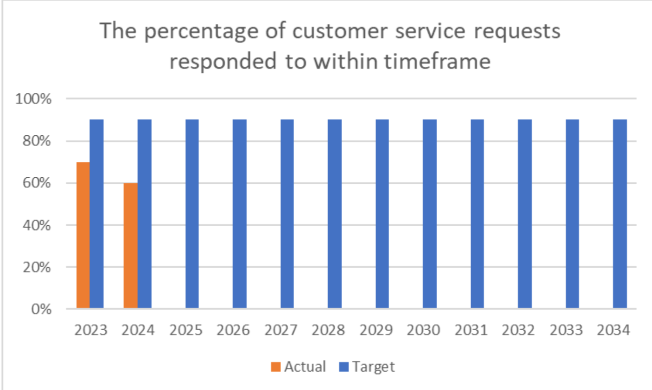
How we measure our progress to achieving the Community Outcomes (continued):

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 > 7% 2024-2033 > 6% 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.

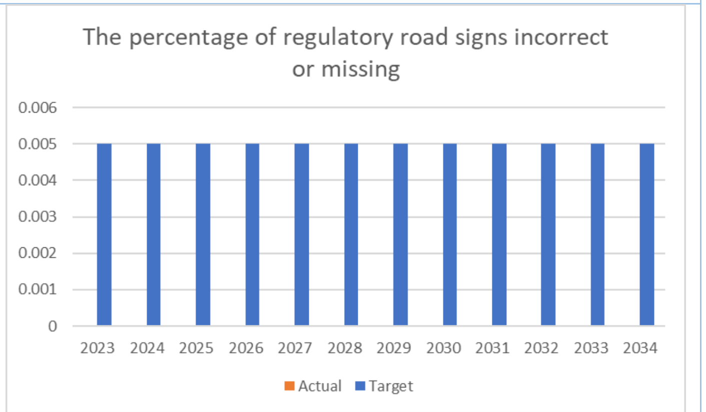
Community Outcome	How do Roads & Bridges contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Services Our services and infrastructure are cost-effective, efficient, and fit for purpose	The Council and our contractors are adequately resourced and available to respond to reports 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[1] are resolved within one working day, and site inspections for other reported issues (where necessary) are conducted within 5 days.	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.

[1] 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

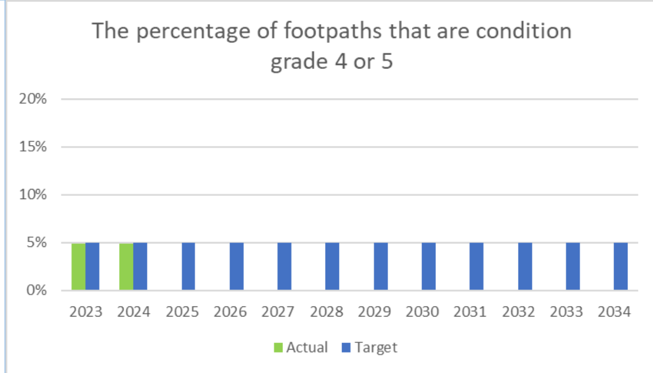
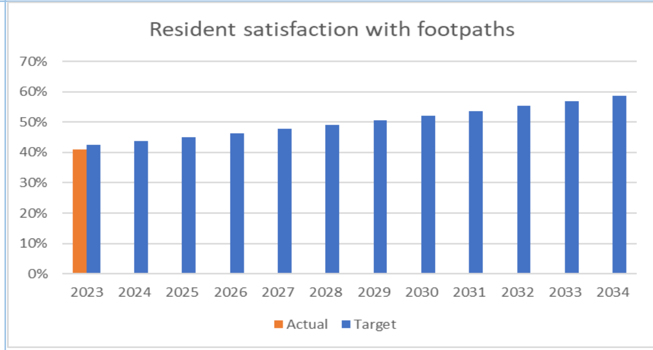
The backlog of footpath improvement work will be funded (net of subsidies) by raising loans. The net balance of costs is funded by the Footpath & Streetlight Rate, which is applied to all rateable property in the district with a differential based on proximity to the township (whether urban, semi-rural 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). Baseline 7.6%. 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

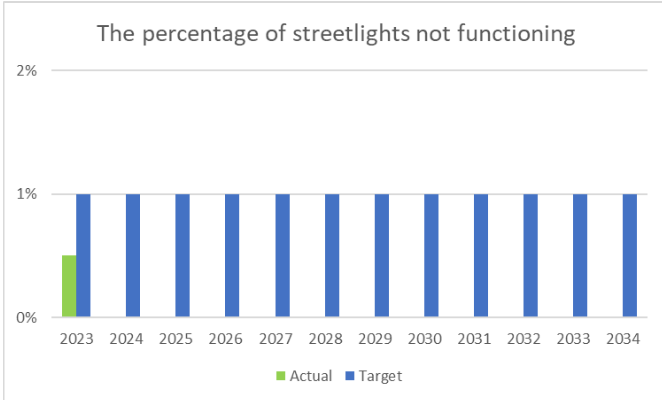
Streetlight maintenance and electricity costs attract a 51% subsidy from NZTA. Any further capital work will be funded (net of subsidies) by raising loans. The Footpath & Streetlight Rate then covers the net annual cost and is applied to all rateable property in the district with a differential based 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 1%, 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	1,786	1,937	2,077	2,478	2,524	2,597	2,716	2,846	2,895	2,957
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	2,486	2,650	2,806	3,180	3,241	3,329	3,463	3,607	3,671	3,748
Application of operating funding											
Payments to staff and suppliers	1,371	1,713	1,765	1,805	1,740	1,778	1,816	1,852	1,889	1,927	1,963
Finance costs	127	151	188	213	220	215	209	198	185	171	196
Internal charges & overheads applied	152	157	170	172	178	181	189	186	191	196	197
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	1,650	2,020	2,123	2,190	2,138	2,174	2,213	2,236	2,265	2,294	2,356
Surplus (deficit) operating funding (A – B)	380	466	528	616	1,042	1,067	1,116	1,227	1,342	1,377	1,392
Sources of capital funding											
Subsidies & grants for capital expenditure	12,829	4,502	14,936	8,347	591	598	620	584	653	666	679
Development contributions	6	13	17	19	19	20	21	22	22	23	26
Increase (decrease) in debt	965	662	1,032	591	(134)	(149)	(166)	(332)	(347)	(364)	(363)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	13,800	5,177	15,986	8,956	477	468	475	274	328	325	341
Application of capital funding											
Capital expenditure											
- To meet additional demand	6,995	-	-	-	-	-	-	-	-	-	-
- To improve level of service	400	2,313	6,943	7,023	438	447	457	324	330	337	343
- To replace existing assets	7,578	3,303	9,500	2,479	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	5,643	16,513	9,572	1,518	1,535	1,591	1,501	1,670	1,702	1,733
Surplus (deficit) of capital funding (C – D)	(380)	(466)	(528)	(616)	(1,042)	(1,067)	(1,116)	(1,227)	(1,342)	(1,377)	(1,392)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Water supplies

Goal: To provide clean portable 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.

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*
Improve level of service:										
Treatment upgrades	20	-	21	11	69	-	6	-	-	-
Replace existing assets										
Pipe renewals	-	108	105	339	347	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	619	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. No major issues have been identified as requiring addressing during this current 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). 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 Waiau-Toa (Clarence) 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 the Waiau-Toa (Clarence) 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	-	-	-	-	-	227	-	-	-	-
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	259	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	-	-	105	-	111	-	-	-	-	-
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	168	83	133	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.

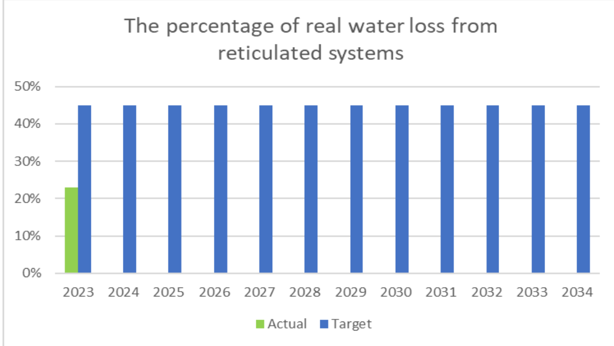
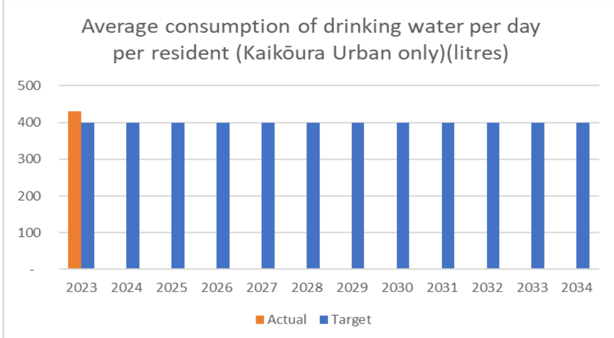
Capital projects:

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.

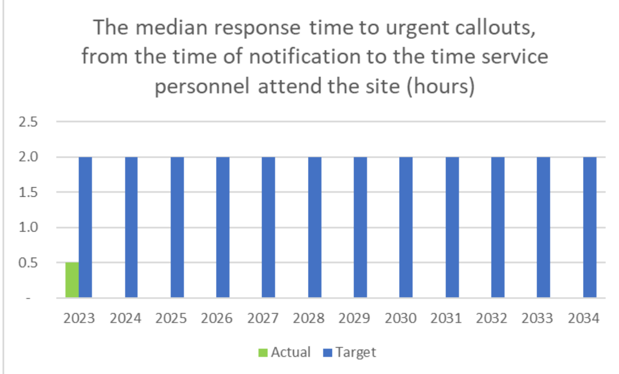
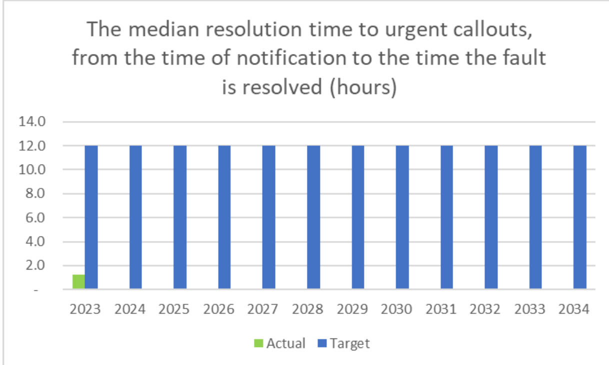
Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
Efficiently supply potable water to consumers.	The pipe network is well-maintained and does not leak.	Percentage of real water loss from the networked reticulation system[2] Targets: 2025 -2034 < 30%	
We monitor 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[3] Targets: 2025-2034 < 400 litres	

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

[3] Within the Kaikōura urban supply area only; annual total quantity from Mackles x (1-estimated water loss%) / census population * 365
Other water supplies have substantial proportions of water used for non-potable purposes and/or are subject to very inconsistent demand.

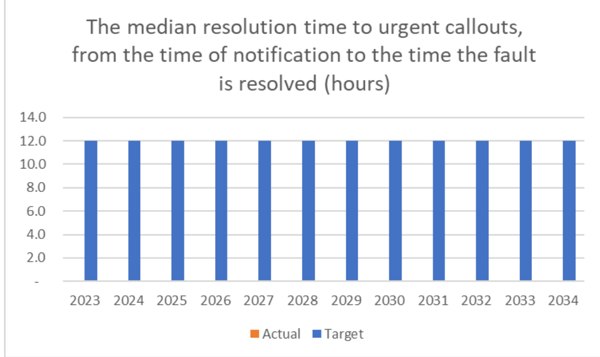
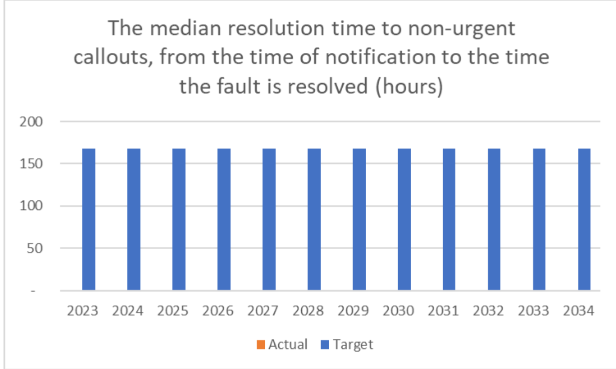
How we measure our progress towards achieving our Community Outcomes (continued):

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 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.

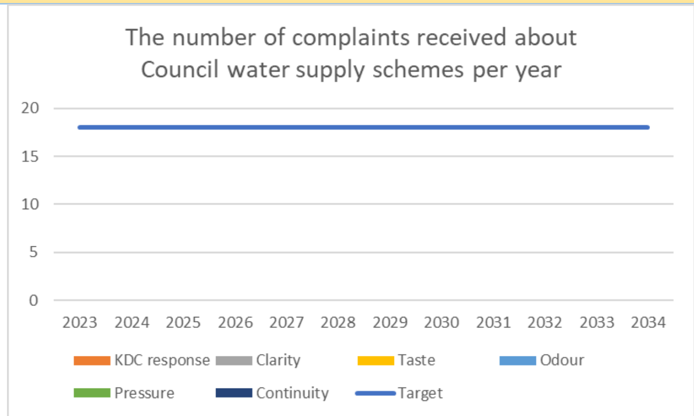
Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
We endeavour to respond to water supply issues within defined timeframes depending on the urgency of the issue.	Information from our water services contractor indicates initial responses to water supply issues (typically 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.	

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 18 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 NZ Drinking Water Standards in terms of bacteria.	The extent to which the drinking water supplies comply with part 4 of the drinking water standards (bacterial compliance criteria).	All supplies 100% compliant
	Our supplies comply with NZ Drinking Water Standards in terms of protozoa.	The extent to which the drinking water supplies comply with part 5 of the drinking water standards (protozoal compliance criteria).	All supplies 100% compliant

* 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	1,598	1,846	2,137	2,268	2,419	2,537	2,422	2,528	2,446	2,476
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	1,609	1,857	2,148	2,280	2,431	2,549	2,434	2,541	2,459	2,489
Application of operating funding											
Payments to staff and suppliers	974	1,011	1,039	1,106	1,126	1,154	1,189	1,207	1,234	1,270	1,286
Finance costs	-	-	-	3	4	7	8	8	8	8	10
Internal charges & overheads applied	437	428	467	471	484	492	516	504	519	535	537
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	1,412	1,439	1,506	1,579	1,614	1,653	1,714	1,720	1,762	1,813	1,833
Surplus (deficit) operating funding (A – B)	(34)	170	351	569	666	778	835	714	779	646	655
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	10	21	28	30	31	32	34	36	36	37	41
Increase (decrease) in debt	-	-	-	105	(2)	109	(4)	(4)	(4)	(5)	(4)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	10	21	28	136	29	141	30	31	32	33	37
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	105	-	111	227	-	-	-	-
- 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)	-	(21)	(30)	(80)	-	(6)	-	-	-
Total applications of capital funding (D)	(24)	191	379	705	695	918	865	746	811	679	693
Surplus (deficit) of capital funding (C – D)	34	(170)	(351)	(569)	(666)	(778)	(835)	(714)	(779)	(646)	(655)
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.

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.

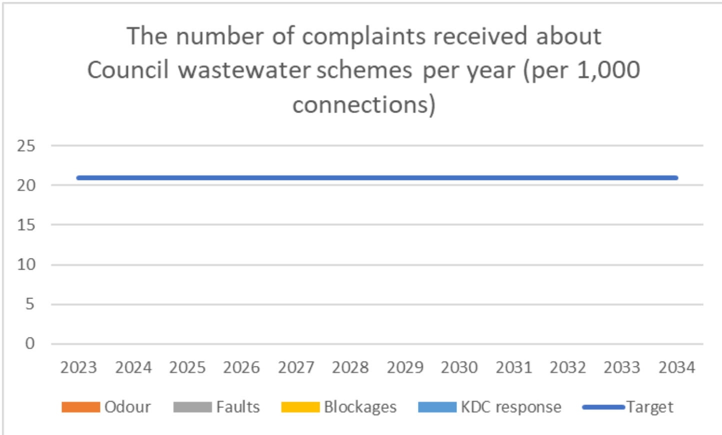
How it's funded

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 growth or demand										
Infiltration prevention	-	-	-	108	-	-	-	-	-	-
Overflow prevention	-	-	-	-	-	396	-	-	-	-
Improve level of service										
Treatment improvement	100	5	-	3	-	-	-	-	-	-
Replace existing assets										
Pump station renewals	225	210	131	55	112	58	68	61	62	63
Pipe renewals	-	26	-	-	6	-	-	23	-	-
Treatment plant renew										

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 1000 connections to the local authority's sewerage system: (a) sewage odour (3) (b) sewerage system faults (10) (c) sewerage system blockages (5), and (d) the local authority's response to any of these issues (2) Target (total): 2025-2034 < 20	

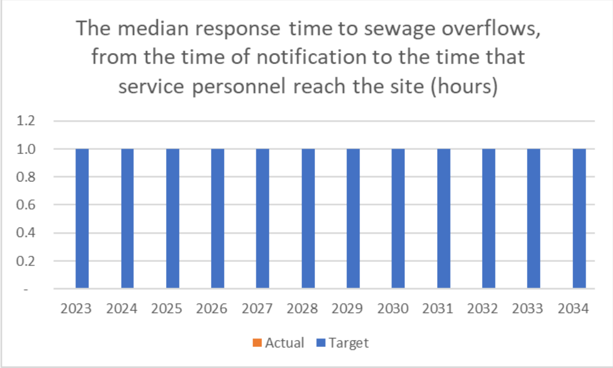
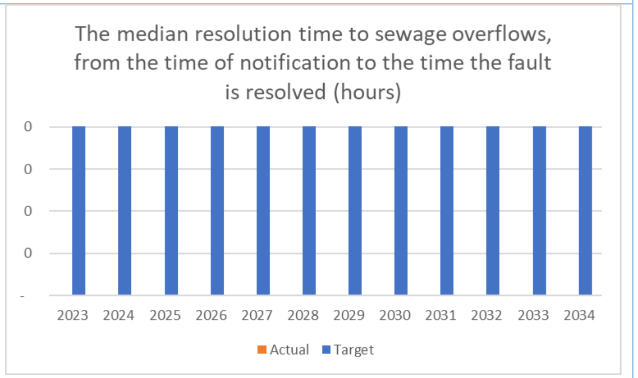
How we measure our progress to achieving the Community Outcomes:

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 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.

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	12	12	12	12	12	13	13
Targeted rates	701	1,149	1,138	1,157	1,173	1,245	1,351	1,364	1,410	1,420	1,440
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	1,208	1,199	1,219	1,237	1,311	1,419	1,433	1,481	1,492	1,513
Application of operating funding											
Payments to staff and suppliers	452	540	527	541	555	569	582	595	609	621	634
Finance costs	-	3	4	4	7	8	18	24	23	23	28
Internal charges & overheads applied	315	355	388	391	402	409	429	419	432	445	446
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	767	899	919	937	964	986	1,029	1,038	1,064	1,089	1,109
Surplus (deficit) operating funding (A – B)	(15)	309	280	283	273	324	390	394	417	403	404
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	15	32	43	47	48	49	52	55	56	57	64
Increase (decrease) in debt	-	100	3	(2)	109	(4)	392	(11)	(12)	(12)	(11)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	15	132	46	45	157	45	444	43	44	44	53
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)	(38)	38	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	441	326	328	431	369	833	438	461	447	457
Surplus (deficit) of capital funding (C – D)	15	(309)	(280)	(283)	(273)	(324)	(390)	(394)	(417)	(403)	(404)
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

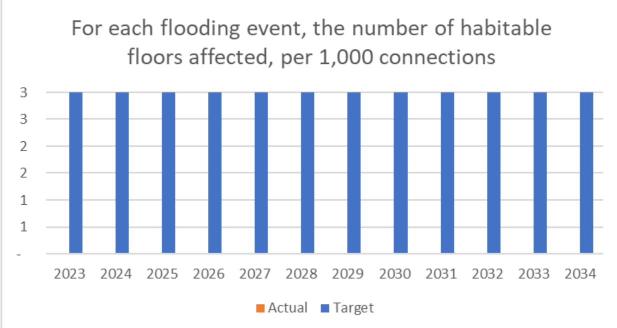
Stormwater networks are funded by a targeted rate for all properties within the Kaikōura urban area (which includes South Bay and Ocean Ridge).

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:

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 management systems protect people and property from surface flooding, enabling economic activity and development to take place.	We plan for stormwater infrastructure to support anticipated development needs, including investigating options for existing and future services.

Level of Service (what we do)	We know we are succeeding when:	Performance Measure	Target
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.	The target for this measure is zero.
		For each flooding event, the number of habitable floors affected, expressed per 1000 connections to the local authority's stormwater system. Target < 3	

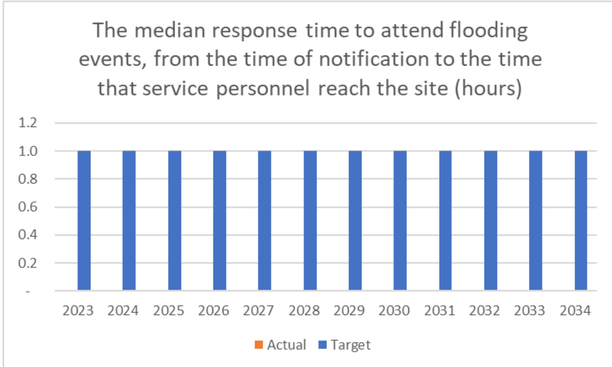
How we measure our progress to achieving the Community Outcomes:

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.	The target for each of these measures is zero.

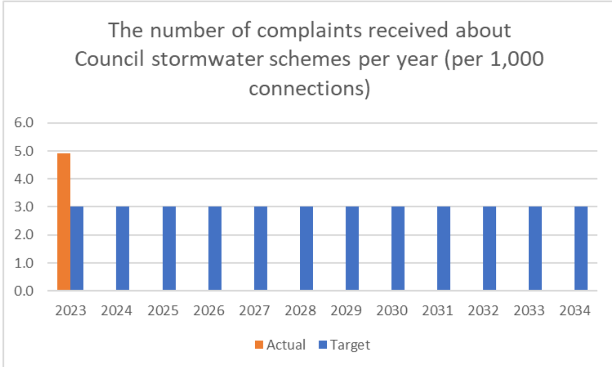
How we measure our progress to achieving the Community Outcomes:

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	100	106	107	110	113	117	117	120	123	124
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	102	108	110	112	115	119	119	122	125	127
Application of operating funding											
Payments to staff and suppliers	49	52	54	55	56	58	59	61	62	63	65
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges & overheads applied	49	49	54	54	56	57	60	58	60	62	62
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	98	102	108	110	112	115	119	119	122	125	127
Surplus (deficit) operating funding (A – B)	(45)	-	-	-	-	-	-	-	-	-	-
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	5	9	13	14	14	14	15	16	16	17	19
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	5	9	13	14	14	14	15	16	16	17	19
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)	(1)	2	(18)	3	(52)	4	4	5	5	6
Total applications of capital funding (D)	(40)	9	13	14	14	14	15	16	16	17	19
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.

It is however believed that these services and the funding of them may still not be entirely appropriate to the needs of the community. 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 previously.

Three options are therefore being considered, as follows:

Option 1 (proposed): The rural recycling centres continue to be operated, but are funded by all ratepayers, rural and urban.

Option 2: The rural recycling centres cease to be operated and all materials for recycling would need to be brought to the Kaikōura Resource Recovery Centre.

Option 3: Rural recycling centres continue to be operated, funded by rural ratepayers.

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 has owned 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 did however cease 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.

A process is currently 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 it is not currently envisaged that there will be other 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	$545.06??
Refuse bag	$4.50	$8.00?
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.

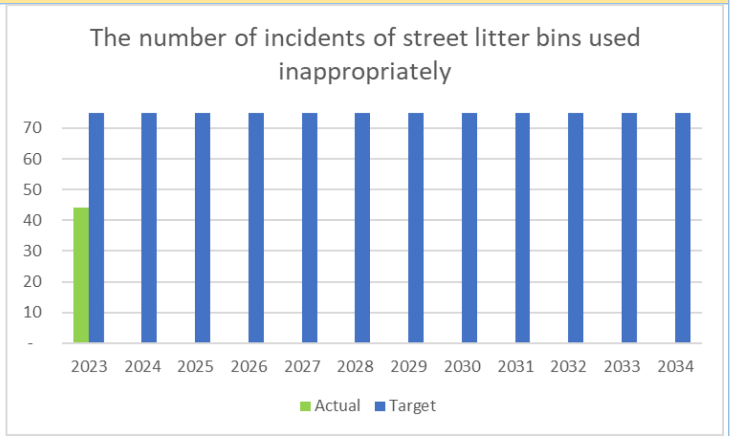
The Council also continues to believe that refuse disposal provides a personal benefit and should be funded as much as possible on a user pays basis, and as such increases in refuse disposal costs should be transferred directly to service users through raised fees, despite potentially challenges associated 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										
Transfer station	400	197	-	-	-	-	-	-	-	-
Replace existing assets										
Recycling centre reseals	-	-	59	-	-	-	-	-	-	-
Street litter bin renewals	-	-	-	-	-	11	-	-	-	-

How we measure our progress to achieving the Community Outcomes:

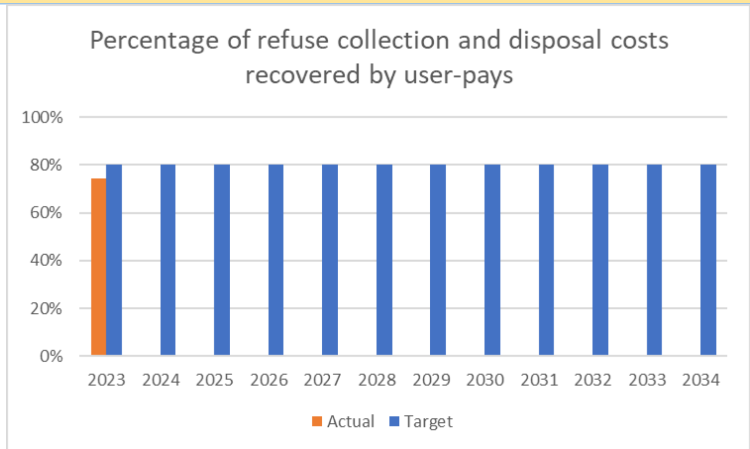
Community Outcome	How do refuse disposal services contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We communicate, engage with, and inform our community	Many in our community take pride in our waste minimisation practices, however there are frequent instances 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

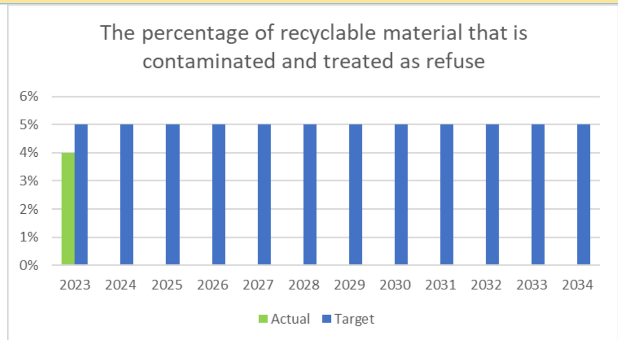
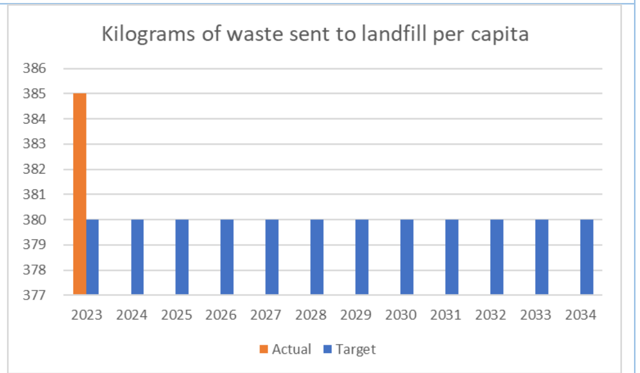
The Council wishes to reduce the quantities of residual waste created in the district, with an increased focus on this being a potential lower cost alternative to land

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.	
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	165	202	224	239	247	198	199	201	204	209
Targeted rates	301	244	285	291	299	306	316	318	327	335	340
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	612	688	717	740	755	774	784	800	816	833
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	133	145	147	151	153	161	157	162	167	167
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	623	585	644	661	679	691	707	713	726	739	756
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 are currently in discussions with interested parties regarding 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:

- Extension of Gooches Beach playground in 2025/26
- Construction of additional public toilet at Mill Road in 2024/25
- 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 will be 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

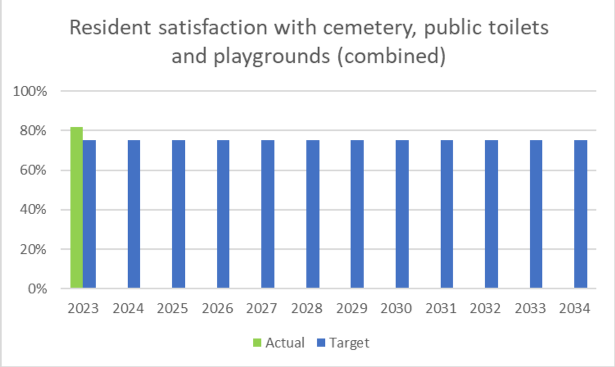
It is the nature of parks and reserves that these are open, unrestricted public spaces. This in turn means there is little opportunity for user pays. Sports clubs pay a lease for their club rooms and sports fields as applicable, and cemetery fees cover the cost of burials, with the remainder of parks 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*
Improve level of service										
Link Pathway	400	-	-	-	-	-	-	-	-	-
West End amphitheatre	35	-	-	-	-	-	-	-	-	-
Seaward side of Lyell Creek	-	-	-	43	-	-	-	-	-	-
Old Wharf buildings	20	-	-	-	-	-	-	-	-	-
	455	-	-	43	-	-	-	-	-	-
Replace existing assets										
Tree replacement	25	-	125	53	-	-	-	-	-	-
Public toilet refurbishment	450	-	-	-	-	-	-	-	-	-
Car parking reseals	12	20	-	9	-	-	110	-	-	27
	487	20	125	62	-	-	110	-	-	27
Total capital projects	942	20	125	105	-	-	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.

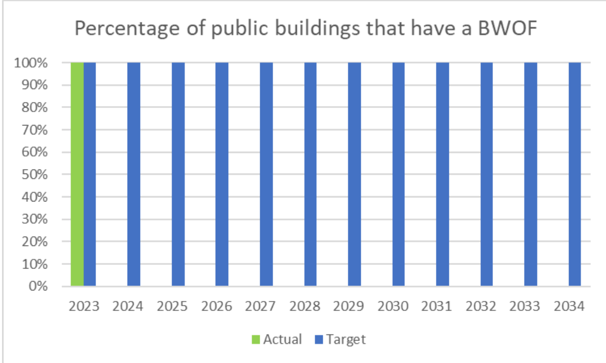
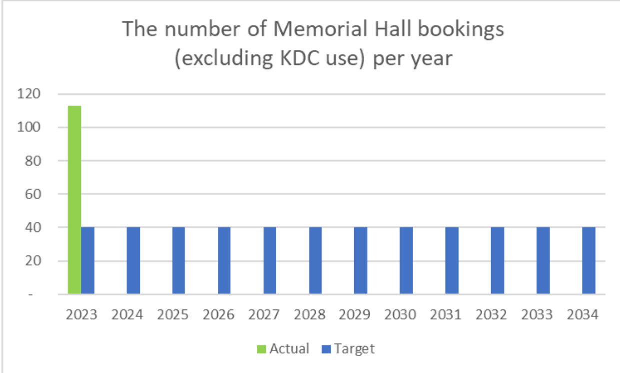
Housing for the Elderly units are funded from rents from the tenants.

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*
To meet demand										
Wakatu Quay PGF project	3,200	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
	3,220	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										
Carpark, runway, taxiway	-	-	20	96	-	-	-	29	-	-
Airport water services	-	8	83	-	-	-	-	-	-	-
Airport wastewater services	-	61	182	-	-	-	-	-	-	-
	-	69	285	96	-	-	-	29	-	-
Replace existing assets										
Airport water renewals	-	-	-	-	-	3	3	3	6	6
Total capital projects	-	69	285	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[4]	The target is zero findings.

[4] 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

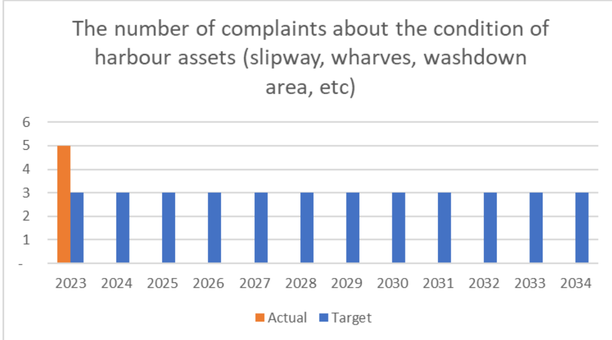
Currently user fees such as slipway and boat parking fees are falling well short of meeting the actual cost of operating and maintaining harbour facilities. As part of the review of its rating system, the Council identified that two "special operators" have exclusive use over certain areas of the South 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	851	975	997	930	957	922	937	926	930	939
Targeted rates	747	805	850	852	881	898	964	910	882	860	770
Subsidies & grants for operating purposes	643	95	95	95	95	95	95	95	95	95	95
Fees and charges	695	649	678	753	843	899	922	969	994	1,022	1,080
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**	3,068	2,919	3,016	3,071	3,379	3,497	3,483	3,448	3,469	3,245
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	820	896	903	928	944	989	967	996	1,026	1,030
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	2,900	2,564	2,669	2,791	2,857	2,787	2,858	2,860	2,915	2,970	3,021
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	4,050	2,359	266	-	-	-	-	-	-	-
Development contributions	8	17	22	24	25	26	27	29	29	30	33
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	3,826	2,931	11	(118)	(181)	(188)	(193)	(205)	(185)	(80)
Application of capital funding											
Capital expenditure											
- To meet additional demand	5,271	3,200	3,091	-	-	-	-	-	-	-	-
- To improve level of service	1,000	455	69	266	138	-	-	-	-	-	-
- To replace existing assets	242	512	101	170	139	168	141	140	290	34	62
Increase (decrease) in reserves	(563)	162	(80)	(200)	(181)	243	310	290	38	279	82
Total applications of capital funding (D)	5,950	4,329	3,180	236	96	411	451	430	328	313	144
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

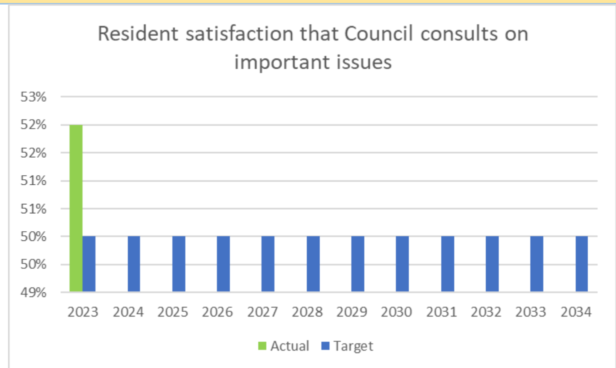
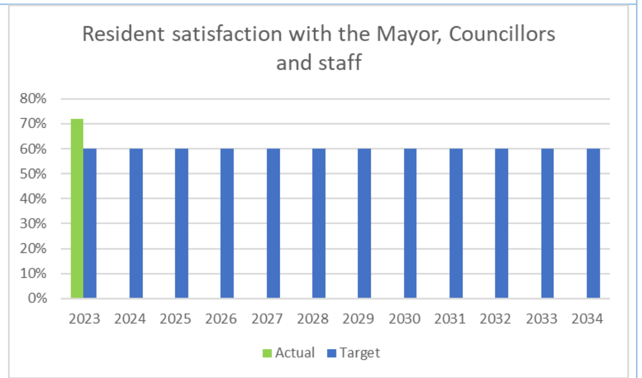
In developing the LTP, the Council is mindful of the balancing act between the needs and aspirations of our community, and the ability to pay for our services and infrastructure work. Inflationary pressure has seen the cost of delivering Council services increase by as much as 20% without any increase 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

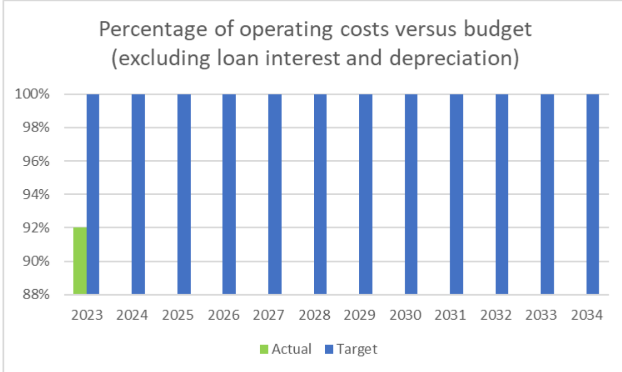
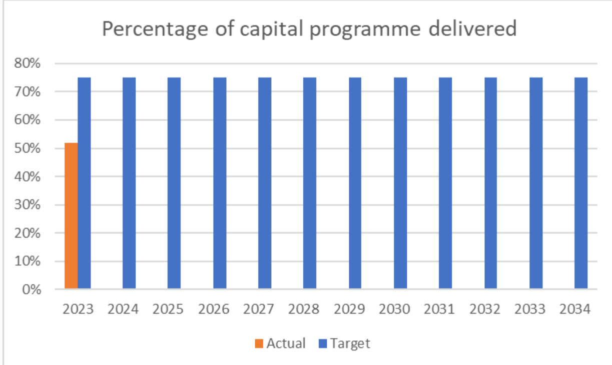
The CEO's functions are funded by general rate, and the net costs of internal support services (after user fees) are recovered by way of an allocation across all activities, known as an overhead allocation.

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
Project management	196	223	235	196	206	207	228	239	251	263
	257	316	298	316	305	339	297	339	323	379

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: 69% 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

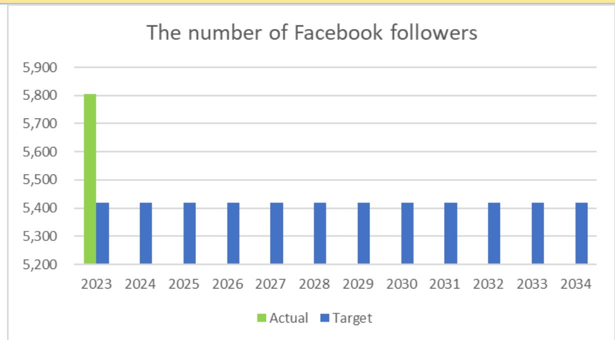
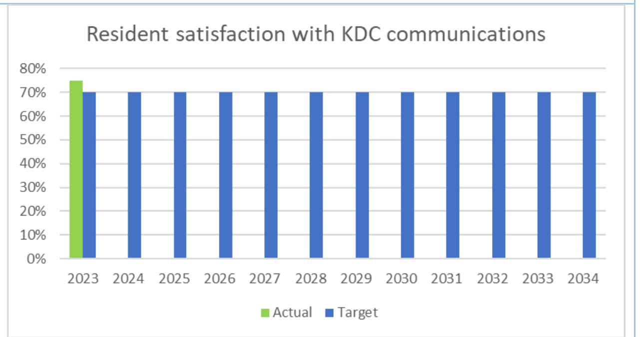
We are working towards keeping a high level of community satisfaction regarding the Council's services and facilities. We will do this is by telling our proposals and actions simply and effectively through our communication channels. We also need to ensure we promote opportunities for our community to 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 and the number of email newsletter 'opens' are 45% or greater (currently 1,080).	
	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	1,384	1,460	1,459	1,584	1,641	1,641	1,711	1,810	1,797	1,826
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies & grants for operating purposes	40	-	-	-	-	-	-	-	-	-	-
Fees and charges	46	45	65	47	49	70	51	52	74	54	55
Internal charges & overheads recovered	2,506	2,652	2,839	2,936	3,018	3,070	3,225	3,139	3,238	3,340	3,348
Fuel tax, fines & other revenue	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	3,894	4,081	4,363	4,442	4,651	4,780	4,917	4,902	5,122	5,191	5,230
Application of operating funding											
Payments to staff and suppliers	3,525	4,119	4,070	3,886	3,946	4,091	4,183	4,182	4,327	4,415	4,408
Finance costs	-	14	26	28	27	26	26	24	21	18	18
Internal charges & overheads applied	348	357	384	386	395	400	416	408	418	429	430
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	3,873	4,490	4,480	4,300	4,367	4,518	4,624	4,614	4,766	4,861	4,857
Surplus (deficit) operating funding (A – B)	21	(409)	(116)	143	283	263	293	289	357	330	373
Sources of capital funding											
Subsidies & grants for capital expenditure	-	153	189	189	42	36	56	64	44	65	80
Development contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	435	243	(38)	(22)	(7)	(37)	(62)	(79)	(78)	(81)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	588	432	151	20	29	19	2	(35)	(13)	(1)
Application of capital funding											
Capital expenditure											
- To meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- To improve level of service	-	196	223	235	196	206	217	228	239	251	263
- To replace existing assets	89	61	93	64	120	99	123	69	100	72	116
Increase (decrease) in reserves	(68)	(79)	-	(5)	(13)	(14)	(28)	(6)	(17)	(6)	(7)
Total applications of capital funding (D)	21	178	315	294	303	292	311	291	322	318	372
Surplus (deficit) of capital funding (C – D)	(21)	409	116	(143)	(283)	(263)	(293)	(289)	(357)	(330)	(373)
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:

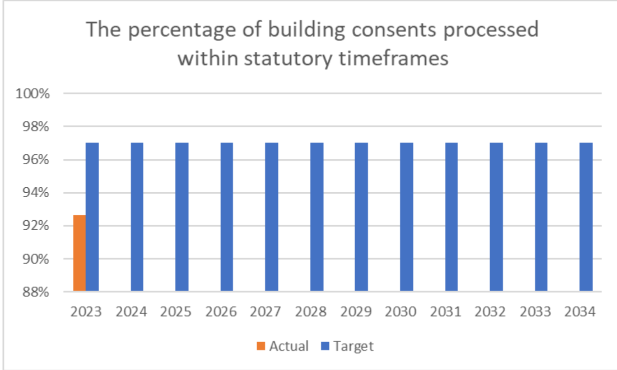
- Ensure buildings either new or altered meet the requirements of the Building Code and Building Act 2004.
- Work closely with local builders and homeowners who are proposing to build in the district, and we help by providing guidance along the way and ensuring we work and deliver within the statutory 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

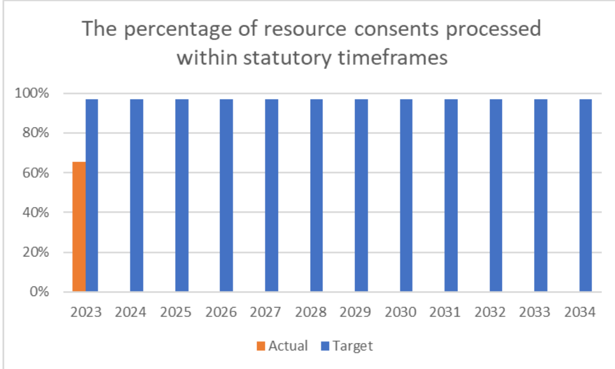
We will respond to these changes by adapting our systems, processes, and forms to meet the new requirements and continuously become more efficient in our consenting function, while retaining the quality of local decision-making.

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%	

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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:

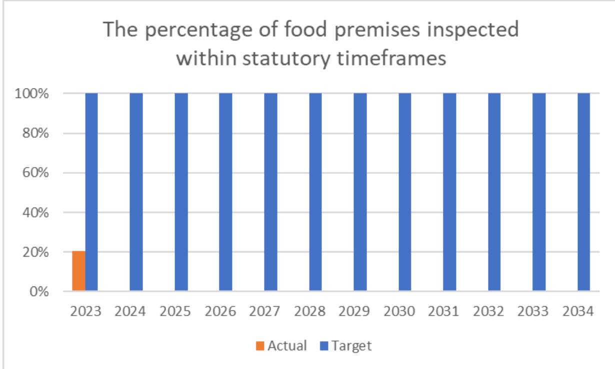
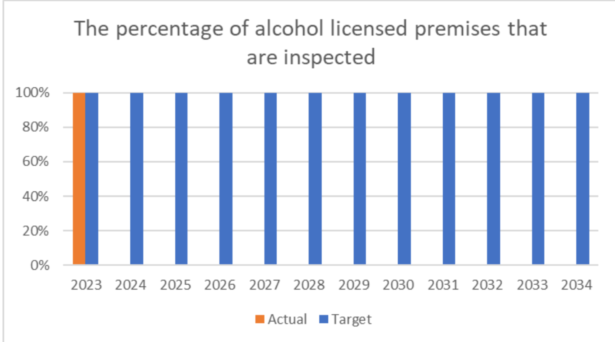
- Educate local business owners on matters relating to food hygiene and the responsible sale of alcohol.
- Deliver a professional service and achieve required time frames.
- Help food and liquor premises achieve voluntary compliance.

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 at least 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 at least 100%	

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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.

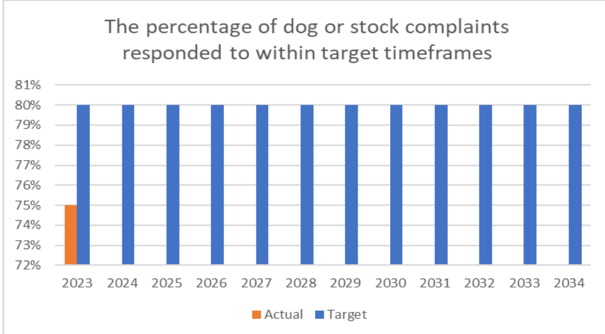
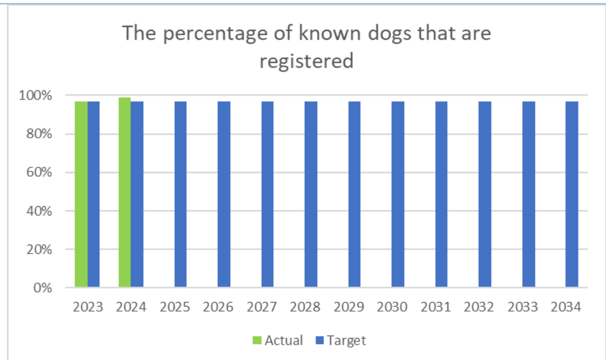
How it's funded

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)[5] 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

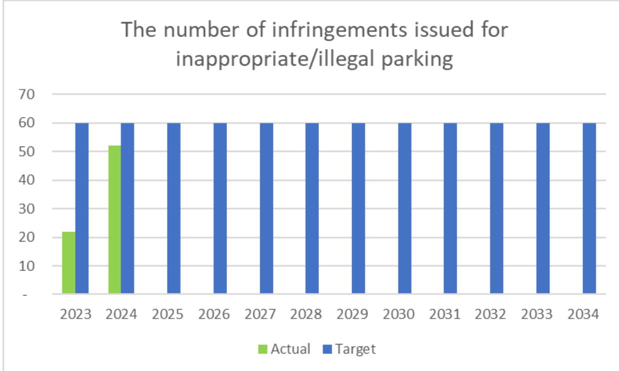
Within the next ten years we expect that control of public parking will continue to be an issue during the summer months. We will endeavour to provide user-friendly payment options for parking fees, and we will continue to enforce illegal parking.

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.

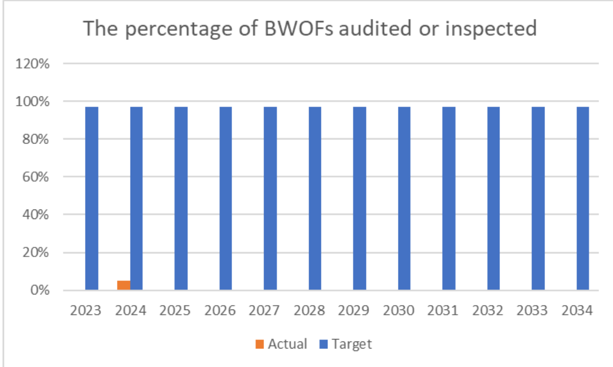
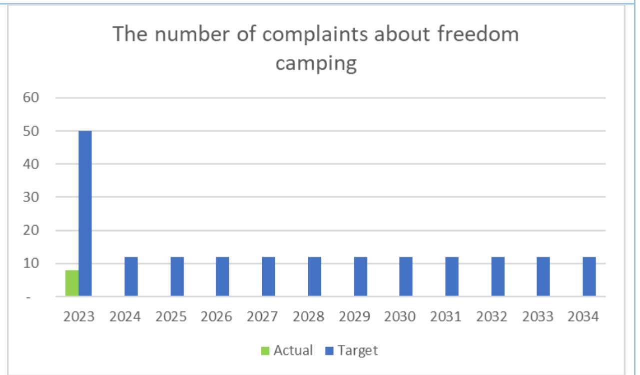
How it's funded

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.	

* 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: 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	722	847	794	934	843	921	872	945	915	980
Targeted rates	147	64	68	70	72	73	76	76	78	81	82
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	1,750	1,911	1,881	2,035	1,966	2,066	2,036	2,132	2,123	2,209
Application of operating funding											
Payments to staff and suppliers	1,344	1,416	1,513	1,479	1,623	1,546	1,626	1,606	1,689	1,667	1,751
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges & overheads applied	344	364	398	401	412	420	440	430	443	456	458
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	1,688	1,780	1,911	1,881	2,035	1,966	2,066	2,036	2,132	2,123	2,209
Surplus (deficit) operating funding (A – B)	(121)	(30)	-	-	-	-	-	-	-	-	-
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)	(30)	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(121)	(30)	-	-	-	-	-	-	-	-	-
Surplus (deficit) of capital funding (C – D)	121	30	-	-	-	-	-	-	-	-	-
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.

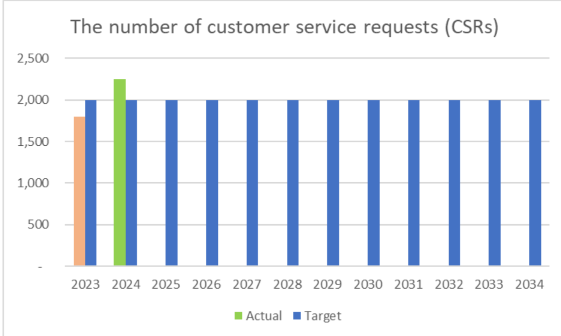
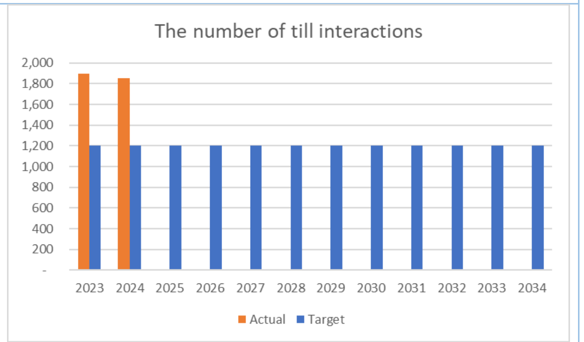
How we measure our progress to achieving the Community Outcomes:

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 70% 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.	

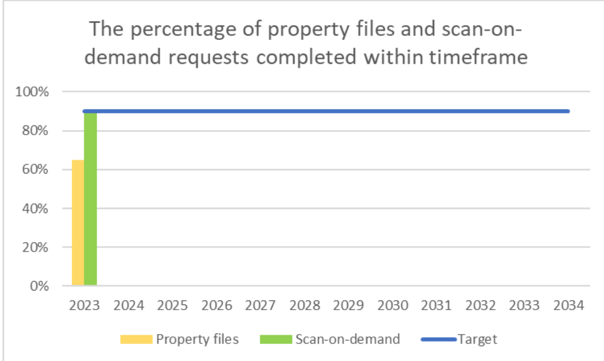
* Where actual results are shown in green this means the target was achieved, and where it is orange, the target was not achieved, in that year.

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 1,200 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 (trying to get 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.

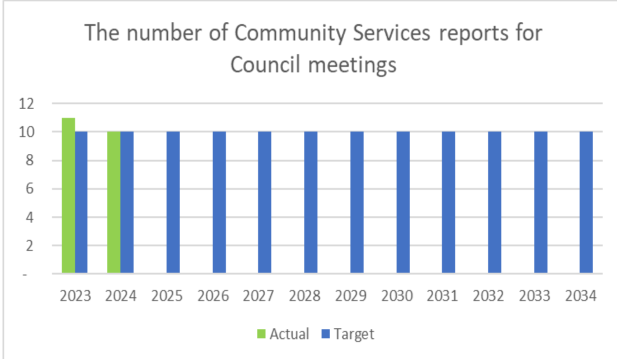
We are working towards community development being the catalyst for positive change: a values-based process which aims to address imbalances in welfare, with our focus on inclusion, human rights, social justice, equity, and equality.

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.

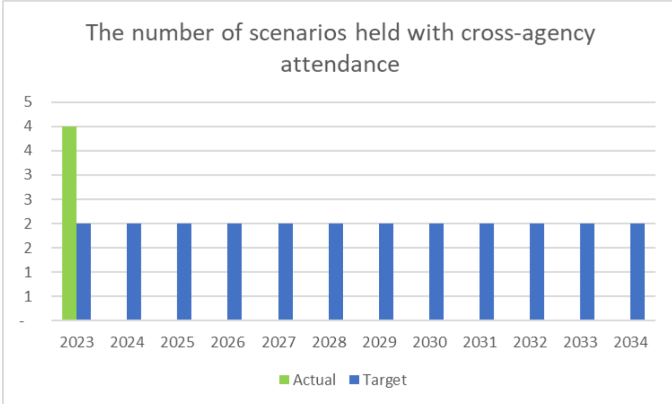
How it's funded

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.

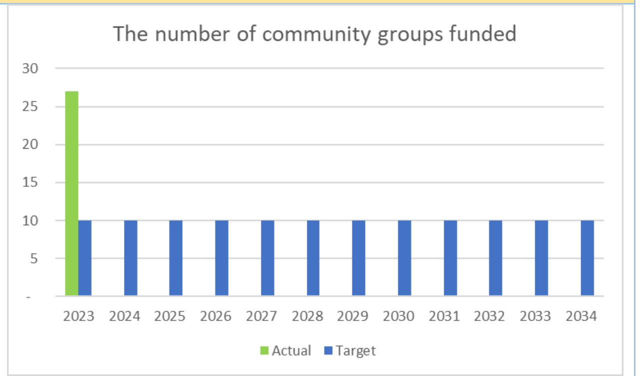
How it's funded

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:

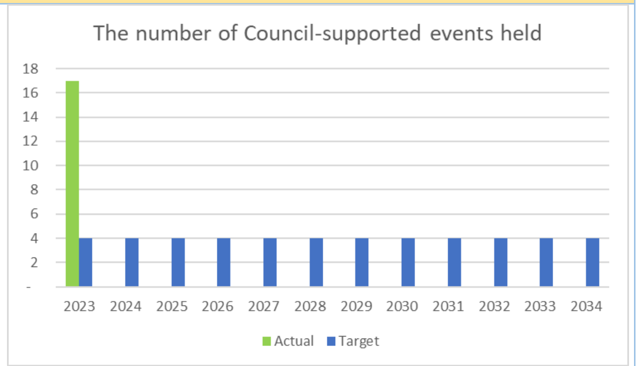
Community Outcome	How do Community Grants contribute to this Outcome?	What do we need to do towards achieving this Outcome?
Community We communicate, engage, and inform our community	Small grants play a key part in creating opportunities for participation, especially for elderly and youth in the community.	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

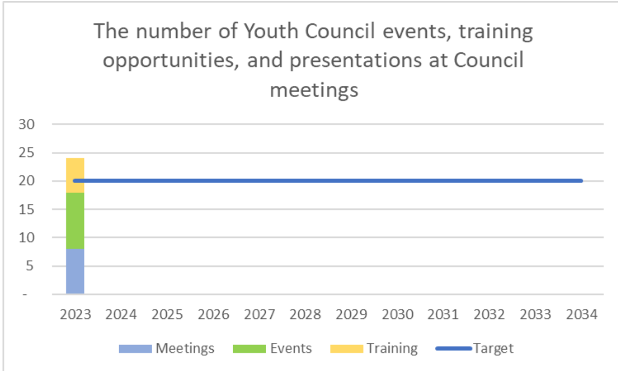
We would like to find sustainable funding for a full-time youth worker on an ongoing basis in the community. This kind of support for the Youth Council strengthens community capacity and enhances relationships with young people.

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.	

* 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	1,172	1,207	1,228	1,254	1,278	1,313	1,327	1,353	1,380	1,403
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	275	358	287	294	300	306	312	317	324	329
Fuel tax, fines & other revenue	-	-	-	-	-	-	-	-	-	-	-
Total sources of operating funding (A)	1,863	1,696	1,600	1,552	1,585	1,616	1,658	1,678	1,711	1,744	1,774
Application of operating funding											
Payments to staff and suppliers	1,639	1,393	1,279	1,229	1,257	1,283	1,314	1,339	1,365	1,390	1,415
Finance costs	25	26	26	25	24	24	23	22	22	21	25
Internal charges & overheads applied	204	231	248	249	255	258	268	263	269	276	277
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	1,867	1,650	1,553	1,504	1,535	1,565	1,605	1,624	1,656	1,687	1,718
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 will be required to ensure the planning framework contains effective pathways 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

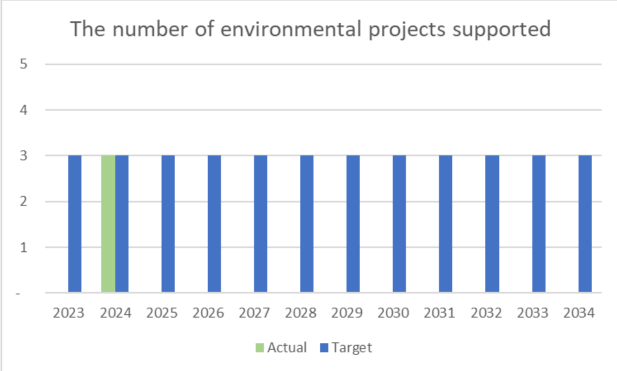
Environmental planning provides opportunity to work with our community to gain better outcomes for our environment. Our community is passionate about the environment and expects the Council to be amongst the lead agencies to ensure our environment is protected, and we will work to meet those expectations. 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 will impact the industry for some time to come and will be potentially the most significant issue for the community in the early years of the Plan.

With the return of the international traveller, 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.

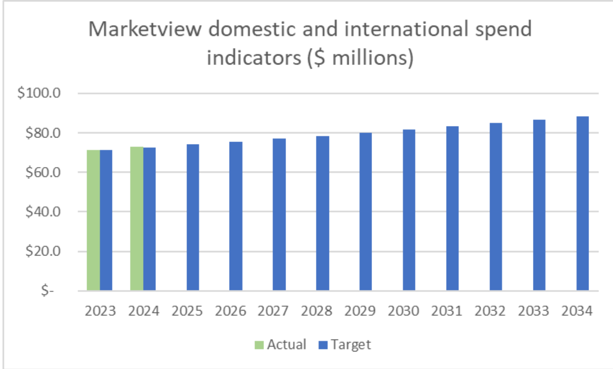
The Kaikōura District Council has endorsed the Kaikōura Destination Management Plan 2022-2032 which Destination Kaikōura completed in September 2022. This Plan aligns with KDC's vision to "Move Kaikōura Forward". The Kaikōura Destination Management Plan provides a roadmap in how we can continue to create 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.

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 the 2016 earthquake and the COVID-19 global pandemic.

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, subject to public feedback). 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

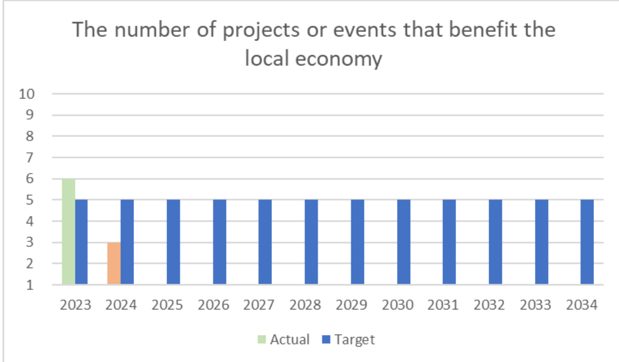
We seek to work with local businesses and event organisers to utilise the discretionary economic development resources to assist recovery and development of the local economy.

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	151	179	224	264	283	290	294	300	306	311
Targeted rates	454	542	635	826	909	1,013	971	1,043	1,110	1,159	1,183
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	795	826	1,061	1,184	1,308	1,272	1,348	1,412	1,476	1,506
Application of operating funding											
Payments to staff and suppliers	730	873	882	1,109	1,215	1,275	1,209	1,252	1,277	1,300	1,282
Finance costs	4	15	24	34	44	54	62	69	76	81	104
Internal charges & overheads applied	129	159	173	175	179	183	191	187	193	199	199
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total application of operating funding (B)	864	1,046	1,080	1,317	1,439	1,512	1,463	1,509	1,545	1,579	1,586
Surplus (deficit) operating funding (A – B)	(155)	(251)	(255)	(256)	(255)	(204)	(190)	(161)	(133)	(103)	(80)
Sources of capital funding											
Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	155	251	255	256	255	204	190	161	133	103	80
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	155	251	255	256	255	204	190	161	133	103	80
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	251	255	256	255	204	190	161	133	103	80
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-